



Working Works in State-Based Welfare Reform

by Robert A. Lawson

Summary

State welfare reform experiments that emphasize work have helped reduce to historic lows the number of people needing assistance. More reforms that encourage personal responsibility are needed to help Michigan stay at the forefront of state welfare successes.

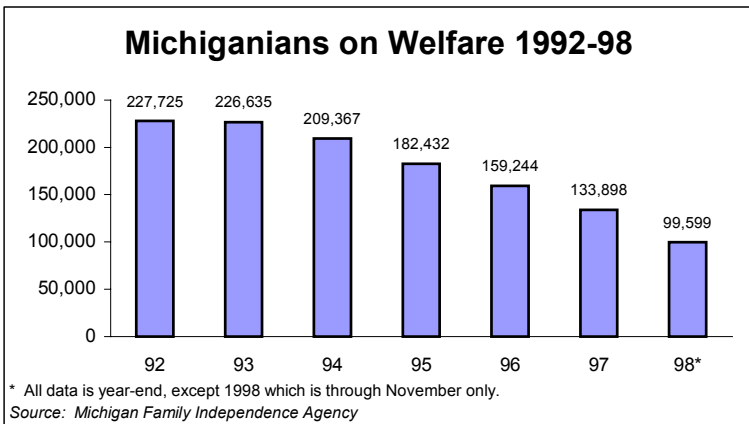
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The staggering failure of government's War on Poverty and its negative effects on poor families have created a political will to reform welfare. Nowhere is this more apparent than in the states, which pick up over 40 percent of the over \$1 trillion annual social welfare tab. Michigan is among the leaders in getting people off welfare and into work, but more can still be done.

The main theory behind allowing welfare reform in the states is the notion that the one-size-fits-all federal rules regarding eligibility and benefits should not apply to all states and localities with their different problems. For example, the problems of rural, poor, American Indians in New Mexico are probably not the same as the problems of poor families in inner-city Detroit.

The most exciting reforms are coming from the "workfare" area. Workfare requires that recipients of public benefits work for those benefits or at least aggressively look for jobs. The focus is on moving recipients into the labor market, not merely training them for it.

If reducing welfare cases is an objective of reform, then Wisconsin is the most successful. In January 1995, Wisconsin Governor Tommy Thompson initiated the "Work Not Welfare" program, which requires work for benefits and limits aid to 24 months. Since Fond du Lac County implemented Work Not Welfare, aid applications have fallen by 40 percent and actual cases by 42 percent.



In Michigan last year, caseloads hit a 27-year low with the number of people on welfare falling below 100,000. While caseloads in the nation as a whole plunged 39 percent from 1993 to 1998, Michigan's plummeted 49 percent. A greater percentage of welfare recipients in Michigan than ever before are working at least part-time, though achieving that has been expensive. Midland County, for instance, received almost half a million dollars from the state for child care and a bus system intended to increase the incentives for productive work. The

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Michigan Jobs Commission has even spent thousands of dollars to pay old traffic tickets for welfare clients.

One important lesson from the many reforms in Wisconsin, Michigan, and elsewhere is that those programs that emphasize work placement over training have better results. The problem still is that too few reform initiatives place finding a job as the highest priority, or they don't do enough to change the counterproductive behaviors and costly lifestyles that keep people in the welfare quagmire. To build on past success, Michigan should consider adopting the following additional reforms:

Time Limits. Many states and localities are attempting to limit the length of time a person or family may remain on welfare during any particular time period. For example, in eight Florida counties, benefits are limited to 24 months in any 60-month period of time.

Personal Responsibility. Michigan should not subsidize irresponsibility by such practices as paying traffic tickets for welfare clients; at the very least, if caseworkers regard these payments as necessary to get clients into work, the clients should pay the sums back as they earn money.

Drug Testing. Governor Engler's proposal to test welfare clients for drug abuse went nowhere in the legislature in 1998. It ought to be reconsidered this year. Working taxpayers have every right to expect that those on welfare will keep themselves free of destructive substances.

Family Cap & Child Support. The family cap denies increased payments to women who have children while on welfare. New Jersey's Family Cap is the best known example. It denies additional benefits for children born 10 months after the initial receipt of welfare, and encourages parents to earn a larger income to support a larger family.

Reductions in Bureaucracy. Fewer clients should mean lower outlays for welfare agencies. That's not the case in neighboring Ohio where, according to the Buckeye Institute for Public Policy Solutions in Dayton, caseloads have fallen by 37 percent at a time when the budget for the Department of Social Services has actually *increased* by nearly 17 percent. Michigan has done much better, but probably could do more.

Thanks largely to the states, government welfare is no longer a simple form to fill out and a check on the first of the month. Let us hope the states have learned a lesson from Washington's misguided, centrally planned welfare system and that they will continue to move aggressively toward self-reliance, personal responsibility, and work.

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