IPI — Institute for Policy Innovation

Issue Brief

A Publication of the Institute for Policy Innovation

December 22, 1997

250 South Stemmons, Suite 215 Lewisville, Texas 75067 (972) 219-0811

Let 50 Flowers Bloom: Welfare Reform in the States

By Robert A. Lawson, Ph.D.

"As for charity, it is a matter in which the immediate effect on the persons directly concerned, and the ultimate consequence to the general good, are apt to be at complete war with one another."
—John Stuart Mill, 1869

President Lyndon Johnson is remembered for two wars: the War in Vietnam and the War on Poverty. We lost both. It is easy to demonstrate the loss in Vietnam with the deaths of American soldiers, the eventual loss of South Vietnam to the communists, and the numerous war memorials in towns across America. Demonstrating the loss of the 30 year War on Poverty should be just as easy:[1]

- The War on Poverty has been very costly. Since 1965, the official poverty rate has actually increased slightly despite the federal government having spent over $4.9 trillion on welfare.[2]
- The War on Poverty has encouraged illegitimacy. Among blacks, the rate of illegitimate births has increased from 27 percent in 1965 to 68 percent in 1992; among whites, the illegitimacy rate has grown from 3 percent to 23 percent.[3]
- The War on Poverty has created a culture of dependency. The 4.7 million families currently receiving Aid to Families with Dependent Children (AFDC) have spent an average of 6.5 years on welfare.[4] Children raised in families that receive welfare are three times more likely to be on welfare when they become adults.[5]
- Bureaucratic costs consume much of the money spent on welfare. Consider this: if we transferred all of the money spent on social welfare programs without any bureaucratic overhead to the bottom twenty percent of the income distribution (which would include many non-poor families), each family of four could annually receive over $60,000.[6]
- Welfare discourages work. Fewer than half of the families below the official poverty income threshold had someone who worked at least part of the year in 1992. In 1959, 70 percent of all poor families had someone in the work force.[7]

"The main theory behind allowing welfare reform in the states is the notion that the one-size-fits-all federal rules regarding welfare eligibility and benefits should not apply to all states and localities with their different problems."

Let 50 Flowers Bloom

The staggering failure of the War on Poverty and its unintended negative consequences on poor families have created a political will to reform welfare. Nowhere is this political will more apparent than in the states, which bear a significant share of the burden of social welfare expenditures. State and local governments pick up over 40 percent of the over $1 trillion annual social welfare tab.[8]

The main theory behind allowing welfare reform in the states is the notion that the one-size-fits-all federal rules regarding welfare eligibility and benefits should not apply to all states and localities with their different problems. For example, the problems of rural, poor native Americans in New Mexico are probably not the same as the problems of urban, Los Angeles poor families. One may benefit more from child care while the other may be better off with job training. In addition, since we do not know which welfare reform ideas will work best, allowing 50 experiments will give us a better chance of finding better solutions to the welfare mess.

"Of the two approaches—waivers or block grants—block grants offer the best hope for moving welfare reform along the fastest. Block grants will allow every state the option of tailoring its programs to its particular circumstances."

Welfare reform in the states is difficult business because of the way the federal government dictates the rules of eligibility for all federally funded welfare programs. States usually share in the cost of the programs, but are rarely part of the decision-making in terms of how the programs are set up. Therefore, if a state wants to amend its welfare programs to require work for benefits, for example, it needs to get a waiver from the federal government to deviate from the federal rules. To its credit, the Clinton Administration has approved many waivers, thus speeding up the welfare reform process.

The federal Job Opportunities and Basic Skills (JOBS) program passed in 1988 was designed to allow the states more flexibility in designing local AFDC programs to encourage work among recipients. Despite JOBS, the cumbersome and frustrating procedures used to secure a waiver from the federal government have led the Republicans in Congress to favor a block grant system. Under this system, the federal government would no longer fund entitlements to individuals, but instead would budget certain fixed sums of money to grant to the states for them to use as they see fit.

Of the two approaches—waivers or block grants—block grants offer the best hope for moving welfare reform along the fastest. Block grants will allow every state the option of tailoring its programs to its particular circumstances. The waiver process is still too cumbersome and the bureaucrats in Washington are still too reluctant to turn power over to the states to see great results from the waiver process.

