

# **WHEN WORK DOESN'T WORK**

## ***The Failure of Current Welfare Reform***

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*Mandatory workfare has been the centerpiece of welfare reform in this decade. In 1992-94, there was a pitched legislative battle over mandatory workfare in Vermont. Feminist organizations mobilized to oppose the mandatory work requirement, producing data to substantiate the claims that women's jobs did not pay enough to purchase basic needs for their families, that unemployment remained a serious problem for single mothers, and that in states where workfare had already been adopted, it did not raise families out of poverty. Vermont's original bill was made less punitive for welfare recipients in some significant respects as a result of the debate.*

**T**he elections of U.S. President Bill Clinton in 1992 and an extreme right-wing Congress in 1994 reignited the smoldering political obsession with welfare recipients, the vast majority of whom are unmarried women and their children. Clinton used the promise to "end welfare as we know it" as a Rorschach test into which voters and politicians could read whatever message best served their political preferences. The legislative culmination was the Personal Responsibility and Work Opportunity Reconciliation Act, which the President signed in 1996.

This bill includes a mandatory work requirement after two years of receiving aid, a five-year lifetime limit to benefits for any family, the transformation of welfare from an entitlement to a block grant, a massive reduction in the Food Stamp program, and other cuts concentrated on legal immigrants, the disabled, and elderly poor. Overall, funding is reduced by \$54 billion over six years. The structural changes in the programs are profound: they effectively destroy one of the major pillars of the New Deal.

However, when Clinton first brought up the question of welfare reform early in his presidency, he offered a much less ambitious proposal. This early effort centered

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*AUTHORS' NOTE: We wish to acknowledge the work done by our associates in the Women's Union. Thanks also to Chittenden Community Action and Sarah Martel for their help.*

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GENDER & SOCIETY, Vol. 12 No. 1, February 1998 61-80  
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on a mandatory work requirement after two years for a relatively small group of recipients (teenage welfare mothers), with others to be phased in over time. Under the original proposal, welfare remained an entitlement, there was no lifetime limit on benefits, and cuts in funding did not begin to approach those of the final bill.

The original Clinton bill also addressed in minimal ways the questions of child care and work support, and thus appealed to many liberals. These proposals were developed in close consultation with Mary Jo Bane and David Ellwood, two academics from Harvard University, who emphasized that mandatory work and time limits would only be effective in an environment in which health insurance had been drastically reformed, wages raised, and job training, child care, and child support more scrupulously tended to. In this context, the mandatory work component was hailed by liberals and conservatives alike as an essential step toward remedying the ills of the welfare system.

It was not long before these putatively humane demands for more effort and responsibility by welfare mothers, coupled with promises of a better work environment, were transformed into the draconian bill which is now law. Health care was not greatly reformed, and the proposals for more social support for recipients seeking work were largely jettisoned. Time limits and workfare remained and became more severe; block grants, which spell the end of welfare as an entitlement, were added.

In this article, we argue that this downward spiral in welfare reform was ideologically informed by glib assumptions that contradict the reality of low-income mothers' lives. The first of these is that there are viable economic opportunities for women on welfare, so that they have a real choice between welfare and jobs. The second is that workfare will lift substantial numbers of women out of poverty. Finally, even if the first two assumptions are not true in all cases, enforced child support collections and the Earned Income Tax Credit will close the gap. These assumptions were embedded in the mandatory work provision of the original Clinton bill; having given up this much of the ideological terrain, it proved nearly impossible to resist a headlong rush toward a more punitive bill.<sup>1</sup>

Many individual states had also established time limits and workfare programs before the national bill was passed. By April 1995, 14 states had sought permission from the federal government to condition grants upon work, and 10 others asked to terminate or reduce aid, at the end of time limits; 15 others sought to impose work requirements without reference to time limits (Center on Social Welfare Policy and Law 1995). Most of the requests were granted by the Clinton administration.

In a few rare cases, individual states avoided the tide sweeping most others toward ever more drastic legislation. One of these was Vermont, where in 1992-94, there was a pitched legislative battle concerning mandatory workfare. One of the reasons the final Vermont bill was in some respects better for recipients than its original version was that opponents of workfare mobilized to refute the three assumptions delineated above. An ad hoc group of low-income women and sup-

porters called the Women's Union organized a highly visible campaign against the workfare proposal, demonstrating the impossibility of self-sufficiency for most single mothers. The authors of this article were active members of that group. In this article, we show how organizers in Vermont fought the legislation by challenging the three assumptions, which otherwise would have remained largely unarticulated. This in turn enabled opponents of workfare to characterize attacks on welfare recipients as attacks on the vast majority of women.

The successes and failures of this Vermont campaign shed some light on the national reforms, even though Vermont is not representative of the entire country: It is predominantly white and rural. Racist antiwelfare rhetoric nevertheless proved to be remarkably elastic. Members of the Women's Union who spoke out publicly against workfare received hate mail and inspired welfare-bashing "letters to the editor" like those common in more urban and more racially mixed states.

### THE BACKGROUND

That there was a debate about welfare at all in Vermont came as something of a surprise because there was no long-term increase in the share of the state's budget devoted to welfare. Program expenditures predictably increased in recessions, then returned to earlier levels when the economy improved. Spending on Aid to Needy Families with Children (ANFC, Vermont's AFDC program) as a percentage of the state's general fund was constant at 3 percent throughout the 1980s. Similarly, the ANFC caseload fell steadily in that decade, then rose again during the recession of the early 1990s, but only to the 1980 level (Vermont Agency of Human Services 1992, 3-4).

