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"New" Directions in the Welfare Reform Debate: The Problems of Federalism

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This paper reviews the problem of federalism and welfare and presents statistical data about the relative welfare practices among the states over the last 25 years. The relevance of these problems and practices to the current hopes for welfare reform and policy conflicts within Congress are discussed.

The political history of welfare reform efforts has involved two interrelated themes. The first has to do with the implicit assumptions about the fundamental causes of poverty and hence the proper course and realistic capacity of government(s) to effectively reduce its magnitude. The second has to do with the beliefs about the relative roles of each level of government and the best patterns of intergovernmental co-operation in our federal system.¹ Most observers agree that to achieve the elusive goal of welfare reform, accommodation and compromise on both themes will be required. Forty-five years ago Lady Rhys-Williams addressing the first theme, spoke of work incentives as "The lion in the path of curing want by . . . [public policy] . . ." (Green, 1966, p. 52) If, as it is sometimes suggested, we are close to achieving a consensus on that issue, it may be that we will find that the new "lion in the path" of welfare reform is federalism.

In the political debate the definition of specific roles for each level of government in welfare policy is as important as the debate over the roles of government in general. In federal politics, which government should act is as important as what government should do. Though federalism issues have seldom held center stage, the beliefs held about federalism have fundamen-

tally shaped the structure of the debate and defined the policy options that have been perceived as available at nearly every significant juncture in the evolution of American welfare policy (Heffernan, in press).

The first part of this paper reviews the problem of federalism and welfare. The argument that state and local governments can more effectively assess their own needs and therefore should have greater flexibility to address all aspects of welfare policy stands in juxtaposition to the belief that welfare is a national problem and requires a nationally uniform response. Between the two beliefs there are some fundamentally important propositions about both welfare and of federalism that have not been sufficiently examined.

Section two presents statistical data about the relative welfare practices among the states over the last 25 years. That the American states have been diverse in their public assistance programs is well documented. It is also recognized that the states move slowly and often at odds to national incentive. The data presented in section two show that despite rather considerable variation in national/state compacts over the 25 years, and despite dramatic shifts in each state's political economy, state welfare spending and state welfare guarantees have not become more adequate and/or uniform.

The final section comments on the relevance of these problems and practices to the current hopes for welfare reform and the policy conflicts within Congress.

I The Politics of Federalism

The central political problems associated with shared responsibility for governance in a single geographic area have dominated American domestic policy history. The conflicts between Federalist and Anti-Federalist structured the formation of our constitution, and later threatened its adoption (Bowen, 1966). A significant portion of our constitutional law has developed out of the conflict over the division of responsibilities between the central government and the states. The conflict generated, in part at least, the War Between the States. It has given substantive form to virtually all domestic policy debates.² One of the characteristics of federalism is its aspiration to simultaneously gen-

erate unity and diversity. One of the forms of federalism has as its goal a desire to establish two sovereign governments with integrated responsibilities in one geographic area (Elazar, 1987, p. 64). Considering the significance of federalism issues in general domestic policy, it is not surprising that they have played a similar role in the welfare policy debate. Issues concerning the proper role of each level of government in providing for individual citizens' needs and the most appropriate pattern of intergovernmental cooperation and responsibility go to the heart of the design of a welfare system (Ault, 1981). It is very clear that at each step in the development and evolution of the Social Security Act structural issues of federalism shaped the debate and the resulting policy (Heffernan, 1979; Patterson, 1969).

In the literature of federalism some distinctions have been made in federal forms. In classical federalism, powers are constitutionally divided between the central and the regional governments. Though co-coordinated, each government in its sphere is independent. In less formal terms, federalism refers to any structure of intergovernmental power relationships. The federal form is said to exist somewhere between a unitary state and a confederation. The first is where all power is delegated from the general government to lesser units and the lesser units of government may be modified and abolished at the will of the central unit. Confederation is where the central government does not directly act on the citizens and the "lesser" units are totally free to withdraw from the confederation. Between a unitary government and a formal confederacy there is much distance. Adjectives abound which are supposed to describe the federal relationships; most of them are used without precision. Terms such as; dual federalism, co-operative federalism, layer-cake federalism, marble cake federalism usually serve a political rather than an analytical function in some specific policy debate.

Critical Problems of Welfare and Federalism in the 1980's

There is no consensus between those who believe that the national government should bear the additional costs of any welfare reform and those who believe, along with President Reagan, that those costs ought to be assigned to state and local units of government (Chisma and Pifer, 1987). Clearly the fear

that one or another unit of government would be a fiscal loser in any reorganization of welfare responsibilities has served to scuttle previous reform efforts. The problem is however much larger than that of shifting fiscal responsibility.

