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A HOUSE DIVIDED

How Welfare Reform Pits Working Families Against the Nonworking Poor

WELFARE REFORM RESTS ON THE SEEMINGLY RADICAL NOTION THAT MOTHERS CAN AND DO work; in this way, it was a profoundly visionary piece of social legislation. Through pushing welfare reform, the Right not only acknowledged that mothers work, but they also exploited the growing contradictions between the anxieties facing the working class in a declining economy, and the lack of assistance offered to the working poor as compared with aid to the nonworking poor. The Right's agenda avoided any expansion of social policy to include working families; instead it sought to limit aid to nonworking, poor families. Welfare reform (The Personal Responsibility and Work Opportunity Reconciliation Act of 1996) was the cornerstone of this agenda.

AN UNDERSTANDING OF THE ECONOMIC REALITIES facing working families grounded the Right's attack on welfare. The working poor—families who are attached to the labor market, but are still unable to afford basics

like housing, health care, and child care—receive little if any help from the government's patchwork of social programs. In practice, most of our social policy continues to focus on the nonworking or “officially” poor—those living

at or below the official poverty threshold (\$18,660 in 2003 for a family of four)—or on benefits for workers who have retired (Social Security and Medicare). However, this policy focus obscures the extent to which workers need help making ends meet. While about five million Americans—less than two percent of the U.S. population—receive Temporary Assistance to Needy Families (TANF, commonly known as “welfare”), a staggering one-third of working families with children have incomes below what was necessary to purchase a safe and decent standard of living (Boushey et al., 2001). Because they earn above the official poverty line, these working poor families are generally ineligible for programs such as Medicaid, child care assistance, or Section 8 housing vouchers. However, because they earn too little, they go without health insurance, paid leave, or access to safe, affordable, and enriching child care. The Right effectively tapped into this disconnect between earnings and needs. They focused on what they characterized as an overly benevolent government, which coddled some people—the poor—while others were “personally responsible” and fended for themselves.

While the Right advanced its divide and conquer agenda, progressives seemed trapped in the past. Progressives have advocated specific policy proposals for the new reality of working families, such as the Family and Medical Leave Act signed 1993, but in general, we have not faced up to the challenges that emerge when a nation tries to push all its adults into the labor market. Instead of making the case for a *new* New Deal for today’s working families, and a nonpatriarchal social safety net for all Americans, progressives have spent the past decade devoting vast resources for defending

the shreds of an outdated safety net. We have been stuck defending a system designed to keep our poorest mothers at home with their children, but have not been able to simultaneously address the needs of America’s working class. In short, progressives often seem out of touch.

This is not to say that defending social programs for the poorest Americans is not important. Nothing could be further from the truth; the campaigns to preserve TANF, Food Stamps, and other assistance are critical to the families who need it. However, the defense of welfare has taken a significant toll on the resources available for progressives to address other pressing issues. It has required millions of foundation dollars, untold hours of conferences and events, and absorbed much of the media space devoted to issues pertaining to working families. Part of the problem was that the debate did not end in 1996 when welfare reform passed; the law had to be reauthorized by Congress in 2001. However, rather than reauthorize the legislation and move on to other issues, Congress has repeatedly extended the deadline, five times as of March 2004. As each reauthorization deadline neared, many minds were put to work formulating arguments, writing briefs and opinion columns, and mobilizing constituencies to fight against the latest Republican agenda for draconian, punitive legislation—such as more hours of work, less education, or decreased funds for child care. As welfare reform remained on the Congressional agenda, it has also been one of the few working family issues to garner strong media attention. In major U.S. newspapers in early 2004, “welfare” garnered over 21 times as many hits as “unemployment insurance” and 68 times as many hits as a search under “Family and Medical Leave Act” and “paid family leave.”

In short, progressives lost the battle for welfare reform and are at risk of completely losing the war over the capacity of our government to promote the general welfare of the working class. The Right has purposefully kept progressives on the defensive, focused narrowly on social programs for the very poor.