If welfare expenditures were not a growing long-term problem for Vermonters in 1992, the state's economy certainly was. Like the rest of the country, the state was experiencing a drastic loss of relatively well-paying manufacturing jobs, stagnation or even decline in real wages, and a deterioration in its housing market, which had supported a booming construction industry throughout the 1980s. Increasing economic insecurity produced an environment ideally suited to the welfare bashing that had been sweeping the rest of the country. People in Vermont, as in the rest of the United States, were facing increasingly hard economic times, and many were more than willing to listen to arguments about those who, in contrast to themselves, were supposedly less willing to struggle to make ends meet.

Because there was no relative long-term increase in welfare spending, the administration of Governor Howard Dean, a Democrat close to Clinton, cast its argument in terms of enlightened social science backed by moral principle rather than tight-fisted fiscal necessity. The administration said it sought a welfare reform plan that would be "good" for recipients and their children. As the Governor's spokesperson put it:

We think [critics of the plan] are wrong because we think [the proposal] is humanitarian; it is one means of restoring or reviving people's confidence and faith in themselves. ("Clergy Voices" 1993)

The Governor's original legislation called for a mandatory work experience after 30 months of receiving public assistance. Single parents would be required to "work" half time if their youngest child was under 13, and full time otherwise. As proposed, if the recipient was unwilling to take on wage work or "community work experience" (i.e., workfare), she would lose her benefits. This bill was passed in 1992 by what was then the more conservative Vermont House of Representatives but was still locked up in the Vermont Senate committee when the legislative session ended in the spring of 1992. The chair of that committee, Senator Sally Conrad—the person largely responsible for holding the bill in committee rather than having it reach the floor of the Senate—called together women from across the state, who organized as the Women's Union. The group included low-income women (including some on welfare); academics; members of Vermont's leftist electoral organization, the Progressive Coalition; a few progressive Democrats; service providers; and other human needs organizers.

The Women's Union soon launched a campaign against the mandatory work provision that the governor had promised would be reintroduced in the next legislative session. The Women's Union began with a core group in Burlington, the state's largest metropolitan area, but quickly spread to towns all over the state. Members spoke extensively to community groups, wrote letters to the editor, testified at legislative hearings, and performed guerrilla theater at public events. The Women's Union solicited written opposition to mandatory workfare from social service providers and community groups. They especially targeted the full spectrum of women's groups in Vermont, to press the claim that welfare is a women's issue. As part of that campaign, we undertook this research project.

### TESTING THE ASSUMPTIONS

*Assumption 1:* There are viable employment opportunities for women on welfare, giving them a real choice between welfare and work outside the home.

Over 10 years ago, Charles Murray, a scholar at the conservative American Enterprise Institute, wrote *Losing Ground* (1984), the blueprint for the Reagan administration's war on welfare. In this book, Murray argued that welfare dependency is a conscious, calculating choice for subsidized leisure and the poverty that goes with it. A more recent variant of this argument concurs that a choice exists, but departs from Murray in viewing recipients as less calculating and instrumental. According to these authors, while recipients probably do not have babies or stay at home *in order to* get welfare, the system nonetheless enables self-defeating behavior. As journalist Mickey Kaus puts it, "Although welfare might not *cause* the

underclass, it sustains it" (Kaus 1986, 24). Similarly, political scientist Lawrence Mead (1992) contends that there are ample opportunities for the poor to become self-sufficient, but they have not seized these opportunities like everybody else. According to Mead, individuals mired in welfare-based poverty believe—incorrectly—that opportunities do not exist. Mead emphasizes that single mothers on welfare are different—more “helpless” (p. 144), less “competent” (p. 157) to assess their real alternatives—than other single mothers and other people in general. When most people fall on hard times, they work more, but when the welfare-dependent population experiences hardship, they respond by working less.

Both the conservative Murray and the neoliberal Mead share the assumption that there are viable alternatives to assistance, an assumption that was repeated by welfare officials at the state and national levels. One highly placed official in Vermont's Agency of Human Services, which administers the state's welfare system, made the following observation about a mandatory work requirement:

The question of a work requirement presents two competing interests. The interest of complete freedom to the individual and total discretion over her time—at the state's expense—or less discretion but also less dependency on the welfare system. (As quoted in Azrieli 1992)

Two premises lurk behind all such arguments: first, that single mothers with young children generally have a good chance at finding jobs if only they would try, and second, that the jobs they could find pay a living wage and adequate benefits. But the available data on women's employment in Vermont raise serious doubts about both premises.

Married and unmarried mothers are about equally likely to seek employment, as indicated by their very similar labor force participation rates. (The labor force participation rate measures the number of people employed, plus the number seeking work—that is, unemployed, as a percentage of the total working-age population.) In Vermont, married women with children under six had a 67.4 percent labor force participation rate, compared to 60.2 percent for their unmarried counterparts. The rates for those with youngest child aged 6 to 17 are 82.3 and 85.8 percent, respectively (Livingston and McCrate 1993).

Nationally based studies demonstrate that welfare recipients in particular continue to work outside the home or to seek work while on welfare. Researchers at the Institute for Women's Policy Research found that over a 24-month period, 42.9 percent of welfare recipients packaged wage labor and welfare, and another 30.8 percent looked for jobs but could not find them (Spalter-Roth et al. 1995). Edin and Lein (1997) interviewed welfare recipients in four different cities and found that only 5 percent reported earnings to the welfare system, but 39 percent had “legitimate” off-the-books earnings and 8 percent got money through the underground economy.