For the past two and one half decades there has been a perception of ideological as well as political stalemate in welfare policy. The shape of this conflict is well known to the readers of this journal. On one side there has been a liberal paradigm, which viewed poverty as caused by external events over which those most affected had little or no control (Danziger and Weinberg, 1986). On the other side there is a conservative paradigm which asserted that too much social welfare spending has not only been a drag on economic growth; but, more importantly has undermined the social and civic responsibilities of the needy. The latter reflects the design failure of the programs now badly in need of redirection. From the conservative paradigm the programs were inadvertently structured so that persons and families with income problems were actually induced to stay on welfare, to avoid low paying start-up jobs, and/or to shirk basic family responsibilities (Mead, 1986; Wilson, 1985). The liberal paradigm responded that this was nonsense and that the apparent connection between social programs and dependency was only a mask for the real lack of an opportunity structure in a capitalistic society (Harrington, 1984). It is now being suggested by policy critics of diverse political views that both paradigms were too naive. The new policy consensus suggests that the new programs will have the following components: (a) an effective integration of work and welfare programs, with work substituting for welfare whenever possible; (b) strengthened incentives and regulations to enhance family responsibility; and (c) a set of special designs of welfare programs structured to break the poverty cycles of those who are locked into dysfunctional life styles.

A new policy departure is now possible because liberals recognize that an underclass exists and conservatives recognize that the underclass was not created by the welfare system (Wilson, 1985). The assertion is frequently made that there is now a bipartisan agreement that the AFDC program needs to be radically reshaped into a work, schooling, training and reha-

bilitation program with a cash transfer component rather than a cash transfer program with each of these rehabilitative features as cost-savings mechanisms.³ In December of 1987 the full House passed an amended version of the Family Welfare Reform Act of 1987. The amended version retained the emphasis on the NET-Work (sic) as part of a Family Support Program. The House passed version specifically deleted the national government's requirement for a medical assistance transition which would have required states to provide medicaid for at least 24 months to those who lose cash aid because of earnings increase. The House passed version also deleted the national government's appropriation and requirement on the states to raise minimum benefit levels to at least 15% of family median income. The CBO estimate set the five year national government cost at \$5.7 billion.

In April of 1988 the Senate Finance Committee began to consider its own more modest reform package. The Senate version places relatively more emphasis on child support collections as a cost cutting mechanism. It does contain most of the education, training and service programs, albeit under a different name and at a lower cost. The House passed version and the Senate version may now move closer to one another. The White House is in opposition to even the \$2.3 billion in additional national cost of the Senate version and has threatened to veto either form of legislation. The National Council of Human Service Administrators appear to simultaneously want more federal funding for minimum benefit levels and more state discretion in the design and implementation of rehabilitative strategies (American Public Welfare, Jan. 28, 1988).

A Return to the States

In a curious way the shift back to the states began with the shift away from the states. President Johnson had made the welfare system the centerpiece of his strategy of centralizing federalism (Butler and Kondratas, 1987). The failure of Presidents Nixon, Ford and Carter to develop a national consensus on the direction of welfare reform fueled the desire to "return" initiative to the states.

During the 1970s debate over the direction of welfare reform took place mainly in Congress. Nixon's Family Assistance Plan

easily cleared the House of Representatives twice, but was twice rejected in the Senate Finance Committee. The first rejection was due to the fact that the national NWRO lobby and southern conservative opposition at the state level both worked against reform. The second rejection during the Nixon years resulted in large part from the fact that general revenue sharing had undermined the fiscal relief arguments for welfare reform. The Carter administration was unable to develop a simultaneous national policy for jobs and a national policy for income security. While the Carter reform, PBIJ, did pass a special welfare reform subcommittee, it faced stiff opposition in the full house and failed to come to a vote (Lehman, 1980).

In December of 1980, after the election but before the inauguration, three men who wished to influence the future President debated welfare reform in the republican policy journal, *Common Sense*. Richard Nathan, who had served as Deputy Director of OMB under Nixon and who had been a principal in the design of F.A.P.; Paul O'Neil who had held a similar position under Ford, and Robert Carlson who had served as Reagan's Welfare Administrator in California and who was to serve briefly as Special Assistant to the President for Human Resources debated the role of the national government in federal welfare. Nathan and O'Neil argued for a continued substantial national role while Carlson made the case for a minimal national presence.