AN OUTDATED SAFETY NET, NO NEW SOLUTIONS

THE RIGHT'S "DIVIDE AND CONQUER" WELFARE reform strategy was facilitated by the present structure of social policy in the United States. In general, the configuration of U.S. social policy has benefited poor families—generally nonworking and living at or below the official poverty line and to a lesser extent the nonworking poor, families with incomes between 100 and 200 or even 300 percent of the official poverty line, depending on their home community (Boushey et al., 2001). While higher-income families are able to purchase the goods and services that they need for a decent standard of living, the poorest families receive many of these from the government in the form of child care subsidies, Medicaid, or housing vouchers. The working poor, however, have been left out.

The neglect of the working poor is plainly evident in the eligibility rules for public assistance. Because of these rules, the majority of public assistance dollars still go to the nonworking poor, even though the "official" poverty line is estimated to be about one-half the income level that a family would need in order to purchase necessary goods and services at market rates (Boushey et al., 2001). For

example, nationwide, to be eligible for Food Stamps, a family's income has to be below 135 percent of poverty. To be eligible for Medicaid in 20 states, children over age six must live in a family with income at or below 100 percent of poverty. More children of the working poor are now eligible for Medicaid through the State Children's Health Insurance Program. However, their parents are not, and state budget woes have led to cutbacks across the country due to the most recent economic recession (Cohen Ross, and Cox, 2003). To receive child care assistance—critical for working parents—a family generally needs to be living in poverty.

In essence, the working poor do not benefit from much of the social safety net because eligibility rules for these programs are based on an outdated model of family structure and labor force participation. Most of what we think of as our social safety net was instituted with the passage of the Social Security Act of 1935, including Social Security, disability insurance (SSI), welfare, and Unemployment

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Insurance. This legislation incorporated a two-tier system of benefits. The more generous programs are tied to breadwinner patterns of employment and are not means-tested. That is,

eligibility is based on work history, not current income level. The less generous programs are means-tested, and provide income support to those who either are unable to work or who society does not—or did not—expect to work. This was an acceptable compromise at the time, because it reflected the structure of the majority of American families. Most families had a male breadwinner and a female caretaker, and therefore benefited from the more generous social insurance programs. Further, families were stable so that the breadwinner's benefits, such as Social Security, would cover the caretaker and children as well. Welfare grew out of the Mothers' Pensions that had emerged at the beginning of the twentieth century to provide minimal support to women who had been widowed or abandoned by their husbands, since at that time most mothers were expected to be full-time caretakers, not paid laborers.¹

The world has changed, even though the structure of these social programs, for the most part, has not. The Right exploited this disconnect. It posed the very compelling question “why do some mothers get to stay home at taxpayers expense?” The premise of welfare—that some are deserving of income support simply because they are single mothers—is no longer tenable. One quarter of families are currently headed by a single mother and most mothers work; to base social policy on the presupposition that mothers cannot work is divorced from contemporary economic reality facing a significant share of America's families. Welfare reform changed welfare from a “stay-at-home” mom program to one that fostered the employment of poor single mothers by addressing (supposedly) their barriers to work, such as child care, health insurance, and low wages. TANF, for all its flaws, did incorporate, at least

in theory, the idea that “making work pay” meant addressing issues around the work/family balance that are faced by millions of American families, not only the very poor. Unfortunately, funding levels for these work supports have been so low that many—if not most, in some states—welfare families are unable to get help meeting these basic needs. Given the constraints on funding and child care slots, the Department of Health and Human Services found that only 15 percent of children eligible for federal funds for child care assistance received any aid in 1999 (U.S. Department of Health and Human Services 1999).

Further, the “make work pay” rhetoric led to a fragmented patchwork of public assistance programs that are still generally only available to previous or current welfare recipients; it did not recognize that the working poor and working families more generally face similar sets of problems balancing work and family responsibilities. Welfare reform presumes that if someone works, their poverty problem should magically disappear. However, this premise is out of touch with the economic reality facing millions of Americans; work and wages are insufficient to address the problems faced by America's working class. A large part of the problem is that, even as mothers have moved into employment, the labor market has not adjusted to provide them with the kinds of high-quality jobs that men are more likely to enjoy. Compared to men, mothers (and women more generally) are less likely to have access to the same on-the-job benefits, such as health insurance or pensions, or access to the same social insurance programs, such as Unemployment Insurance, because they generally hold lower-paid jobs and are more likely to work part-time.