As an example, consider a recent waiver request from the state of Ohio. Governor George Voinovich had sought a waiver to limit AFDC benefits to three years and several other changes to the welfare rules in Ohio. The Clinton Administration rejected three parts of the proposal which would have denied food stamps and Medicaid to adults who fail to comply with the new rules. Gov. Voinovich said,

> *I remain frustrated that the excruciatingly slow and cumbersome federal waiver consideration process has required us to spend the last seven months filling out forms for federal bureaucrats. The waiver process is particularly absurd when you consider that federal bureaucrats are empowered to sit in judgement over a bill that received the overwhelming bipartisan support of Ohio's elected officials. Our welfare package was designed as a carefully balanced blend of incentives and sanctions designed to promote*

self-sufficiency and employment. By approving some of our waiver but not all of it, the federal government has upset this careful balance.[9]

With the passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, block granting of Aid to Families with Dependent Children (AFDC) has become a reality. In fact, this legislation abolishes AFDC and replaces it with a block grant program, Temporary Assistance to Needy Families (TANF). In theory, states will have almost complete control over the functioning of this program.[10]

However, it is easy to overstate the actual impact of this latest welfare reform. For one, it primarily affects the operation of the AFDC program with only a few changes to the other federal entitlements, in particular food stamps and Medicaid. And where changes were made, it appears that many states will avoid or evade the laws in one way or another. For example, the District of Columbia has received a 10-year waiver to the five-year lifetime limit for welfare benefits. Even the extent to which the states may run their TANF programs is limited by federal rules requiring, for example, a "federal maintenance of effort" to keep overall funding levels at 75 percent of the 1994 AFDC levels.[11] Likewise, some 40 states have applied to be exempted from a provision of the law that would deny food stamps to jobless adults without dependents.[12] Other loopholes abound for states determined not to reform welfare.[13]

"It is easy to overstate the actual impact of this latest welfare reform."

Nevertheless, 43 states are actively pursuing at least one federally approved welfare reform waiver, and even under the federal rules, states could run their welfare programs somewhat differently. Table 1 and Figures 1, 2, and 3 illustrate the great diversity of welfare coverage, levels of benefits, and reform efforts by state. The purpose of this report is to review and evaluate the most promising state and local welfare reform proposals that have been put in place or have been proposed.[14]

State Reforms

The welfare reform initiatives in the states can be broken into several categories: "Workfare" requires recipients work in exchange for benefits. "Learnfare" requires education and / or job training as a condition for receiving benefits. A number of regulatory changes attacking the culture of

Percentage of Poor on AFDC, 1995

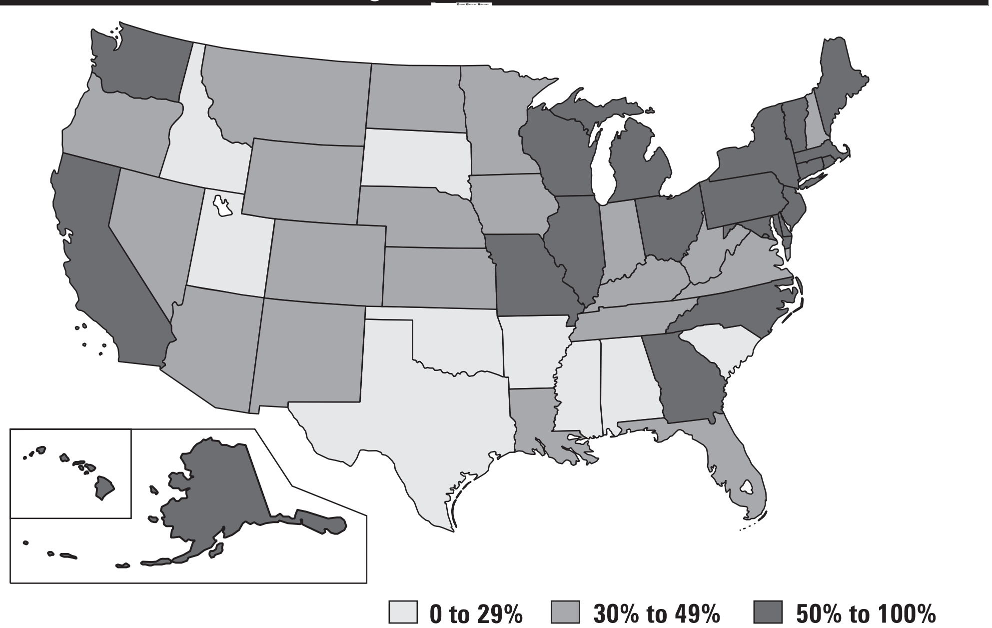

Figure 1
Percentage of Poor on AFDC, 1995

Source: Sheila Zedlewski, and Linda Giannarelli, "Diversity Among State Welfare Programs," in *Assessing the New Federalism,* The Urban Institute, 1996.

Table 1
Welfare in the States

[1] Sheila Zedlewski, and Linda Giannarelli, "Diversity Among State Welfare Programs," in *Assessing the New Federalism,* The Urban Institute, 1996.

[2] Rober Rectort, "Wisconsin's Welfare Miracle," *Policy Review,* March/April, 1997

[3] Michael Tanner, Stephen Moore, and David Hartman, "The Work Versus Welfare Tradeoff: An Analysis of the Total Level of Welfare Benefits by State," *Policy Analysis,* No. 240, Cato Institute, September 19, 1995.

[4] Department of Health and Human Services

Note: Shading in Table corresponds to shading of states in Figures 1 through 3.