Thus, unmarried women with children attempt to find paid work at about the same rate as their married counterparts—but with much less success. Unmarried

women whose youngest child is school age have an unemployment rate more than twice as high as similar married mothers. Single women with very young children (under six years old) have an unemployment rate of 21 percent: a rate *almost six times higher* than that experienced by married women with very young children (Livingston and McCrate 1993).<sup>2</sup> The job situation is even more bleak for women on welfare. The state unemployment rate for single mothers on welfare is 33.3 percent, and it is 39.5 percent for those with preschoolers (Fogg, Harrington, and Sum 1993).

Thus, welfare mothers are quite energetic in pursuing higher incomes. However, like most unmarried mothers, they encounter major obstacles in securing work, particularly in isolated rural areas and other chronically depressed areas of the state. The not-so-hidden premise, that jobs are available, is simply untrue.

Not only are jobs unavailable in sufficient numbers for women on welfare. The second premise, that the kinds of jobs most mothers would find provide livable wages, is also unfounded. This claim has been made quite pointedly by Mead, who argues that the primary cause of poverty is low work effort, as measured by hours of work, rather than low wages. (However, even he regards half-time, year-round work as adequate effort for a single mother.) The premise is also embedded in statements such as the following, made by the Secretary of Vermont's Agency of Human Services to the Governor's Commission on Women:

[To work or not to work] is the same choice you and I make when we go to work every day. If we want to have the financial wherewithal to support ourselves and our children, we go to our jobs. (Hogan 1992)

But if single mothers' jobs do not pay enough to support their families, then the choice made by the secretary and assumed by workfare advocates is considerably different from the much more circumscribed choice available to welfare recipients.

Mead's and Hogan's assertions mask important complexities. First, hours of work may represent a demand-side as well as a supply-side phenomenon: Increasingly, jobs in the United States are part time or temporary, and low hours of work are often involuntary. In Vermont, women are overrepresented among involuntary part-time workers. While women were 47 percent of all workers in the state in 1991, they were 57 percent of involuntary part-time workers.<sup>3</sup> Second, even when women do work more hours, many of them remain poor. Like women in other states, most Vermont women find employment in three occupational categories. Fifty-four percent of employed Vermont women are sales, service, or administrative support (mainly clerical) workers. Almost a quarter (23.7 percent) of these women who worked more than six months were still below 125 percent of the poverty line; 31.7 percent who worked more than half time and 21.6 percent of those who worked both more than half-time and half-year were below that threshold (see Table 1). These figures are much higher for service occupations alone. In short, work simply does not result in economic security for a large number of women.

**TABLE 1: Women's Occupations, Hours, and Low Earnings in Vermont (in percentages)**

	<i>Working 27-52 Weeks per Year</i>	<i>Working More Than 20 Hours per Week</i>	<i>Working More Than Half Year and Half Time</i>
Sales	25.3	41.2	24.1
Administrative support	22.2	27.4	21.9
Service	45.2	55.8	40.2
All occupations	23.7	31.7	21.6

SOURCE: Authors' tabulations from the 5 percent sample, Public Use Microdata Sample, 1990 Census. Sample sizes for individual occupational groups are small.

NOTE: Percentage of specified group of unmarried mothers earning less than 125 percent of poverty.

Another way of demonstrating the fact that work doesn't work—in the dual sense of paying for basic necessities and making women much better off with jobs than welfare—is to compare the cash needs of single mothers who receive no welfare but who work outside the home with the needs of women who work exclusively within the home and receive ANFC. We argued that employed single mothers in women's occupations are typically below a basic needs threshold and that they may be *worse off* than those who receive welfare. As nearly as possible, we used the approach of a "basic needs budget" developed by Renwick and Bergmann (1993). This budget develops a comprehensive measure of the cost of living, explicitly considering the cost of minimally adequate shelter, food, transportation, child care, medical care, clothing, and personal expenditures, as well as taxes and transfers.

We assumed a hypothetical unmarried Vermont woman with one preschool and one school-age child.<sup>4</sup> We compared her budget when she had a job and no ANFC with her budget when she had ANFC and no job. If the mother did not work outside the home, she had no child care costs, but if she was employed half time, the younger child was in half-time daycare. Table 2 shows that the needed monthly cash flow for an employed woman in this situation was \$1,591, and for a full-time homemaker, \$1,328.

Table 3 shows the average earnings for Vermont women employed half time, year-round in sales, service, and administrative support jobs.<sup>5</sup> Yet, with this level of work effort, earnings in all three cases fell well below the basic needs budget—for the sales and service workers, by more than 50 percent.

