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Welfare Reform: Implications and Alternatives

Neil Gilbert*

INTRODUCTION

Although the details remain unsettled, a blueprint of the Congressional proposal for reform of the Aid to Families with Dependent Children (AFDC) program was included in the 1995 Budget Reconciliation Bill (vetoed by the President). It is a blueprint for change that will alter the essential character of AFDC. If Congress has its way, funding for the program will be converted from an open-ended categorical grant to a block grant capped at $16.3 billion for fiscal years 1996 through 2002. Recipients will be required to work within two years of receiving benefits, with eligibility for cash assistance limited to no longer than five years over their lifetime. The proposal for reform includes additional nuances such as fiscal incentives tying increases in block grants to reductions in out-of-wedlock births and a provision allowing states to exempt 15% of their AFDC caseloads from the five-year limit on eligibility.1

Basically, however, it is the block grant and work requirement reinforced by time-limited eligibility that constitute the fundamental transformation of AFDC — achieving Bill Clinton's campaign promise to "end welfare as we know it," if not exactly along the lines he envisioned.

While it is clear that AFDC will no longer be the same, there is much uncertainty about the consequences of this radical reform. The following analysis surveys the problems and prospects of state-level experiments

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* Neil Gilbert is Acting Dean and Chernin Professor of Social Welfare at the School of Social Welfare, University of California at Berkeley. His most recent publication is WELFARE JUSTICE: RESTORING SOCIAL EQUALITY (Yale University Press, 1995).

fostered by block grants, the future of public welfare services under block grants, and the inherent limits of work requirements. The analysis concludes with an alternative approach to welfare reform that avoids some of the problems and issues raised by the Congressional proposal.

I. Block Grants: Ending Entitlement/Promoting Experiment

The proposal to shift federal funding for AFDC from an open-ended entitlement to a block grant reduces federal spending on welfare, constrains the right to public aid, and consigns the basic responsibility for these programs to state agencies. Under the block grant arrangement, states will be squeezed fiscally but administratively freed to experiment with AFDC, redesigning the program according to their preferences.

In anticipation of the block grants, states are starting to experiment with their AFDC programs. More than two thirds of the states have already adopted one or more experimental measures designed to change the behavior of welfare recipients, thus securing federal waivers of the categorical policy that currently governs AFDC.\(^2\) Aimed at encouraging self-sufficiency, these experimental measures involve policies that tie benefits to the requirement that recipients show progress toward a high school equivalency diploma, penalize recipients whose children do not attend school, and deny benefit increases to mothers who have additional children while on the rolls.\(^3\) Some states have initiated measures that allow an AFDC mother to retain the portion of the public assistance grant that is meant to provide for her child if she marries a person who is not the child's father\(^4\) — an incentive for AFDC mothers to get married, but not to the father of their children.

Through the use of incentives to change human behavior, these various experimental measures are expected to reduce public costs of AFDC and to increase labor force participation. But this kind of social engineering does not always go exactly as planned. Indeed, the anticipation of unexpected results is, perhaps, the most dependable lesson to be drawn from past experiences of major shifts in social policy. As block grants free states to experiment with AFDC, there are possibilities for unintended outcomes of incentive-oriented policies designed to reduce costs and AFDC caseloads. There are four types of unintended outcomes that may emerge from


incentive-oriented policies.\textsuperscript{5}

First, measures that penalize welfare beneficiaries for failing to do what is expected of them (attending job training, actively searching for jobs, and participating in public work projects) may generate high administrative costs that vastly override projected savings. These costs stem from efforts to insure compliance and to manage procedures for appeal; the appeal process can be particularly expensive when adjudication requires diagnostic judgments about welfare recipients who claim they are unable to comply with program demands because of physical ailments, psychological disorders, addictive behaviors, disabilities, family emergencies, and the like. For example, consider the experience in the multi-layered appeals structure of the Disability Insurance program under which a claimant who is denied benefits can request a reconsideration by the state agency; if denied again, the claimant can seek a hearing before an administrative law judge (ALJ); and if denied by the judge the claimant has final recourse to a review by the Appeals Council. In 1993, 746,425 cases were appealed at the State agency level; 346,423 of those cases proceeded to a second appeal before the ALJ, and 68,253 went on to the Appeals Council.\textsuperscript{6}