Welfare in the States

State	% of Poor on Welfare[1]	Average Benefit[1]	Caseload Change, 1987-1996[2]	Benefit/Wage[3]	# of Waivers[4]
Alabama	20.7%	$150	-15.0%	58.7%	0
Alaska	88.4%	$724	72.0%	102.8%	0
Arizona	32.2%	$301	112.2%	60.1%	1
Arkansas	21.9%	$168	-3.2%	66.5%	1
Cailfornia	59.2%	$556	48.7%	83.4%	6
Colorado	46.7%	$309	8.0%	82.6%	1
Connecticut	66.0%	$524	46.6%	91.1%	2
Delaware	52.1%	$282	33.8%	81.5%	1
District of Columbia	75.7%	$386	25.8%	76.3%	1
Florida	37.0%	$277	96.3%	77.9%	3
Georgia	56.7%	$249	38.0%	71.1%	2
Hawaii	88.8%	$664	51.0%	139.3%	2
Idaho	21.4%	$287	36.8%	86.9%	1
Illinois	59.3%	$311	-9.8%	69.3%	4
Indiana	37.8%	$250	-6.9%	80.8%	2
Iowa	44.3%	$342	-21.9%	91.2%	2
Kansas	34.7%	$335	-7.4%	80.2%	1
Kentucky	35.4%	$204	17.2%	77.4%	0
Louisiana	33.8%	$158	-21.8%	77.4%	1
Maine	66.7%	$389	1.9%	99.9%	1
Maryland	61.2%	$347	-13.8%	84.0%	2
Massachusetts	64.2%	$540	-6.8%	103.8%	1
Michigan	58.5%	$414	-22.0%	71.3%	2
Minnesota	48.8%	$520	4.5%	83.0%	3
Mississippi	29.1%	$120	-21.4%	60.1%	3
Missouri	50.5%	$258	16.7%	63.7%	1
Montana	42.7%	$351	0.9%	83.7%	1
Nebraska	35.0%	$319	-14.1%	76.3%	1
Nevada	34.8%	$276	135.3%	77.2%	0
New Hampshire	42.8%	$439	106.1%	93.3%	1
New Jersey	60.0%	$357	-9.5%	82.4%	0
New Mexico	34.3%	$373	81.1%	85.8%	0
New York	55.8%	$555	15.3%	84.6%	1
North Carolina	50.9%	$222	59.6%	74.9%	2
North Dakota	31.0%	$362	-8.1%	92.5%	2
Ohio	56.0%	$310	-11.0%	70.2%	3
Oklahoma	29.8%	$283	7.9%	82.2%	2
Oregon	38.0%	$384	-6.1%	80.8%	2
Pennsylvania	56.0%	$369	-4.3%	76.6%	1
Rhode Island	83.5%	$504	28.9%	106.9%	0
South Carolina	23.0%	$183	-6.6%	75.6%	2
South Dakota	24.3%	$301	-14.4%	95.2%	1
Tennessee	40.4%	$172	38.6%	59.8%	1
Texas	27.6%	$159	54.8%	60.6%	2
Utah	27.5%	$349	2.3%	91.2%	2
Vermont	68.3%	$536	12.8%	94.6%	1
Virginia	45.9%	$257	6.3%	91.0%	2
Washington	65.5%	$495	27.9%	78.7%	1
West Virginia	44.5%	$237	2.7%	69.4%	1
Wisconsin	50.3%	$441	-49.2%	84.5%	3
Wyoming	36.3%	$333	-6.5%	88.6%	2