Table 3 then shows the effect of public transfer programs on the budget scenarios of this hypothetical family. If the mother stayed home, she got ANFC and a small amount to help pay for telephone service. We assumed that the family got no housing assistance except for the shelter allowance included in ANFC. (Unsubsidized market rents are by far the most common arrangement for welfare recipients in Vermont and in the country.)<sup>6</sup> If the mother was employed as a sales or service worker, she just barely exceeded the cutoff for ANFC; the clerical worker earned far too much to qualify. However, in any one of these jobs, the family was eligible

**TABLE 2: Monthly Cash Needs for a Vermont Unmarried Mother with One Preschool and One School-Age Child, 1994**

	<i>Employed Mother</i>	<i>Mother Not Employed Outside the Home</i>
Food <sup>a</sup>	346	346
Housing <sup>b</sup>	491	491
Transportation <sup>c</sup>	150	67
Health care <sup>d</sup>	296	296
Childcare (halftime for one child)	180	0
Clothing <sup>e</sup>	86	86
Personal care/miscellaneous <sup>f</sup>	42	42
Monthly total	\$1,591	\$1,328
Annual total	\$19,092	\$15,936

NOTE: Unless otherwise noted, all methods are based on Renwick and Bergmann's (1993) calculations with 1989 data, inflated by the consumer price index between 1989 and 1994.

a. Adapted from Renwick and Bergmann (1993, 6). This is the U.S. Department of Agriculture's low-cost food plan, averaging the food allowance for a single-parent family with two preschool children and one with two school-age children.

b. Following Renwick and Bergmann (1993), this is the 25th percentile gross rent for a five-room apartment according to the 1990 Vermont census, plus a small allowance for phone and household supplies. Gross rent includes an estimate of utilities when these are not included in the rent.

c. Calculated from Burleigh, Conrad, and Smith (1993, 28). Our transportation costs are high because Vermont is a rural state with a very geographically dispersed population.

d. Renwick and Bergmann (1993, 8). This is the average total premium cost of group health insurance covering lower-income families from the National Health Care Expenditure Survey plus average out-of-pocket expenses. We averaged the expense for single-parent families with two preschool children and one with two school-age children.

e. Renwick and Bergmann (1993, 10). Includes cost of laundry at laundromat.

f. Renwick and Bergmann (1993, 10). Includes a diaper allowance for the younger child. We averaged the expense for single-parent families with two preschool children and one with two school-age children.

for Food Stamps and fuel assistance. In Vermont, employed mothers may continue to receive Medicaid for their children (but not themselves) under a program called Dr. Dynasaur, as long as income remains below 225 percent of the poverty line. In our argument, we also assumed that this woman received maximum state subsidization of her daycare costs, a very generous assumption since Vermont's subsidized child care program for working parents had, at times, run out of funds without covering all eligible families. The total value of public assistance for the three different occupations was in each case between \$6,000 and \$7,000, while the mother who stayed at home received just short of \$13,000. (It is worth noting that Vermont was one of the top five states in level of welfare benefits.)

In any of the three jobs, this mother would have paid social security and sales taxes. However, she got a large tax credit from the federal government through the Earned Income Tax Credit (EITC). Vermont taxes are calculated as a percentage of the federal liability, and low-income families get a tax credit equal to 25 percent of their federal EITC even if they owe no taxes.

**TABLE 3: Annual Basic Needs Deficit After Counting Wages, Salaries, Public Assistance, and Taxes, 1994**

	Half-Time Sales	Half-Time Administrative Support	Half-Time Service	No Job
Annual cash requirement (from Table 2)	\$19,092	\$19,092	\$19,092	\$15,936
Gross earned income <sup>a</sup>	\$8,856	\$10,080	\$8,460	0
Public assistance income				
ANFC <sup>b</sup>	0	0	0	\$7,440
Food stamps	2,940	2,640	3,036	2,736
Fuel assistance	152	147	152	152
Lifeline telephone subsidy	0	0	0	54
Child care subsidy	1,976	1,976	1,976	0
Medicaid <sup>c</sup>	1,699	1,699	1,699	2,536
Total benefits	6,767	6,462	6,863	\$12,918
Taxes				
FICA	664	756	635	0
Federal income tax <sup>d</sup>	-2,528	-2,528	-2,528	0
Vermont state income tax	-632	-632	-632	0
Vermont sales tax <sup>e</sup>	77	77	77	77
Total tax liability	-2,419	-2,327	-2,448	77
Net income (gross income plus benefits minus taxes)	\$18,042	\$18,869	\$17,767	\$12,841
Remaining cash requirement after wages, salary, public assistance, and taxes	\$1,050	\$223	\$1,325	\$3,095

a. The 1989 average hourly wage for Vermont women in these occupations, adjusted by the consumer price index between 1989 and 1994, multiplied by 1,000 hours per year (half-time, full-year).

b. For families outside Chittenden County (predominantly rural). Benefits in Chittenden County are slightly higher.

c. The children, but not the parents, of working families in Vermont are eligible for Medicaid as long as their income is below 225 percent of the poverty line, under the Dr. Dynasaur program. We assume that half-time workers do not get health insurance benefits from their employers.

d. The woman gets a tax credit after taking the standard deduction for a household head, claiming three exemptions, and claiming the Earned Income Tax Credit.

e. Calculated on the clothing and personal care/miscellaneous portions of the budget.

The final step was to subtract public assistance income from the woman's annual cash needs and add in taxes. We found that *the nonemployed mother on welfare still fell \$3,095 short of her needs* (about 10 weeks worth of expenses per year), despite Vermont's extremely high level of welfare benefits. More important for our purposes, *the employed mother fell short as well*, even with Vermont's exceptionally large subsidies. At average clerical wages, she almost reached her basic needs budget, but at average sales or service wages, she was still short by \$1,050 and \$1,325, respectively (about three weeks worth of expenses). Even in the best-case scenario, the employed mother was subject to great risks due to circumstances such

**TABLE 4: Percentage of U.S. Employees Receiving Health Care Benefits, Working on Shift Schedules, and Receiving Pension Benefits**

	Group Health Plans <sup>a</sup>	Shift Workers <sup>b</sup>	Pension Plans <sup>c</sup>
Administrative support workers	57.2	13.8	45.8
Sales workers	41.2	57.0	25.3
Service workers	29.9	42.5	21.3

a. *Statistical Abstract of the United States* (1992, Table 661, p. 416). 1990 data.

b. *Statistical Abstract of the United States* (1994, Table 635, p. 406). 1991 data.

c. *Statistical Abstract of the United States* (1992, Table 661, p. 416).

as her own illness (since she was not covered by Medicaid), a car breakdown, a child care availability crisis, or a child care funding moratorium. As a half-time worker, she most likely was not covered by an employer pension plan (see Table 4). And of course many women earned below the average.