Second, measures that encourage and enable positive behavior, such as the provision of training and day care services, not only increase program costs initially, but may result in higher costs over longer periods. This is because these measures are vulnerable to the familiar problem of “creaming,” whereby additional benefits are delivered to those already highly motivated, most of whom would be likely to find work in the absence of these incentives. Such was the experience of earlier efforts at welfare reform. Among AFDC recipients, there are always some number of beneficiaries who will exit the rolls through their own efforts. Sar Levitan and Robert Taggart’s evaluation of the Work Incentive Program (WIP), for example, revealed that most of 25,000 WIP enrollees who had gotten jobs by 1970 were among the applicants best prepared for work — those who would probably have found employment sooner or later without the additional WIP benefits.\textsuperscript{7}

Third, measures that limit access to welfare benefits can reduce immediate costs of AFDC, only to have these costs reappear in other program areas. Thus, if welfare mothers are denied benefits for failure to find work, remain in school, or other reasons, the declining cost of public assistance will eventually be met with rising public expenditures for

\textsuperscript{5} NEIL GILBERT, WELFARE JUSTICE: RESTORING SOCIAL EQUITY 79-81 (1995).


\textsuperscript{7} SAR A. LEVITAN & ROBERT TAGGART III, SOCIAL EXPERIMENTATION AND MANPOWER POLICY: THE RHETORIC AND THE REALITY 52 (1971).
homeless shelters, child protective services, and food stamps. This is already happening. After California reduced state spending on AFDC by $10.8 billion in 1991, state budget analysts calculated that federal payments for food stamps to the state’s residents rose by $4 billion. In the process of shifting the public burden from AFDC to other programs, the initial loss of benefits may exacerbate the problems of those in need, raising the long run costs of support and reintegration.

Finally, measures that substantially reward beneficiaries of various programs for returning to work run the risk of creating a moral hazard. The problem, as Carolyn Weaver points out, is that these measures “deal[] with only half of the work incentive issue, ignoring entirely the incentives created for people still at work.” The problem is pointedly illustrated by a successful AFDC “workfare” graduate who was highly publicized as a model case — until it was revealed that she had left a job to go on welfare in order to receive the job training provided by workfare benefits to welfare recipients entering the labor force. Beyond such anecdotal evidence, Duane Leigh found that the Family Independence Project, a five-year demonstration program in Washington that provided welfare clients financial incentives and increased social services, had little impact on earnings, but led to an increase in welfare receipt. Similarly, Robert Moffitt’s estimates from a microsimulation model suggest that under certain conditions the benefits derived from employment and training programs positively effect the entry rate onto welfare rolls.

In assessing the prospects of social experiments that are likely to multiply under block grants, one should not overlook the obvious point that the success of many incentive-oriented policies rests, in part, on the availability of jobs for those whom these policies intend to motivate. A strong demand for labor is itself an incentive for workers to undertake training or retraining. In periods of high unemployment, incentive-oriented measures may press a few more workers into the labor market. At

12. Robert A. Moffitt, The Effect of Employment and Training Programs on Entry and Exit from the Welfare Caseload, 15 J. POL’Y ANALYSIS & MGMT. 32, 39-48 (1996). The results also show small negative effects on entry rates, which are attributed to the burdens of participation in work programs. Id.
the same time, however, many welfare beneficiaries will experience an increasing level of frustration as the social pressures created by behavioral incentives to work encounter limited opportunities for employment. Thus, incentive-oriented policies may wind up demoralizing those they are designed to encourage.

In addition to experimentation with incentive-oriented policies, block grants will also allow states much greater latitude in defining eligibility standards and setting benefit levels. At the same time, the overall reduction of federal aid proposed under the block grants will create fiscal pressures on the states. Some critics fear that this will result in a race to the bottom, as states cut benefits not only to reduce immediate costs but to discourage welfare migration from neighboring states. If recent proposals from New York's Governor Pataki are any indication, the race may already have started in anticipation of Federal reforms. The Governor's proposal includes a plan to reduce New York's AFDC grants by 26%, which would bring New York's benefits to the same level as New Jersey's.