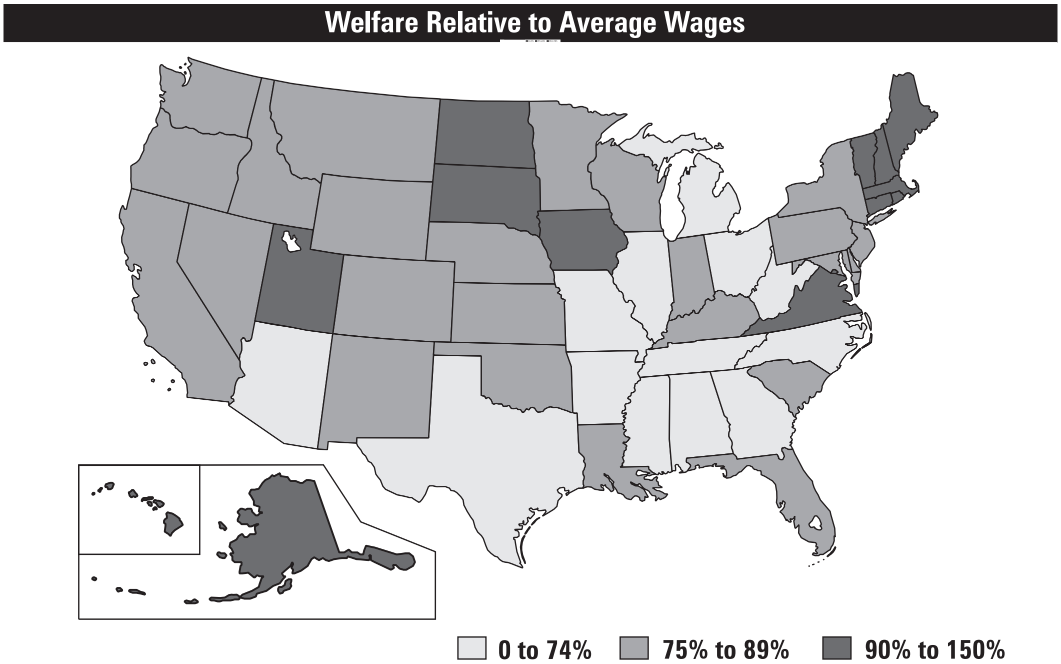

Figure 2
Welfare Relative to Average Wages

Source: Michael Tanner, Stephen Moore, and David Hartman, "The Work Versus Welfare Tradeoff: An Analysis of the Total Level of Welfare Benefits by State," *Policy Analysis,* No. 240, Cato Institute, September 19, 1995.

welfare dependency like time limits and the family cap is being tried. Another set of proposals is designed to boost the performance of the private charities in the U.S. through privatizing services and encouraging charitable giving. The following sections will review state programs by category.

"The most exciting welfare reforms are coming from the workfare area."

Workfare

The most exciting welfare reforms are coming from the workfare area. Workfare requires that recipients of public benefits work for those benefits or at least aggressively look for work. There are numerous variations on this theme. Workfare may operate like the programs of the New Deal where recipients must work on public projects or it may require recipients to accept the first private sector job offered. Workfare programs may include a brief job *hunting* training program (as opposed to job training), but the focus is on moving recipients into the world of work.

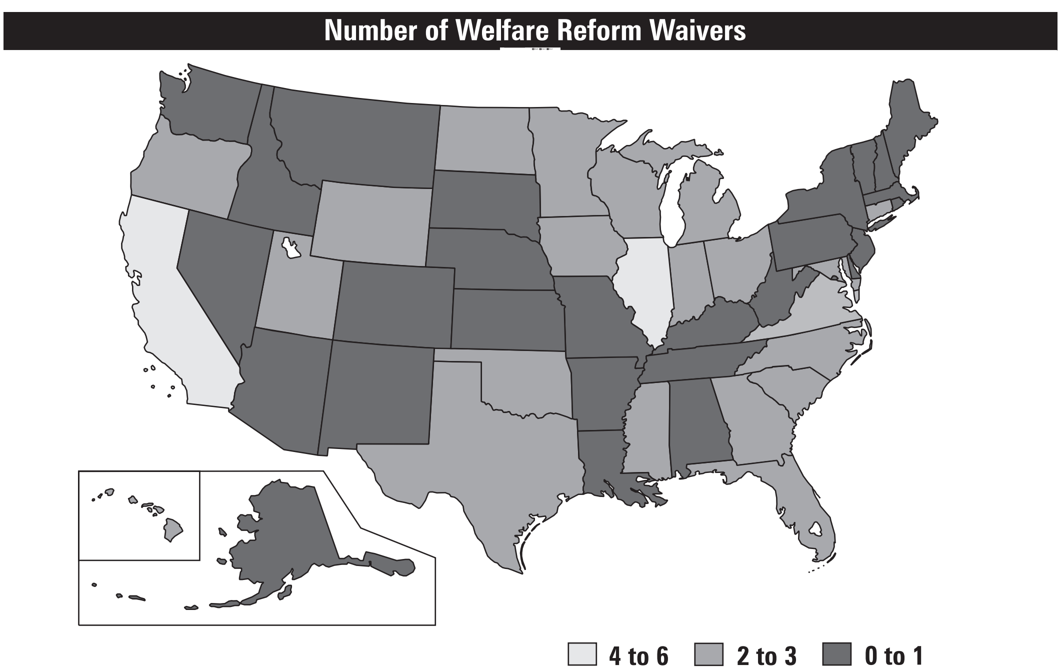

Figure 3
Number of Welfare Reform Waivers

Source: Department of Health and Human Services

If reducing the welfare caseload is an objective of welfare reform, then Wisconsin is by far the most successful. From 1987-96, Wisconsin's welfare caseload has fallen 49 percent overall during a time period when the welfare rolls increased nationally.[15] Although some have tried, it is impossible to attribute this massive reduction to a good local economy; clearly Wisconsin's welfare reforms are working to move people from welfare into jobs. Wisconsin has moved 54 percent of its AFDC cases into the federal JOBS program compared with 11 percent nationally. In Wisconsin, welfare recipients must actually look for work and accept any job they are offered.

"In Wisconsin, welfare recipients must actually look for work and accept any job they are offered."