Thus, in both scenarios—welfare and no job versus working and no welfare—this woman could not meet her family's basic needs and must be considered poor. More important for our purposes here, this woman did not do much better with a job and even stood a good chance of being worse off. Thus, Charles Murray is right, that welfare looks about as good as a job, but not because of the welfare system's putative generosity. The assumption that women freely choose leisure and welfare severely distorts a situation in which the mother cannot meet her family's basic needs no matter what she does but could easily fall considerably farther behind if she holds a typical paid job.

Finally, we should note that unmarried mothers with small children face other formidable employment problems besides low earnings. Prominent among those is the double day. Moreover, the retail trade and service jobs that they are quite likely to get often require evening and weekend work, when no organized child care is available. Finally, as Table 4 makes evident, women's jobs are less likely to provide health care benefits than are other jobs.

Taken together, the unemployment and earnings data for unmarried mothers in Vermont indicate that the major cause of their predicament is both scarce job opportunities and low wages. Nevertheless, many analysts have continued to assert that families headed by women do not face dismal economic opportunities, often asserting that there is a good deal less poverty than one might think (Heritage Foundation 1990). In Vermont as in the rest of the country, what Michael Harrington called "the statistical abolition of poverty" has turned into a virtual cottage industry (Harrington 1984, 77, 79-80). During the legislative debate, Vermont's Commissioner of Social Welfare issued a press release claiming that in fact single women who headed households were not that poor after all, observing that

families with young children headed by women [had an] average income [that] surpassed the poverty line for [a family of] three in 1989 by 26%. . . . The data

**TABLE 5: Unmarried Mothers and Poverty in Vermont, 1989**

	<i>Percentage Below Official Poverty Line</i>	<i>Percentage Below 125 Percent of Poverty Line</i>
All unmarried women with children under 18	34.1	44.9
Youngest child under 6	49.0	62.2
Youngest child 6 to 17	23.6	32.7
All families with children under 18	10.6	

SOURCE: Tabulations from the 5 percent sample, Public Use Microdata Sample, 1990 Census.  
NOTE: Percentage of specified group of unmarried mothers earning less than 125 percent of poverty.

effectively impeach claims that the typical Vermont single mother lives in welfare based poverty. (Vermont Agency of Human Services 1993)

The data demonstrate exactly the opposite. One-third of all unmarried mothers' families in Vermont were below the unrealistic *official* poverty line in 1989, compared to 6.8 percent for all family households. About half of single mother families with very young children in Vermont lived in poverty (Table 5).

Opponents of Vermont's workfare proposal argued that the degree of poverty experienced by women responsible for the support of young children was a direct function of a labor market so structured as to prevent a significant proportion from providing financially for their children while simultaneously meeting caregiving obligations. Many women without partners and with children work outside the home and many provide a substantial proportion of the necessary parenting for young children. But very few can successfully do both at the same time, especially at low wages.

Hence, *welfare is more the rule than the exception for single mothers with young children*. In Vermont, 61 percent of single mothers of preschoolers received ANFC in 1989. Forty-five percent of all single mothers received ANFC.<sup>7</sup>

*Assumption 2: Mandatory work will lift families out of poverty.*

By 1991, many states had already tried workfare programs. However, none were effective in raising significant numbers of families out of poverty, even by the very conservative standard of the conventional poverty threshold.

Workfare programs all over the country have been rigorously evaluated using experimental and control groups. Experimental groups of recipients were subject to a workfare program, while control groups received conventional welfare. The programs did very little to lift women in the experimental group out of poverty. Accounting for part of this result was the 1981 revision of the AFDC program urged by U.S. President Reagan and passed by Congress, which increased the nominal implicit tax rate on earnings from 67 percent to 100 percent. Between 1967 and

1981, a welfare mother could take a job, and for every dollar in wages she received, she only lost 67 cents in welfare. Mothers could package welfare and work, making their families better off. This is no longer possible: Women now lose approximately one dollar in AFDC for every dollar in earnings, after the first month on welfare.<sup>8</sup>

The futility of reducing poverty through low-wage employment has been shown over and over again in these controlled studies. For example, in one of the most ambitious mandatory work programs attempted, the San Diego Saturation Program, annual earnings increased on average by \$658, while welfare benefits decreased by \$553, leaving recipients ahead by 28 cents per day. Other programs, such as those in Cook County and West Virginia, did not even significantly change the mix of welfare and wages (Gueron 1990).<sup>9</sup>

Another piece of evidence on this point comes from the same Urban Institute report which predicted 1 million more children in poverty as a result of welfare reform. The authors used a variety of assumptions regarding job availability for welfare mothers. If poverty fell substantially when more mothers got more jobs and longer hours, then it could be argued that work reduced poverty. Instead, regardless of whether they assumed that 30 percent of the affected AFDC mothers found work (with 10 percent getting full-time jobs) or that 68 percent found work (with half of these full time), the estimates of additional children in poverty ranged only from 1.1 to 1.3 million (Zedlewski et al. 1996). Jobs simply did not reduce child poverty.