Block grants will increase fiscal pressures and administrative license to experiment with measures designed to reduce AFDC costs and promote self-sufficiency. They may even trigger a race to the bottom. Will welfare recipients be motivated to work under the new arrangements? Will they suffer greater deprivation? Will welfare costs decrease? The shift to block grants introduces many concerns about unanticipated consequences of incentive-oriented policies and the extent to which social engineering or a flat reduction in grant levels will influence behavior and change welfare as we know it for the better. But there are other implications of the block grants—not as evident as welfare cost and client behavior—that bear on the future of public social services.

II. The Future of Public Social Services Under Block Grants

Since the early 1970s, there has been considerable growth in third-party purchase of service arrangements, through which public funds are used to pay for services delivered by private agencies. This contracting for services is certain to increase under block grants for welfare and the increase is likely to be concentrated among community-based agencies.

Recently, I attended a meeting at which half a dozen directors of

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welfare departments in California were asked the following question: If the congressional proposals to create a block grant for welfare programs were implemented and the state passed the block grant through to the county level, what would you do? Hypothetically liberated from federal regulations that suffocate initiative, free to experiment and allocate funds as local needs dictate, the welfare directors all agreed on one immediate course of action—they would increasingly contract for services with community based organizations in the private sector.

The recent enthusiasm for contracting with private locally-based organizations represents a level of commitment to community-based agencies that has not been seen since the community action movement of the mid-1960s. It is a commitment inspired by the felicitous convergence of two popular assumptions which suit the free market ideology of the right and the citizen participation/empowerment objectives of the left: first, that privatization offers the most efficient approach to the production and delivery of social services; second, that community-based agencies are more effective and responsive than public bureaucracies because they reside closer to the people being served, mediating between the individual and the state.

Under the first assumption, the case for the efficiency of privatization is linked to both the presumed advantages of competition and the failings of public bureaucracies that operate outside the market constraints of cost and competition (under governments responsive to interest group bargaining). Those who question this assumption, suggest that the market metaphor does not exactly apply in the realm of social services because the forces of competition responsive to consumer choice are undermined by third-party purchase of service arrangements. The entire transaction is perceived by neither the individual consumer who does not pay for the service nor the purchasing body, (public agency) which does not receive the service. Moreover, social service consumer populations—children, elderly, and poor—are often vulnerable and not well-informed consumers. In the absence of the market discipline imposed by well-informed consumers who pay for what they get, third-party purchase of services can have a difficult time insuring the quality of services being delivered. This is what Henry

Hansmann describes as the "contract failure theory."  

Competitive bidding for third-party contracts has been used in efforts to address the problem of contract failure, which stems from the absence of competition and consumer choice. Evaluations of the competitive bidding mechanism in several areas of service, however, suggest that the results neither reduce costs nor enhance service quality. "Proxy shopping" is another method recommended to introduce the discipline of market competition into purchase-of-service arrangements, by contracting with service providers who can attract paying customers (who serve as proxy-shoppers for public agencies). Still, there must be enough suppliers to form a competitive market, which is often not the case when dealing with community-based agencies. Even if competition can be introduced into purchase-of-service arrangements, the problem remains that the transaction costs of contracting are quite high; these costs include complicated measurements to determine the price of units of service being purchased and expensive procedures to then monitor the quality of what is delivered.

One answer to these criticisms is that the transaction costs of purchasing services from private agencies may be mitigated by contracting with community-based agencies. The rationale is that community-based agencies will be accountable and responsive to their local consumer-constituency. Consumers influence these agencies by participating directly in their governance structure. In essence, these agencies are local groups serving their own communities. Thus, even though the consumers do not pay for the services they are receiving, they are nevertheless in a strong position to influence the quality of these services. Under these circumstances the transaction costs of contracting can be reduced because monitoring for quality would be conducted by the consumers who have the power to influence their local organizations.