In addition to JOBS, Wisconsin Governor Tommy Thompson initiated a set of county welfare experiments like "Work Not Welfare" begun in January 1995 which requires work for benefits and limits aid to 24 months. Missing a day of work causes a reduction in welfare benefits. In Fon du Lac County, a Work Not Welfare experiment county, aid applications have fallen by 40 percent and actual cases by 42 percent. The Work First program requires aid applicants to undergo one-hour problem-solving sessions to seek out alternatives to welfare before applying. 85 percent of inquiries at the Work First sites do not file an application.[16] On the basis of these successes, the state's latest welfare reform plan, Wisconsin Works (W-2) will operate statewide and will require work from almost all welfare recipients.

The State of Oregon takes money that would otherwise go to food stamps and AFDC and uses it to subsidize private sector jobs for welfare recipients. The Jobs Plus program subsidizes employment for up to nine months at the state's $4.75 minimum wage, and the program is being expanded state wide from six test counties.[17] Overall Oregon has seen a 2.5 percent drop in cases.[18] The program in Oregon is not without its problems. There is very little reduction in AFDC benefits for recipients who refuse to take subsidized jobs; and there is concern about the wisdom of allowing tax dollars to help companies pay workers, thus potentially shifting the dependency from government to employers.

" After five years in SWIM, program participants earned $2,076 more and received $1,930 less in AFDC than the control group."

Georgia reports a reduction in over 16,000 people from its welfare rolls into jobs in its PEACH program and is moving forward with an even more aggressive jobs-oriented program called Work First.[19] North Carolina's welfare to work program (also called Work First) is credited with moving 30,000 welfare recipients into work in just 18 months of operation. Here, instead of emphasizing job training, caseworkers emphasize skills like punctuality, neatness, etc.[20] Illinois' Earnfare program provides job subsidies for up to six months in any year and claims to have moved 10,000 people into work as a result.[21]

San Diego's federal demonstration project called the Saturation Work Initiative Model (SWIM) has shown rather dramatic results. San Diego's SWIM required a large percentage of the AFDC caseload to participate in a fixed sequence of events:

❶ A job search,

❷ A three-month unpaid work experience, and

❸ Education and training.

Few choices were offered to the recipients, and financial sanctions were issued for people who refused to adequately participate. Unlike some other programs, SWIM emphasized employment and getting off AFDC as the most important goals regardless of job quality. After five years in the program, program participants earned $2,076 more and received $1,930 less in AFDC than the control group. Although SWIM was expensive to operate at $920 per participant, AFDC savings were more than twice the program costs.[22]

California's JOBS experiment, Greater Avenues for Independence (GAIN), is also a model of workfare success. The statewide gains in participants' earnings and reductions in AFDC were quite impressive, but were especially so in Riverside County. Riverside County's GAIN program reduced taxpayers' expenditures by about $3 for every $1 spent on the program. Riverside's GAIN program has taken a job-first mentality encouraging participants to look for and take jobs. Those persons in education and training programs are closely monitored and if they falter in their studies they are quickly moved into the job search mode. Enrolling in college or remedial coursework will not save you from looking for a job if you do not do well.[23]

One important lesson from all of these reforms is that those programs that emphasize work placement over training are having better results. The problem still is that too few reform initiatives place finding a job as the highest priority.[24]

"…those programs that emphasize work placement over training are having better results. The problem still is that too few reform initiatives place finding a job as the highest priority."

Learnfare

Fewer successful learnfare programs can be found. Cleveland Ohio's "Learning, Earning and Parenting" or LEAP program has shown moderate success, though, in improving the educational status of AFDC recipients. LEAP provides $62 per month in additional AFDC benefits to teen mothers who attend school regularly, and reduces benefits by $62 per month if they drop out or have too many unexcused absences. This creates a $124 difference in monthly benefits for teen mothers who remain in school versus those who drop out. According to a Manpower Demonstration Research Corporation report, LEAP increased teens' receipt of high school diplomas and GEDs by 5.6 percent percentage points after three years at very little additional cost to the taxpayers.[25]

What's Next in Wisconsin?

Wisconsin Works (W-2). If Governor Tommy Thompson has his way, welfare will truly "end as we know it"—at least in Wisconsin, where all welfare recipients would be placed into one of four categories on a "Self-Sufficiency Ladder," each of which would require work. After being delayed by the federal Department of Health and Human Services, Wisconsin Works (W-2) is now moving forward thanks to the new federal welfare reform law. Workers in the Unsubsidized Jobs rung of the ladder would qualify for food stamps and the Earned Income Tax Credit (EITC) as usual on a means-tested basis. Workers in the Trial Jobs rung would have wage subsidized jobs at the minimum wage plus any food stamps and EITC allowed. Workers who cannot find private sector employment (either unsubsidized or subsidized) will work in Community Service Jobs for 75 percent of the minimum wage plus food stamps. Workers who are unable to perform in Community Service Jobs will be in the W-2 Transitions rung, and will be required to work and/or undergo rehabilitation and training. W-2 Transitions will receive 70 percent of minimum wage plus food stamps. The bottom three rungs of the Self Sufficiency Ladder (i.e., Trial Jobs, Community Service Jobs, W-2 Transitions) generally will be limited to 24 months of benefits. Private agencies (both non-profit and for-profit) will compete for contracts to provide these services.