Women receiving public assistance fully anticipated the problem. One member of the Women's Union compared her ANFC grant alone with her total income net of child care expenses when she took a part-time job (90 hours/month). She wrote to the state's Commission on Women that she only ended up \$8 ahead in the first month of employment, and actually \$5 behind in the second (Fakirananda 1992).

Given these decidedly lackluster results, some workfare proponents have downplayed the goal of self-sufficiency in their arguments for work requirements. Lawrence Mead, for example, pronounces himself satisfied if people begin to work while they are on welfare and if they are preparing for mainstream work, even if their earnings do not increase (Mead 1992). Increasingly, the rhetoric of welfare reform invoked personal attitudinal change regarding work, not economic security or the alleviation of poverty.

*Assumption 3:* Increased child support collections from noncustodial parents and greater retention of earnings will close the poverty gap.

If work does not pay enough to live on, liberal supporters of mandatory work requirements are confident that child support payments from noncustodial parents and tax credits under the EITC will remove the sting.

However, the EITC does not provide enough to meet the standard of the Basic Needs Budget for many unmarried women's families, even though it was steadily expanded in the early 1990s. Moreover, since U.S. House Republicans declared their intent in 1996 to scale back the credit, state governments cannot rely on it to "make work pay" in the future.

The EITC expanded considerably in the early 1990s, with bipartisan support. In 1989, the women represented in Table 3 with the same level of inflation-adjusted earnings would have qualified only for a \$910 credit. However, Table 3 shows that even with EITC of \$2,528 in 1994, a typical single mother still fell short of her Basic Needs Budget. When the new EITC became fully effective in 1996, the credit amounted to 40 percent for the first \$8,425 of earnings, and it was phased out completely for two-child families only when income approached \$27,000 (U.S. House of Representatives, Committee on Ways and Means 1996). This would have raised our hypothetical mother's EITC to about \$3,400 in 1996. As a clerical worker, she would just barely achieve her basic needs budget, but as a sales or service worker, she would still be about \$1,000 short. Even so, the U.S. House Committee with jurisdiction on this issue voted to *reduce* the EITC in 1995.

The strategy of tougher child support policies is likely to fail in many instances as well. In 1991, 38 percent of custodial mothers asked a government agency for help in collecting child support. These agencies were able to collect only one-fourth of what absent parents owed ("Child Support Money" 1994). Researchers have found that nationally the dominant predictor of child support compliance is the father's unemployment experience (Peters et al. 1993). The support of a noncustodial parent is highly unstable since the labor market itself is so unstable. Between May 1993 and April 1994, nearly 45,000 Vermont workers filed new claims for unemployment compensation, more than 13 percent of the covered Vermont workforce (Vermont Department of Employment and Training 1994-95).

### THE FINAL WELFARE REFORM PACKAGE IN VERMONT

The Vermont bill was finally passed in significantly modified form in the next legislative session. It required after 30 months of benefits that 60 percent of single parents on ANFC work half time if they have a child under 13, and full time otherwise, unless to do so would result in an hourly rate of pay below the minimum wage. These recipients are required to accept virtually any regular job they are capable of performing, and if no such job is available, they are required to accept a workfare position with a public or nonprofit agency. However, there were two major amendments to the bill that may potentially blunt the negative impact on recipients.

The 60 percent of recipients who must take a job are sanctioned if they do not do so. But due to the efforts of the Women's Union, the sanctions are less severe than what the administration had been seeking—immediate elimination of the welfare benefit. The sanctions nonetheless remain burdensome for welfare families. Recipients who do not comply will be required to meet three times a month with a caseworker in order to receive further benefits. Also, parents who do not perform their statutory work obligation will be forced into state management of their family budget, through vendor payments for housing, utilities, and food. A further conse-

quence is that if the state pays landlords directly, tenants can no longer withhold rent to pressure owners into performing repairs. Thus, tenant bargaining power with landlords over the condition of housing is greatly reduced.

The second potentially significant amendment that resulted from the debate and Women's Union organizing was a legal obligation by the state to provide a variety of services, including quality child care and transportation. The work requirement is to be deferred if such services are not forthcoming. The potential of this provision for protecting women depends on how the state responds (and on how successfully advocate groups pressure the state). Vermont was fiscally strapped throughout the early and mid-1990s, and at times even before the welfare bill was passed, the state failed to provide child care to some eligible families. Anticipating tight state budgets again during future economic downturns, either the state will not provide all the services it is required to, and the workfare requirement will be inoperative for a large number of recipients, or the state will stretch its budget by providing low-cost daycare or by cutting nonwelfare families.

The new bill has another attractive feature, the disregard of some earned income for the purpose of calculating welfare benefits. Under the law, the state will disregard the first \$90 of monthly earnings from a workfare job, and the first \$150 plus 25 percent of all earnings over \$150 for a regular job. Providing women with greater opportunity to combine earnings and welfare will probably do more to increase their well-being than workfare—indeed, low-income women in the Women's Union spoke eloquently and repeatedly about the need for such a measure (Fakirananda 1992). However, since this new measure is being combined with mandatory work, it will be difficult for program evaluators to identify the cause of any improvement in women's economic security.