Contracting then may be seen not only as a method for more efficient and effective delivery of services, but also as a mechanism for promoting the democratization of social services. Community-based agencies are mediating institutions—local, private, and responsive to the people served—that provide a cushion of civil society between the individual and the state. The case for contracting with community-based agencies is

21. Mark Schlesinger et al., Competitive Bidding and States’ Purchase of Services: The Case of Mental Health Care in Massachusetts, J. OF POL’Y ANALYSIS & MGMT., Winter 1986, at 245, 251-55.
22. Rose-Ackerman, supra note 19, at 1412-15.
further supported by the view that by minimizing the role of government in the delivery of social services these "mediating institutions will once again have the space to flower, reclaiming their rightful place at the center of a revitalized civil society." Thus, one might argue that public contracting for the delivery of social services with community-based agencies will produce more efficient and effective services, promote democracy and revitalize civil society. There is, however, another view of the trend toward contracting with community-based agencies that is somewhat less sanguine.

Whether community-based agencies are more effective in delivering social services than public bureaucracies is an empirical question. Although such agencies are less bureaucratic, reside closer to the people being served and are more responsive to local influences, such characteristics do not guarantee greater effectiveness in service delivery. More to the point, abstract discourse on civil society, responsiveness and citizen empowerment tends to ignore the harsh fact that there is often a dense concentration of social problems in communities with the highest proportions of AFDC recipients. As Fred Wulczyn reports, one out of eight children born in some of New York's poorest neighborhoods are admitted to foster care as infants. He estimates that the cumulative rate of foster care placement in these communities may be approaching 20%. Plagued by high levels of child abuse, family disorganization, and crime, these communities are, if not dysfunctional, at least extremely difficult to organize for constructive participation in the affairs of local agencies.

Effectiveness and local responsiveness aside, the plain fact is that community-based agencies often deliver social services for lower costs than public bureaucracies. They deliver services for less because they pay their workers less than the public bureaucracies, which represent, perhaps, the last stronghold of the union movement in the United States. From 1970 to 1991 union membership in the U.S. declined from 28% to 16% of the labor force and over the same period union members in government employment increased from approximately 10% to 40% of all unionized labor.

25. As Peter Blau observed long ago, bureaucracy and democracy are different modes of social organization for decision-making and implementation that are effective for different ends. See Peter M. Blau, *BUREAUCRACY IN MODERN SOCIETY* 105-108 (1956).
shipped overseas to be performed at a lower cost. Instead, they are now being contracted out to local community organizations, which are relatively small, voluntary non-profit units that have few ties to organized labor.

Ironically, efforts to revitalize civil society through support of geographically-based mediating institutions are being promoted at the cost of functionally-based communities of organized labor, which also constitute powerful mediating institutions. Indeed, in his classic analysis, Emile Durkheim noted: "A nation can be maintained only if, between the State and the individual, there is intercalated a whole series of secondary groups near enough to the individuals to attract them strongly in there sphere of action." With organizations based on territorial divisions (villages, districts) becoming less important, Durkheim envisioned occupational groups emerging to fill the void and recreate a sense of social solidarity.

Philosophical arguments about the place and functional role of community institutions in civil society will not mitigate the increasing fiscal pressures on State Departments of Welfare to contract out the delivery of services under block grants. After weighing all the consequences, the shift from public social services to community-based delivery structures may be desirable. But first, the trade-offs should be made explicit, particularly the implications for organized labor and the future role of public social services.

III. Why Work Requirements and Time Limits Won't Work

Although they may not entirely agree on the details of welfare reform, policymakers on both sides of the political spectrum are joined in the view that work must replace welfare and that dependency on public aid must be abolished. This sentiment is firmly expressed not only in the Republican proposal, but also in Bill Clinton's campaign statements that welfare recipients should be required to work after two years. A moderate echo is heard in the centrist Democratic Progressive Policy Institute's call for reform:

An enabling strategy for welfare reform should buttress America's basic values, especially reciprocal responsibility. . . Social responsibility is a two-way street: Government can help only those determined to help themselves. An enabling state should condition social supports on recipients' willingness to work and strive toward self-sufficiency.  