The General Accounting Office reported on five programs in other states to guide more AFDC recipients toward their high school diplomas or GEDs. Only the three programs that actively monitored attendance and backed it up with financial rewards and/or sanctions had any impact. The two programs that failed to monitor and use financial incentives saw no increase in school completion rates.[26]

"The General Accounting Office reported on five programs to guide more AFDC recipients toward their high school diplomas or GEDs. Only the three programs that actively monitored attendance and backed it up with financial rewards and/or sanctions had any impact."

It remains to be seen in these cases whether the completion of school will have a significant effect on the teenage mothers' economic outlook, but the initial results look promising.

Time Limits

Federal rules previously allowed recipients to stay on welfare indefinitely. 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. This is being made easier by the federal welfare reform law that authorizes (and in some cases requires) time limits. For example, in eight Florida counties, benefits are limited to 24 months in any 60 month period of time. In several states, individual family limits are established based on a set of guidelines. It is still too early to tell what impact time limits will have on long term welfare dependency.

Family Cap & Child Support

The family cap denies additional AFDC payment for women who have children while on welfare. New Jersey's Family Cap is the best known example in the states. It denies additional benefits for children born 10 months after the initial receipt of welfare. A controversy has erupted over whether the family cap might increase abortions. Although still early, there is very little evidence that denying benefits for additional children will significantly increase the rate of abortion.[27]

At the same time, a number of states are encouraging parents to fulfill their child support obligations. While some states use a "stick approach" with more aggressive law enforcement, Wisconsin has had some success with its "Children First" program. Children First provides unsubsidized work experience to unemployed parents who are delinquent on child support payments. As a pilot program, Children First is credited with increasing average payments by 146 percent and the number of payers by 66 percent.[28]

Reinvigorating the Independent Sector

The independent sector, a term used to describe the network of private charities in the United States, has lost much of its strength to the encroachment of government welfare. Government welfare interferes with private charity in two ways. First, it is often more attractive to the recipients because the government does not insist on much in the way of moral or spiritual renewal (at least until recently). Thus, private and especially religious charities find it difficult to compete with government money. Second, many private agencies have also lost their effectiveness because they have been coopted by public money in the form of grants. Over 60 percent of all federal spending on human services goes to private agencies.[29] But governmental grants to private charities are mixed blessings. Most find the government's restrictions on how money is spent and on religious ministering severely limiting.[30]

Nevertheless, privatizing welfare services is gathering steam throughout the nation as a result of the new federal welfare reform law's more favorable view of vouchers and contracts with private non-profit and even for-profit organizations. Several studies have found cost savings after privatizing welfare services.[31] With more firms entering the private welfare services market, the competition for contracts from the states should improve the cost savings to taxpayers.[32] There are also some signs that the iron separation of church and state is weakening to the benefit of everyone. Michigan, for example, is "reaching out to...faith-based organizations," and welfare recipients are being given mentors that help them find jobs and God at the same time.[33]

"Over 60 percent of all federal spending on human services goes to private agencies."

A number of proposals are on the table aimed at reinvigorating the independent sector. Most are based on improving the tax code's treatment of charitable giving. Sen. Dan Coats (R-IN) has suggested a $500 per person tax credit for donations to charity. This would effectively allow taxpayers to divert $500 of their taxes to private charities directly instead of through the welfare bureaucracy.[34] Although such proposals would aggravate other laudable efforts to simplify the tax code, they would probably be effective in boosting the ability of private charities to fill any void left by government cutbacks. For many people, cuts in welfare or welfare reform are only acceptable if a vibrant private charity system can step in to help the needy.

"The independent sector has lost much of its strength to the encroachment of government welfare."

One of the more interesting grassroots initiatives is the concept of the *time dollar*. It is a program designed to allow poor neighborhoods the chance to improve their conditions themselves by trading services among themselves in exchange for time dollars (one hour of work equals one time dollar). Time dollars are tax exempt purchasing power units that can be used to buy a whole host of community provided services such as day care, landscaping, household repairs, clothing, etc. There are about 70 time dollar programs in 30 states that have been "quite successful." In the Grace Hill neighborhood in St. Louis, 1,968 community members traded a total of 32,269 hours (that is, time dollars) worth of local services in a ten month period. Although there is no substitute for real dollars, the time dollar program encourages poor communities to spend their time helping others and in the process helping themselves.[35]

Changing the Culture of Welfare

All of these proposals contribute to the most important long run reform of all: ending the entitlement mentality among both recipients and caseworkers. There is evidence that this is happening already. For example, many states are experiencing fewer welfare applications in anticipation of the new provisions of the federal welfare law taking effect. Oklahoma reports a 30 percent reduction in caseloads since March, 1994 even though few significant changes have been made in that state.[36] Likewise, caseworkers are learning that their success is determined not by how many people are on welfare, but by how many people move off. A North Carolina welfare official in charge of that state's Work First program says, "we used to have people in job training for five years. [Now] we are not job trainers, we are gate-keepers to the job-training system."