Presenting the classic case for domination by the national government O'Neil said that, "the needy population is not uniformly distributed among the states. Second, the financial capacity to aid the needy is not distributed in relation to where the needy live [and] third, the federal government provides such a large share of the financial support of the existing programs that it is difficult to see how it can . . . extricate itself . . . [without massive disruptions in the system] . . ." (Common Sense, 1980, p. 27).

Taking a slightly different path which focused attention on the same political history of reform efforts, Dick Nathan came to the same conclusion "The idea of a block grant for AFDC . . . [turns] . . . the clock back . . . isolate[s] the most controversial and vulnerable group of welfare recipients. It could result in . . . higher concentrations of the poor in states with the most adequate benefits. . . . The fact that people and jobs move in a

free society is the underlying reason why the burden of financing welfare benefits should be shared on an equitable basis by the society as a whole" (Common Sense, 1980, p. 10).

Carlson in his response did not address the federalism issue directly but rather presented the classic case of the political dynamic of representative democracy and redistribution as seen by the "fearful right": According to Carlson if the national role was increased . . . irresistible pressures would build on Congress to increase the centrally set benefit levels . . . More pressures would then build from a greater number of constituents for benefits until most Americans would be receiving benefits. Eventually the nation's economic system would collapse (Common Sense, 1980, p. 15).

On January 26, 1982, President Reagan introduced his "New Federalism" initiative. The centerpiece of the proposal was a swap of welfare responsibilities. The states would assume Food Stamps and AFDC and the national government would accept fiscal and ultimately administrative responsibility for medicaid. Interestingly, the transition was to be financed from a windfall profits tax on excess profits from oil and other energy sources.

David Stockman presented the Administration's case to the Senate Finance Committee. In so doing, he created a new adjective for federalism. In Stockman's perspective we had moved to "fragmented federalism." In his view the nation had shifted from the traditional "dual federalism" where each government had well-defined and separate responsibilities through a period of "cooperative federalism" where a few specific functions were shared to the current "fragmented federalism" where there is decisional overload at the national level. He argued that mayors and governors were not judged by their policies or their performance at home but by their capacity to attract federal grant monies. He said that the system distorts judgments about both political merits and the social needs for changes in social welfare programs. Based on an undocumented set of assertions that the states were now more equally able to act than they had been even 20 years ago, Stockman summarized his argument as follows:

Concern has been expressed about the willingness and the ability of the states to take care of the disadvantaged . . . [within their borders]. . . . On this point we should recognize that there are

cliches and there are realities and one reality is that the same electorate which chooses the President and Congressman also elects Governors, Mayors and state legislators. There is no reason to believe that in the year 1982 the American people have two minds, two hearts and two agendas regarding the responsibility of government to meet benign social needs. Every indication is that the citizen participation at the state and local level on behalf of such causes as the environment, ethnic and racial minorities, the disadvantaged, tax reform, the handicapped and electoral reform have grown significantly in vigor and sophistication since the mid 1960s (Stockman, 1982, p. 1).

The "swap" of federal and state responsibilities in welfare failed to muster Congressional support (Howard, 1982, p. 9). Part of the failure was due to falling oil profits which was to have funded the transition. Also the individual states projected that they would lose far more than the national governments estimated. The proposal was quietly withdrawn by the administration. Despite its failure to achieve a dramatic reform, the Reagan Administration has continued to move toward a devolution of national welfare responsibilities (Peterson, 1984).

An examination of current legislative efforts to translate the new realism into specific policy shows a call for greater state initiative and less national government direction. New attention is focused on the federalism issue by the recognition that the poverty/welfare condition is far more intricate than either the liberal or the conservative paradigm. Among the arguments presented, one is a very simple proposition; if programs need to be uniquely tailored to the various classes of persons in need, do they not also need to be uniquely tailored to the economic, social and political conditions in each state as well? Along with a reassessment of the policy thrust there has come, from various points on the political spectrum, a call for a reassessment of the federal system in welfare. The expected outcomes from that reassessment are clearly not the same. The focus of the reassessment is said to be on the issue of which governmental functions are inherently national and which are inherently in the state/local domain but require the use of the federal system and which lie within the domain of state and local governments. In a rather complex way, which cuts across traditional ideological and party lines, there is a demand that there be a readjustment of func-

tioning and financing to achieve a "proper" balance within the federal system.