28. EMILE DURKHEIM, THE DIVISION OF LABOR IN SOCIETY 28 (George Simpson trans., 1933).
Under the current proposal for welfare reform, states receiving block grants are given almost complete license to redesign their programs with two major conditions: recipients must be required to work after two years, and recipients remain eligible for cash assistance no longer than five years. What would happen to welfare recipients who were unable to secure employment after the first two years? One response is that those who had not found a job after two years would be required to participate in some form of public works program established by the state. This is a tough-sounding quick fix that ignores three compelling problems.

First, those unemployed after two years are likely to include many of the least skilled and least motivated in the welfare population, a group poorly prepared for employment even in public works projects. The reading skills of the typical AFDC teen-age mother, for example, are estimated to range from below the sixth grade to the eighth grade level.31 Findings from the Columbia University Center on Addiction and Substance Abuse (1994) indicate that 37% of AFDC mothers between the ages of 18 and 24 abuse or are addicted to alcohol and drugs.32 Since they rely on self-reports of abuse and include frequent and infrequent use, these findings are, at best, a rough approximation of the problem.

Second, even if inadequate education and substance abuse are not at issue, the social and economic costs of employing these AFDC mothers in public works are staggering. Estimates by the Congressional Budget Office indicate that expenditures for supervision and day care would amount to $6,300 per participant.33 With the average AFDC grant totalling about $5,000, participation in mandatory work programs would more than double the costs for each welfare recipient, without any increase in their basic grant. Fiscal concerns aside, the cynicism and demoralization bred by make-work would surely undermine the already shaky standards of public bureaucracies.

Finally, questions remain concerning what to do about AFDC recipients who refuse to participate in either training programs or public works, and what to do about those who malinger on the job. Following the various state experiments with incentive-oriented policies, the response to this behavior would no doubt range from a sharp reduction to the total suspension of the AFDC grant. In any event, the grants would be slated for elimination after five years.

31. Lloyd Pryor, The Single Welfare Mother and Deficiency in Reading, 15 YOUTH POL’Y 38, 41 (1994); Besharov & Gardiner, supra note 2, at 77.
32. SUBSTANCE ABUSE AND WOMEN ON WELFARE, 1, 2 (Columbia University's Center on Addiction and Substance Abuse ed., 1994).
Work requirements and time-limited AFDC policies that result in the reduction and eventual elimination of the AFDC grant are remarkably evasive about what will happen to the children in these families, for whom the program (first called Aid to Dependent Children) was originally devised. The five-year time limit, particularly, is stone silent regarding the fate of children once benefits are terminated. If enacted as proposed, these measures will be to welfare in the mid-1990s what deinstitutionalization was to mental illness in the mid-1960s. The deferred costs of that decision still plague our cities today.

As the focus of concern has shifted from protecting children to requiring that AFDC parents go to work, policy initiatives encounter the limits of social engineering in this realm. This is not a new story. Analyzing the costs and results of the early “workfare” reforms more than twenty years ago, Gilbert Steiner observed:

Unfortunately, the sorry history and limitations of day care and work training as “solutions” to the welfare problem could not be faced by the administration’s welfare specialists in 1970. . . . But after a few years it will inevitably be discovered that work training and day care have had little effect on the number of welfare dependents and no depressing effect on public relief costs. Some new solution will then be proposed, but the more realistic approach would be to accept the need for more welfare and to reject continued fantasizing about day care and “workfare” as miracle cures. 34

The new solutions now being proposed involve radical variations on workfare that are more stringent in their demands, but no more likely to succeed than earlier schemes which, as Steiner notes, had little effect on the number of clients or AFDC costs.

IV. Welfare Reform: A Child-Centered Alternative

The Congressional proposal to transform AFDC overlooks the fact that welfare as we know it often works well as a social safety net. For many families, AFDC serves not as a poverty trap, but as a temporary support in hard times. Research based on annual data indicates that about 48% of all AFDC spells last less than two years. 35 An even higher proportion of short-stays emerge from analysis based on monthly data, which indicates

34. GILBERT Y. STEINER, THE STATE OF WELFARE 74 (1971).
35. STAFF OF H.R. COMM. ON WAYS AND MEANS, 103D CONG., 2D SESS., supra note 6, at 440. The figure of success for short-term cases can be somewhat misleading since one-third of these cases will enroll in AFDC again sometime in the future. Id.
that 70% of initial spells on welfare last two years or less. The picture changes, however, when the analysis shifts from the length of spells for everyone who received welfare benefits over the last ten years to an examination of the length of spells for those on the welfare rolls at any one point in time. Here, the research based on annual and monthly data indicate that at any point in time about 50% of those on welfare are in the midst of spells that will last eight years or more. Thus, looking at the AFDC population over a ten-year period, the typical recipient would be a short-term user, while at any point in time during that period the AFDC rolls would be composed predominantly of long-term users.