Shortly after the Vermont bill was passed, the story passed to the national level. Voters elected a conservative Republican-dominated Congress in 1994, which quickly set its sights on cutting massive amounts of money from federal entitlement programs. They proposed a bill that transformed AFDC from an entitlement, that is, a guaranteed form of assistance for anyone demonstrated to be eligible, to a block grant, which allocates a *fixed* amount of funds to assist eligible single-parent families, who may or may not receive assistance. In early 1995, Vermont Governor Howard Dean and other Democrats touted the original Clinton welfare reform plan as the humane alternative to the new Republican proposal to transform AFDC and other assistance programs into block grants. Dean, in his former capacity as chair of the National Governor's Association, became a spokesperson for the "compassionate" Democrats trying to stop the Republican juggernaut—even though such Democrats as Dean and Clinton shared responsibility for initially shifting the overall debate so far to the right.

While claiming to be more compassionate, the Democrats made repeated concessions to the Republicans. By February 1996, Clinton had announced his willingness to sign into law the U.S. Senate's version of welfare reform, which included block grants and a five-year time limit on benefits. He continued to support the general concept of the bill despite the Urban Institute report showing that over

1 million more children would likely be pushed into poverty (Zedlewski et al. 1996). And although Clinton vetoed the first welfare reform bill emerging from the House-Senate Conference Committee—over issues such as the size of the child care budget and the recession contingency fund—he reasserted his support for the destruction of the social safety net by endorsing the Wisconsin state welfare reform plan in May. The Wisconsin plan strongly resembled the U.S. Senate bill in several key respects, including the end of entitlements (Mitchell 1995, 1996; Pear 1996).

Thus, block grants and time limits are the major outcome of welfare reform during the Clinton administration. Because they end the 60-year-old guarantee of aid to all eligible families, AFDC will no longer be automatically available for the additional families who qualify during a recession. The bill provided \$2 billion of additional “contingency funds” in anticipation of increased need during economic slumps; however, this is only one-third of the amount by which AFDC expenditures increased during the recession of 1990-92 (Center on Budget and Policy Priorities 1996). Moreover, block grants are much more heavily regulated by the states than by the federal government, so that states will more easily be able to undercut the few standards that traditionally were set centrally. For example, states have a choice about maintaining their old level of fiscal support for AFDC, and receiving federal contingency funds, or reducing their own funding of AFDC and losing contingency grants.

One final word about Vermont’s bill: States that received waivers will be exempt from some parts of the federal bill for the duration of the waiver. In Vermont, that has given the governor the opportunity to take credit for developing a less onerous law before Congress acted. Indeed, Vermont’s welfare reform law has become known nationally as the “teddy bear of welfare reform” (Walsh 1997). There are several problems with this interpretation. First, the bill still emphasizes channeling single mothers into low-wage work, with little regard for their families’ particular needs. Second, the governor’s original bill was much closer to the federal law. Some of the most draconian provisions of his bill were ultimately removed, but had it not been for the Women’s Union’s campaign, the Vermont bill most likely would have remained closer to the national legislation. Third, when the state’s budget was tight, before 1997, the governor and legislature continued to chip away at ANFC benefit levels and other benefits for the poor; it is reasonable to expect a recurrence of benefit-cutting when the state’s economy turns down again in the future.

### LESSONS FROM VERMONT

Although Vermont is a small, rural, and overwhelmingly white state, its legislative battle over workfare has several lessons for the country. The first is that welfare reform has had both centripetal and centrifugal effects on women’s solidarity. On the one hand, welfare is extraordinarily close to the daily economic concerns of most women. Like Lawrence Mead, administration officials repeatedly tried to characterize welfare recipients as different and defective, framing their data in terms

of distinctions between welfare mothers and other women. In contrast, we used our data to show how welfare was relevant for women with *average* earnings. Because we were able to make this link, we had considerable success mobilizing women throughout the state. Given the recent growth of the black-white earnings gap among women (McCrate and Leete 1994), especially among the young who are most likely to have small children, our experience in mostly white Vermont is likely to apply with equal or greater force to African American women. National polls repeatedly have shown that the top issues for U.S. women are economics and violence (Burk and Hartmann 1996). The Women's Union campaign hammered hard on the first of these. The Vermont Network Against Domestic Violence and Sexual Assault addressed the second, since many women on welfare got there by leaving abusive husbands (Funciello 1993). The Network passed a resolution against mandatory workfare, and against workfare placements in their organizations. They pointed out that for many abused women, it can take a long time to think about jobs outside the home.

However, while the antiworkfare forces made some headway in Vermont by framing welfare as an issue for the great majority of women, the fight also demonstrated how clearly class has fractured the women's movement. The majority of administration officials promoting workfare were women; women legislators supported it overwhelmingly; and the state's Commission on Women voted (by a one-vote margin) to support it. Thus, by nourishing the politics of division and distrust among women, workfare not only reinvigorates a political agenda of hostility toward poor women (especially those not employed outside the home) but also undercuts the degree to which low-income women can turn to the more privileged for political support.

A final, curious lesson for the feminist academic community is that, to our knowledge, almost none of the work feminist scholars have done on welfare ever came up during the Vermont workfare battle. This was despite the presence of several academics in the Women's Union, who were quite familiar with the literature and indeed had contributed to it. The Women's Union made the point over and over again that the main problems were undervaluation of women's work in the labor market and in the home, a common theme in the literature (for example, see Funciello 1993 and Pearce 1990). Welfare recipients spoke repeatedly of their experiences of being controlled by the welfare system. But the vast amount of work feminist scholars have done linking that control to the maintenance of patriarchal power (Abramovitz 1988), capitalist profitability (Piven and Cloward 1971), and racial inequality (Quadagno 1994) simply did not figure prominently in our campaign. The presence of women scholars was less important for the expertise that they could offer than for the class status they could lend to the movement.