ANATOMY OF A PENDING CRISIS

THE RIGHT'S WELFARE REFORM AGENDA NOT only capitalized on the contradictions within our social policy system, but also tapped into the growing economic anxiety of America's working class. The Right did not have to invent discontent within the working class around the issue of working mothers: the events of the previous decades had laid the foundations for growing anxieties about standards of living and family values. The 20 years leading up to the whole hullabaloo about welfare reform had witnessed declining average inflation-adjusted male wages and decreased job security, an explosion in divorce and single parenthood, and a rapid and sustained increase in the share of all mothers (and women more generally) working outside the home. Together, these trends identified an historic social transformation, which altered the way most American families live. These trends also generated contradictions between social policy and most families' economic reality.

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A generation ago, most mothers of young children spent their days at home providing free caring labor to their families. Back in 1975, only two out of every five mothers with a child younger than six held a paid job. Today, nearly two-thirds of mothers with young children have jobs and nearly three-out-of-four em-

ployed mothers work more than 30 hours per week (Bureau of Labor Statistics, 2002). Having most mothers work outside the home has implications for how families care for themselves, how the labor market functions, and how social policy interacts with family's needs. More hours of work means that families have less time to provide care; families eat out more, use day care more, and do not have the time to care for a sick child or an aging relative. In short, families struggle with what has been referred to as the "time bind" (Hochschild, 1997).

Some mothers went to work because they could. The feminist movement spurred a new generation of women to leave the home and enter the workplace. Now, young women are more likely to attend and graduate from college than young men, indicating both their investment in their lifelong earnings capacity, as well as their recognition that they need to do more than their male peers to get ahead.

However, many mothers went to work because they had to. The movement of women into the workplace buttressed the fall in family income that would otherwise have resulted from declining male wages. Inflation-adjusted wages for men fell for over two decades. By 2001—after the long economic boom of the late 1990s—the median male wage remained 2.4 percent below what it had been in 1979 in inflation-adjusted dollars. While men's wages fell, women's average wages grew (partially due to the higher skills and the breakdown of occupational barriers to women's employment): the median women's wage was 21.5 percent higher in 2001 than it was in 1979 (Mishel, Bernstein, and Boushey, 2003). The increase in women's labor force participation, rising women's wages, and the increasing im-

portance of wives' contributions to family income helped maintain the standard of living of many American families.

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Low-income families needed mothers to go to work more than did higher income families. Without wives' contributions, two-parent low-income families (those in the bottom 20 percent of families) would have seen their income fall over the past two decades instead of rising slightly (Mishel, Bernstein, and Boushey, 2003). Over the past two decades, mothers in the bottom 40 percent of families increased their hours of work 60 percent more than did higher income mothers (Mishel, Bernstein, and Boushey, 2003).

However, for many low-wage families, increased work among mothers did not mean that they were able to bridge the gap between earnings and needs, because other economic trends were working against them. Over the past 30 years, the U.S. labor market has undergone an unprecedented increase in wage and income inequality. The rich have gotten richer, while the poor have gotten poorer, and millions of people now work in low-wage jobs with only limited upward mobility (Shulman, 2003).

Globalization, downsizing, and outsourcing were all used as threats against union organizing among low-wage workers and to keep wage and benefit demands in check. The end result is decreased job security and increased economic anxiety for many workers.²

To compound the economic squeeze faced by low-wage workers and their families, most low-wage jobs do not come with employer-provided health insurance, paid sick days, eligibility for time off under the Family and Medical Leave Act, flexibility in scheduling hours of work, or pensions. Only half of all workers in the retail sector, for example, have access to paid vacation or sick days, and two-thirds of workers do not have access to paid sick leave to care for a sick child (Lovell, 2004). Further, it is no longer the case that a wife can assume that her husband's employer will cover the health insurance costs for her and their children; dependent health insurance coverage has been falling, and even if the employer covers dependents, the high costs make it unaffordable for many families (Boushey and Wright, 2004). However, as more families have all their adult members in the labor market, the need for flexibility and paid time off has increased. It is not just low wages, but the erosion of employer-provided work supports and the loss of the unpaid family caretaker that has created the conditions for political backlash against welfare mothers.