Reform measures that ignore the substantial proportion of successful short-term cases are likely to increase program expenses still further. That is, providing various transitional incentives to work after two years on AFDC raises the costs of public support for all those families that previously would have left the rolls in the absence of these benefits. The essential problem with the current proposal for welfare reform is that it does not distinguish among recipients in terms of competence and motivation. It deals too generously with those who are most competent and motivated, and too harshly with the recipients who are least competent and motivated.

Can anything be done to make welfare more equitable without increasing the cost of benefits by the creation of transitional incentives and public works programs? Can welfare be made equitable without implementing time-limits and financial sanctions that would impose hardships on children? An alternative approach to welfare reform begins with the need to distinguish among AFDC families and to insure the well-being of children. This is no simple matter.

Families enter the AFDC program for different reasons and remain on the rolls for varying periods of time. About 60% of AFDC spells begin because of either a decline in family earnings or a divorce (or separation) of married couples with children. These cases need to be treated differently from the 30% of AFDC spells that begin when an unmarried woman has a child.

The reason is simple. Welfare applicants who were married or employed for some period of time, say at least 18 months prior to enrollment in AFDC, had been independent citizens abiding by social conventions. It is reasonable to presume that they are competent and motivated to become self-sufficient. Thus, applicants who are pushed into

36. Id. at 441-42.
37. Id.
38. The design of this child-centered approach to welfare reform draws on the proposal developed by Neil Gilbert. See Gilbert, supra note 5, at 169-72.
39. STAFF OF H.R. COMM. ON WAYS AND MEANS, 103D CONG., 2D SESS., supra note 6, at 451.
the program because of a marital break up or a decline in their family income should be awarded AFDC benefits and left alone for two years to reorganize their lives. A high proportion of them will be among the 48% to 70% of recipients who leave the welfare rolls of their own volition in less than two years. 40 Those remaining on AFDC after two years would then be enrolled in the first phase of intervention, which leads to what might be termed "managed dependency." 41

Women who enter the AFDC program because of out-of-wedlock births are another matter. For one thing, they are younger and more likely to be long-term recipients than those in the other group. Estimates of the risk for long-term welfare receipt indicate that over 40% of never-married women with a young child who enroll in AFDC under the age of twenty six will spend ten years or more on the welfare rolls. 42 Furthermore, their children are at greater risk of harm, as indicated by this group's excessive rates of child abuse and neglect. 43 The risk of abuse is even greater when the single parent is a teenager. 44

More than other segments of the population, policymakers want to get tough with unwed-teenage mothers, in part because their long-term reliance on welfare is very costly. The appeal of firm work requirements and time-limits is that they will seemingly put an end to the pattern of long-term welfare dependency by never-married single-mothers. While AFDC no doubt contributes to this pattern of dependency, it did not create the single-mother culture of poverty and will not eliminate it with time-limits. But this group should be targeted for special intervention, if for no other reason than to protect the children at risk.

The selective focus and compulsory nature of the special interventions, such as home-health visiting, proposed for AFDC teenage mothers run counter to the conventional liberal view that government programs should be universal and voluntary—universal so that services do not discriminate in ways that might label some groups as less worthy or competent than others, and voluntary so that they do not impose any kind of social control. Even though children most at risk are found disproportionately in the households of teenage mothers on AFDC, one might ask, why not provide special interventions for all families? To be sure, some children outside of teenage AFDC families would benefit from a universal approach to social

40. Id. at 441, 442.
41. GILBERT, supra note 5, at 169.
42. STAFF OF H.R. COMM. ON WAYS AND MEANS, 103D CONG., 2D Sess., supra note 6, at 451.
intervention. However, to the extent that one views home health visits, for example, as a form of surveillance and social control meddling in family life, targeting the intervention imposes public authority on fewer households and is less intrusive for the general population. Moreover, to the extent that risk to children is disproportionately high among teenage AFDC families, targeting the intervention allows for a more efficient allocation of resources.