In part this certainly speaks to shortcomings in our educational work and organizing, which was focused on the overwhelming short-term need to oppose workfare. But it also speaks to the shortcomings of what Frances Fox Piven has called the "Ellwood model" of welfare reform: academic advice based on rigorous research that is not sustained by a grassroots movement.<sup>10</sup> The limits of the Ellwood

model are symptomatic of the extraordinary difficulty of synthesizing academic work and political organizing in the United States today, given the lack of mass and long-term progressive political structures, such as political parties, trade unions, or socialist-feminist projects, that can facilitate communication between scholars and activists, conduct internal education, and develop policy proposals out of it.

## CONCLUSION

We have reviewed three key assumptions that animate the current attacks against welfare recipients and that avowedly legitimate proposals for mandatory work. With simple data, we have criticized these assumptions to make a single point: Any reform of the welfare system that is founded on them is bound to fail since the premises behind them simply do not square with the experiences of the vast majority of unmarried women with children who find themselves turning to welfare in order to support their families.

There is, however, another side to workfare besides its actual implementation, and that is its contribution to a climate of suspicion toward low-income women—in the process, dividing women by class and race. Additionally, even in a relatively progressive state like Vermont, the debate rehabilitated the old and largely discredited bromides about the sanctity of the Ozzie and Harriet family (Coontz 1992; Stacey 1996).

Finally, as was documented in other states' experiments, it is clear that workfare cannot and will not provide a new, more viable alternative for low-income women. In the words of one ANFC recipient:

The problem with Welfare Reform goes beyond Reform. Companies are moving to foreign countries to find cheaper labor in exploiting the poor of other nations, leaving our people unemployed. . . . And blaming people who don't have any control over this situation and are already in the most vulnerable position is like blaming a child for the parent who abuses him or her. (Laurie 1992)

As Laurie suggests, the only thing mandatory workfare can do—unless it is challenged—is act as a substitute for a real economic strategy that will guarantee more equity for women and more security for all families.

## NOTES

1. Beyond the scope of this article, there were other critical assumptions, concerning the types of families that are best for children and the relative value of home and market labor.

2. All calculations are based on the noninstitutionalized population aged 16 to 65, excluding students aged 16-22, in the Vermont 5 percent sample of the 1990 census Public Use Microdata. "Unmarried mothers" were defined as "unmarried women with own children under 18," rather than "female family heads," because the census considers the family head to be the person in whose name

the housing is owned or rented. About 1,000 unmarried mothers in subfamilies are not counted as family heads in Vermont.

3. Involuntary part-time workers are those working less than 35 hours per week due to slack work, material shortage, or inability to find full-time work (U.S. Bureau of Labor Statistics 1992).

4. This is fairly representative: The average number of recipient children in a Vermont welfare family is 1.5, and the percentage with children under six years old is 55.3 percent. The comparable national figures are 2.0 recipient children per family and 60.1 percent with at least one child under six (Congressional Information Service 1993, Tables 6 and 11).

5. The hourly wage for women workers in Vermont is calculated from the 1990 Census microdata, and is multiplied by 1,000 hours to arrive at an annual gross income figure for half-time, year-round work. Then it is adjusted forward to 1994 by the consumer price index, assuming wages have kept up with inflation. Thus, our earnings data almost certainly overstate the woman's actual income for two reasons. First, low wages have not kept up with inflation. Second, the data do not reflect the fact that part-time workers earn substantially less than full-time workers on an *hourly* basis. In Vermont, the hourly wage penalty for working part time was 11.6 percent for women (calculated from an earnings regression) (Livingston and McCrate 1993).

6. In Vermont, 8.2 percent of ANFC families own or are buying their own house, and 59.1 percent rent privately with no housing subsidy; 23.5 percent live in public housing or receive HUD or other rent subsidies. Another 9.1 percent share group quarters or rent for free. The comparable national figures are 4.4, 63.8, 23.5, and 8.4 percent, respectively (Congressional Information Service 1993).

7. It was necessary to use two sources to calculate these percentages. The number of unmarried mother families was calculated according to the procedure described in the note to Table 1. The number of unmarried-mother families on welfare was obtained from the Department of Social Welfare's own caseload data, because respondents drastically underreport the receipt of welfare in census data. While administrative records indicated 5,610 single-mother ANFC cases (per month) in Vermont in 1989, the census only reported 3,912 such families receiving public assistance income.

8. The exact loss in a complete benefit package due to earnings is complex due to the interaction of program rules for AFDC, Food Stamps, and Medicaid. Burtless (1990) estimated the actual nominal benefit reduction rate at 82 percent.

9. These figures were calculated including zero earnings for members of the experimental group who never actually got any work experience. Since two-thirds of the eligible population actually got work experience in San Diego, it is necessary to multiply the increase in earnings by approximately 50 percent to calculate the increase in earnings among those who actually got work experience. Thus, at the end of the second year, this subset of recipients got a \$987 increase in average annual earnings, well below the poverty level. Their increase in earnings was still largely matched by their decrease in welfare benefits, leading to no change in the ratio of income between experimental and control groups.

10. Frances Fox Piven made this remark during a discussion at a conference on welfare reform in New York City, November 1996.

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