Finally, Americans have experienced greater insecurity about families in general. Beginning in the 1970s, Americans saw a rapid increase in divorce and single parenthood. The Right was able to capture these fears and to tap

into concerns over “family values.” The vilification of welfare recipients as poor, minority, single mothers fed into this concern about what was happening to the two-parent family. Further, focusing on welfare reform also got at one of the perverse implications of the “mommy wars.” While poor women were able to stay home with their kids if they were on welfare, mothers just a step above them were working at a low-wage job, leaving their children in child care, and then wondering why their tax dollars were subsidizing someone else’s stay-at-home motherhood. While high-income mothers waxed philosophical over whether it was in the child’s interest to be in day care, low-income mothers demanded that the poorest moms get out of the house and get a job.

AN INCLUSIVE PROGRESSIVE AGENDA

THE 1996 WELFARE REFORM LEGISLATION WAS A disaster waiting to happen. Its passage was the culmination of years of increasing job insecurity and declining standards of living for America’s working class. As most mothers became workers, it was impossible to ignore the inconsistency between paying the poorest mothers to stay at home with their children, and the harsh economic reality of most families. The rational response to the growing disconnect between economic reality and the structure of our social policy programs would have been to rethink policy in light of the new demographics.

However, that’s not what has happened. Instead, the Right divided the working class by playing into working mothers’ ambivalence

and overall economic anxiety to pass legislation that punishes America’s poorest single mothers. They were able to do this because the legislation came at a moment in history when most mothers work in a paid job. Social welfare policy created a tension between low-income working families who were struggling to make ends meet, and low-income families who were dependent on the benevolence of others through the tax system. This produced the political conditions for anti-working-class legislation such as welfare reform.

The sad truth, however, is that welfare reform did not solve anyone’s problems. It only increased the vulnerability of already-poor families to economic hardship while leaving unaddressed the real problems of the working class—both the working poor and middle-class families. While conservatives acknowledged that working families were struggling, they chose to assign blame, punish those at the bottom, and move on to other issues—such as tax cuts for the wealthy.

What we need now is to let go of the archaic breadwinner-father/caretaking-mother model of the family and recognize that fami-

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lies have changed and our social policy (and labor market structures) must change as well. Progressives should rally around the establishment of a *new* New Deal that provides a safety

net for working families. Such an agenda would start from the recognition that work is not enough to ensure that families escape poverty.

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This agenda would recognize that ensuring fair pay—for all workers—and limiting income inequality are critical to the long-term successful redevelopment of a solid middle class. This agenda would create social policy that provides universal coverage—leaving out neither the poor, the working poor, or the middle class—recognizing that it is universal programs that are able to both garner the support of the majority of Americans, as well as create a cohesive system that everyone can benefit from. Finally, this agenda would take seriously the need to address the current crisis of care. Mothers are no longer working in the home, but someone still must provide care. Further, this care must be paid for. At the very least, this agenda

would include universal health insurance, publicly provided prekindergarten, paid family leave, paid sick leave, and paid vacations for all workers, not just high-wage workers. Universal policies for health care and child care would benefit both working and nonworking Americans. They would make it easier to rise into and stay in the middle class, reversing the decades-long trend toward increased inequality and a shrinking middle class.

Some policymakers get it; many do not. As we work through this campaign season, we have heard very little from Democrats about universal

health insurance, comprehensive prekindergarten, or real strategies to improve job security. California will begin implementing paid family and medical leave in July, 2004, yet the Democratic candidate, John Kerry, has not called for amending the Family and Medical Leave Act to offer paid leave to all Americans—a policy that would disproportionately benefit working poor Americans least likely to have access to any paid leave. But Kerry is not alone; a quick glance at the platforms of the major Democratic candidates for all levels of government office shows that although working family issues are on the table, no one is proposing to comprehensively address them—yet. ■

Notes

1. Of course, many mothers, especially immigrant and minority mothers, have always worked in the paid labor market.

2. One indication of this is that men have seen sharp declines in job tenure. White men who entered the labor market in the 1980s and

early 1990s had shorter job tenure, and saw nearly a quarter less in wage growth between the ages of 16 and 36, compared to white men who entered the labor market in the late 1960s and 1970s (Bernhardt et al. 1999).

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