Conclusion

The welfare reform bandwagon is rolling quickly now in Washington and in the states. The key change in all of these proposals is the change away from the entitlement mindset toward the self-help mindset. No longer is government welfare going to be a simple form to fill out and a check on the first of the month. To take full advantage of the welfare reform opportunity, let us hope the states have learned a lesson from Washington's misguided, centrally-planned welfare system. Just as Washington was incapable of dictating welfare policy effectively to the states, the states will be incapable of dictating policy to their local communities. Perhaps the motto for the next round of welfare reform debates should be “Let 60,000 Flowers Bloom”—roughly the number of cities, towns, and counties in the United States.

Endnotes

1 Although a bit dated now, the best indictment of the American welfare state remains Charles Murray’s *Losing Ground: American Social Policy 1950-1980* (New York: Basic Books), 1984.

2 Lowell Gallaway and Richard Vedder, *Recasting the Safety Net: An Evaluation of Proposals for Welfare Reform* (Lewisville, TX: The Institute for Policy Innovation), IPI Policy Report No. 132, p. 2, 1995.

3 U.S. Department of Commerce, Bureau of the Census, *Statistical Abstract of the United States* (Washington, DC: United States Government Printing Office), various years.

4 Rector, Robert, “Why Congress Must Reform Welfare,” The Heritage Foundation, *Backrounder* No. 1063, p. 1, 1995.

5 M. Anne Hill and June O’Neill, “Underclass Behaviors in the United States: Measurement and Analysis of Determinants,” U.S. Department of Health and Human Services.

6 Holcombe, Randall, *Public Finance: Government Revenues and Expenditures in the Unites States Economy* (St. Paul, MN: West Publishing Co.), p. 389, 1996.

7 James Gwartney and Richard Stroup, *Economics: Private and Public Choice* 7th ed. (Fort Worth, TX: The Dryden Press), p. 789, 1995.

8 U.S. Social Security Administration, *Social Security Bulletin* (Washington, DC: United States Government Printing Office), various dates.

9 “State Gets Waiver to Implement Welfare Reform Legislation,” *Ohio Report* 65(50), March 13, 1996.

10 Blank, Rebecca M., “Policy Watch: 1996 Welfare Reform,” *Journal of Economic Perspectives* 11(1), pp. 169-177, Winter, 1997.

11 Tanner, Michael, “Replacing Welfare,” *Cato Online Policy Report* 18(6), November / December, 1996.

12 Georges, Christopher, “Many States, Overwhelmed, Delay the Moment When Food-Stamp Ax Comes Crushing Down,” *Wall Street Journal*, p. A24, March 11, 1997.

13 Milbank, Dana, “Lawyer Helps States See the Loopholes in Welfare Law,” *Wall Street Journal*, p. A14, Friday, March 14, 1997.

14 Although, there has been quite a bit of state reform of Medicaid in recent years, this report will ignore that aspect of welfare, and instead will focus on reforms in the areas of AFDC, job training, food stamps, etc. For details on state medicaid programs, see Richard Vedder, Lowell Gallaway, and Robert Lawson, “Evaluating Cost-Effective State Medicaid Programs,” Citizens for a Sound Economy Foundation, forthcoming.

15 Rector, Robert, “Wisconsin’s Welfare Miracle,” *Policy Review*, p. 20, March / April, 1997. See also, Mead, Lawrence M., “The Wisconsin Welfare Revolution,” *Wisconsin Interest* 4(2), pp. 17-24, 1995.

16 Thompson, Tommy G., “Welfare Reform Works in Wisconsin,” *Human Events*, p. 198, March 10, 1995.

17 “Two Good Programs,” *Nation’s Business*, June 1995.

18 “Oregon: A Path of Its Own,” *The Economist*, pp. 31-32, September 16, 1995.

19 State of Georgia, http: / / www.state.ga.us / Departments / DHR / Peach / peawork.html.

20 Seib, Gerald, “North Carolina Uses Public-Private Cooperation In Closely Watched Welfare Reform Experiment,” *Wall Street Journal*, p. A22, February 20, 1997.

21 Illinois Department of Public Aid, http: / / www.state.il.us / dpa / welfrfm.html.

22 Daniel Friedlander and Gary Burtless, *Five Years After: The Long Term Effects of Welfare-to-Work Programs*, (New York: Russell Sage Foundation), 1995.

23 Gueron, Judith M., “Work Programs and Welfare Reform,” *Public Welfare* 53(3), pp. 7-16, 1995.

24 U.S. General Accounting Office, *Welfare to Work: Most AFDC Training Programs Not Emphasizing Job Placement*, (Washington, DC: United States Government Printing Office), 1995.

25 David Long, Robert G. Wood, and Hilary Koop, *The Educational Effects of LEAP and Enhanced Services in Cleveland Ohio*, (New York: Manpower Demonstration Research Corporation), 1994.

26 U.S. General Accounting Office, *Welfare to Work: Approaches That Help Teenage Mothers Complete High School*, (Washington, DC: Unites States Government Printing Office), 1995.