V. What AFDC Reforms Should Insure Children’s Well-being?

Instead of emphasizing forced labor and “make-work” schemes, the child-centered alternative would be divided into two phases of social supervision. The first phase would involve a service strategy aimed to provide practical assistance to mothers and protection to their children. These efforts would center around weekly or bi-weekly home-health visiting that would offer support to young mothers, as well as careful supervision of their childcare practices. This intense periodic monitoring is probably the best form of protection that the state can furnish against abuse and neglect of young children, short of high quality institutional care. In very high risk cases where more protection is needed than that afforded by periodic home-health visiting, group homes would be made available for unwed-teenage mothers and their children, substituting AFDC benefits in the form of board and care for cash grants. Along with home-health visiting, efforts to help AFDC mothers would include encouragement of school drop-outs to complete their high school requirements, assistance in home management, and development of systematic plans for reintegration into the labor force.

After three years, those still on AFDC would enter the second phase in which greater social controls would be employed, reflecting the recipients’ emerging status as “wards of the state,” rather than temporary dependents. Home visiting to monitor the well-being of children would continue and the level of public assistance grants would remain the same. During this phase, however, a case manager would be assigned to exercise increased regulation over each family’s financial affairs, which would entail the manager’s payment of rent, utilities, and weekly allocations of food stamps. There would also be increased monitoring of any outside resources available to recipients, which would reduce their AFDC grants.

Tightening social control through case managers and home health visitors would certainly raise the cost of AFDC, though with brief training, welfare recipients might fill many of the home-visiting jobs. This approach will not eliminate long-term dependency. It would, however, still be a relatively inexpensive way for society to protect vulnerable children, while giving notice that long term public dependence would be accompanied by greater public surveillance. Increasing the role of public authority in recipients’ lives would make welfare less attractive to some who might
otherwise be employed. Closer monitoring would also limit the amount of unreported income, which is quite frequently available to supplement AFDC grants.\footnote{Christopher Jencks & Kathryn Edin, \textit{The Real Welfare Problem}, \textit{AM. PROSPECT}, Spring 1990, at 31, 32-33.}

This is a modest goal. Those who demand more would do well to heed Steiner's counsel against "tireless tinkering with dependent families."\footnote{STEINER, supra note 34, at 31-74.} Although AFDC may help to sustain the never-married single-parent culture of poverty, welfare did not create this unhealthy pattern of behavior, and forces larger than those generated by welfare reform will be required to eliminate it.

Indeed, a serious effort to reduce welfare must go well beyond adjustments in AFDC. Make-work, time limits, and transitional benefits are no substitutes for employment in the private sector that leaves working people substantially better off than those receiving a combination of welfare, food stamps, and Medicaid. The best and fairest incentive is to increase the work-related benefits of the low-paying jobs that many welfare recipients might perform. Progress has been made along these lines with the expansion of tax-based social transfers, such as the Earned Income Tax Credit (EITC). Many policy analysts urge increasing these indirect social transfers and adding other tax-based supports so that working families are lifted above the poverty level.\footnote{See DAVID T. ELLWOOD, \textit{POOR SUPPORT: POVERTY IN THE AMERICAN FAMILY} 237-38 (1988); CHRISTOPHER JENCKS, \textit{RETHINKING SOCIAL POLICY} 233-34 (1992).} Working families also need the security of medical protection, which welfare recipients receive through Medicaid. Finally, there is widespread agreement that absent fathers should be held responsible to provide financial support for their children, though resources for such support may be rather limited among fathers of children in the AFDC population.

Even with all this, dependency will not disappear. Whether due to personal deficiencies or forces beyond their control, people in need of care will always be with us. Social reforms aimed at alleviating dependency should not condemn children for the hard luck or personal frailties of their parents.