27 Marshall, Jennifer, “New Jersey Welfare Reform Is Not Leading to More Abortions,” *Human Events*, pp. 19-20, May 12, 1995.

28 State of Wisconsin, http: / / www.dhfs.state.wi.us / dhfs / pubs / html / execcf94.html.

29 Milbank, Dana, “GOP Proposals Would Let Charity Begin at Home With Taxpayers Choosing Their Favorite Causes,” *Wall Street Journal*, p. A20, June 20, 1996.

30 For numerous examples of how government money can corrupt private charity, see: Olasky, Marvin (ed.) *Loving Your Neighbor: A Principled Guide to Personal Charity*, (Washington, DC: Capital Research Center), 1995.

31 See Yates, Jessica, “Privatization and Welfare Reform,” *Privatization Issue Note*, http: / / www.welfareinfo.org / jessica.htm.

32 Harwood, John, "EDS, Lockheed Duel Over Contract to Run Texas' Welfare System," *Wall Street Journal*, p. A1, March 19, 1997.

33 Milbank, Dana, "Michigan Now Relies on Churches to Help People Leave Welfare," *Wall Street Journal*, p. A1, March 17, 1997.

34 Milbank, "GOP Proposals..."

35 Hartman, Michael E., *Strengthening Volunteerism Through Wisconsin's Welfare Replacement Proposal: A Brief Examination of Time Dollars*, (Milwaukee, WI: Wisconsin Policy Research Institute), WPRI Report 8(10), 1995.

36 Milbank, Dana, "Oklahoma's Poor Get the Message, Opt Out of the Welfare System," *Wall Street Journal*, p. A1, February 11, 1997.

About the Author

Robert A. Lawson is an Assistant Professor of Economics at Capital University in Columbus, Ohio. A Cincinnati native, he earned his B.S. in economics from the Honors Tutorial College at Ohio University in 1988 and his M.S. and Ph.D. from Florida State University in 1991 and 1992 respectively. He has published articles in several journals, including *Public Choice*, the *Journal of Labor Research*, the *Asian Economic Review*, and the *Journal of Public Finance and Public Choice*. He is a co-author of *Economic Freedom of the World: 1997 Annual Report* (1997) and *Economic Freedom of the World: 1975-95* (1996) which were widely covered in publications such as the *Economist*, *Business Week*, the *Wall Street Journal*, *USA Today*, *Forbes*, etc. Lawson writes extensively on public policy issues. He is the Director of Fiscal Policy Studies for the Dayton-based Buckeye Institute for Public Policy Solutions and also serves on its Research Advisory Board.

The author would like the thank James Hannah for his valuable research assistance.

Direct all inquiries to:
Institute for Policy Innovation
250 South Stemmons,
Suite 215
Lewisville, TX 75067

(972) 219-0811 [voice]
(972) 874-5144 [fax]

Email: **ipi@ipi.org**
Website: **www.ipi.org**

About IPI

The Institute for Policy Innovation (IPI) is a non-profit, non-partisan educational organization founded in 1987. IPI's purposes are to conduct research, aid development, and widely promote innovative and non-partisan solutions to today's public policy problems. IPI is a public foundation, and is supported wholly by contributions from individuals, businesses, and other non-profit foundations. IPI neither solicits nor accepts contributions from any government agency.

IPI's focus is on developing new approaches to governing that harness the strengths of individual choice, limited government, and free markets. IPI emphasizes getting its studies into the hands of the press and policy makers so that the ideas they contain can be applied to the challenges facing us today.

IPI Publications

The Institute for Policy Innovation publishes a variety of public policy works throughout the year. Interested parties may receive some or all of these publications free of charge, upon request:

IPI Insights is a colorful, bimonthly newsletter that contains a variety of short articles on policy topics in a popular format.

TaxAction Analysis' **Economic Scorecard** is a quarterly review of the nation's economic performance, with particular emphasis on federal government policy, looking especially for long-term trends.

Policy Reports are longer, 16-60 page studies on a variety of policy topics, complete with charts, tables, graphs and endnotes.

Quick Studies are four page summaries of IPI Policy Reports designed to make the key information easily accessible.

Issue Briefs are shorter, 4-16 page studies on a variety of policy topics, complete with charts, tables, graphs and endnotes.

How You Can Contact the Institute for Policy Innovation

The Institute for Policy Innovation invites your comments, questions, and support. You can reach IPI in several ways, either by phone, fax, mail, email, or through our Internet Home Page.

IPI's mailing address is:

250 South Stemmons Frwy., Suite 215
Lewisville, TX 75067

(972) 219-0811 [voice]
(972) 874-5144 [fax]

IPI's email address is:

ipi@ipi.org

IPI also maintains a home page on the World Wide Web, part of the Internet. Through IPI's home page you may view, print or download any of IPI's publications in HTML or Adobe™ Acrobat™ format.

You will find IPI's home page at:

www.ipi.org