Although pro-state advocates have seized the initiative and claimed the reform banner as their own, the nationalists have by no means withdrawn from the field. On the one side there is the position that the heavily marbled character of the current programs (with two or more levels of government active to some degree in nearly all aspects of the delivery of welfare programs) is but a reflection of the realistic economic, social and political integration of the American states. From this point of view it is asserted that heavily conditioned and highly categorical programs are the only means available to achieve national welfare objectives consistent with constitutional constraints (Wright, 1978). It is also argued that marbled federalism, Martin Grozden's famous term, is the only way to function if the aspirations and requirements of regional minorities are to be achieved (Osburn, 1982). From a somewhat different perspective, it is sometimes suggested that full federal participation is required because during regional or local economic recessions it is often counter-productive to localized recovery for states to have to pick up added welfare costs. The National Governor's Association 1987 position said that this problem is particularly frustrating since regional recessions are often a function of national policy and not correctable by state actions (National Governor's Association, 1987).

The contrary view is that national domination of federal welfare responsibilities produces rules which are "coercive," "burdensome," and "intrusive." It is also suggested that when activity by each level of government is without clear legal and fiscal accountability the result is a denial of a minimum level of either political or administrative accountability (Stockman, 1982). The desire for a more limited federal role in policy and administration (not necessarily financing however) is clearly not limited to those with a conservative bias. Three recent reports: *To Form a More Perfect Union*, National Conference on Social Welfare; *One Child in Four*, American Public Welfare Association; and *New Choices in a Changing America*, the Democratic Policy Committee, all called for varying degrees of devolution of federal responsibility.

At a recent meeting of the National Association of Governors

the complexity, if not the duplicity, involved became even more apparent. Each level of government, naturally, would like to direct the policy while requesting the other levels of government to pay for it. The governors adopted a resolution which called upon the federal government to accept the primary fiscal responsibility for financing income security programs (National Governors Association, 1987). Specifically, the governors called for the establishment of a national minimum level of assistance which was to be fully federally funded. The governors also wanted more federal participation in support programs geared to education, training, job placement and job retention among present and former AFDC recipients. Not surprisingly, the governors also wanted more freedom in the design and structure of the employment assistance programs. Simultaneously, the Administration prepared a legislative proposal which specifically rejected the concept of a federal minimum and went only part way in giving states the freedom to design innovative approaches (White House, 1987, pp. 2 & 4). The Public Assistance Subcommittee cautiously suggested that beginning in 1993 state benefit levels, adjusted by family size, be no less than 15% of state median income. The House Ways and Means Committee full report rejected even that modest standard (APWA, 1988A). Senator Moynihan and his 55 colleagues have sought to achieve all of the high ground with proposals to improve interstate administration of child support enforcement, establish state designed jobs training programs, increase federal financial participation and require state review of their own payment standards (S1511, July 21, 1987).

The various financing and administrative arrangements that already exist in public assistance suggest that financing and administration can be separated between levels of government. That the financial, administrative, control and review procedures can have an omnibus character is also clear. There is not very much agreement about the programmatic, economic, or political consequences of such separation.⁴

II The Practice of Welfare/Federalism in AFDC Since 1960

In the 1960s the American federal system, and the American categorical welfare system both entered a new policy phase and a new stage of federal practice. Through a dramatic series of

enactments the national government asserted an interest in a range of public functions that had heretofore been in the province, predominantly or exclusively, of state and local units.

Among the goals of the proponents of the nationalization of welfare were: (a) more adequate benefits particularly for those persons completely dependent on welfare payments and in-kind transfers, and (b) the reduction the interstate variance in benefits were seen as particularly central to the federal/state conflict. The next section examines the progress, or lack thereof, that has occurred with regard to each of these goals.

Adequacy

Changes in the level of average welfare benefits since 1960 are recorded in Table 1. Cash benefits when measured in constant dollar terms were essentially flat in the early 1960's and then rose significantly between 1964 and 1968. Between 1968 and 1985 cash welfare payments declined steadily, a function of failing to raise benefits in response to the rise in the cost of living. Benefits have been adjusted upwards but not nearly as fast as the changes in cost of living. The average state decline was 34.6% between 1968 and 1985. The national incorporation of Food Stamps which occurred in 1972 provided a dramatic increase in the total benefit package.⁵ Since the food stamp benefit is indexed and provides a floor of protection, the decline in the total benefit has been, since 1972, just as steady but not so steep as the decline in the cash benefit.

Real family income has increased since 1960 corresponding with a dramatic drop in the cash benefit as a share of median family income (see col. 4 of Table 1). The incorporation of the food stamp program muted this drop (see Col. 5 of Table 1). Relative to median family income the drop is, none the less, quite large. As measured against the poverty line, the total benefit package has increased slightly over the 1960 level but is down dramatically from its 1972 high. To the extent that the adoption of the food stamp plan was a nationalization of welfare it did make benefits more adequate in the short run. To the extent that the states apparently began to rely on that national floor, intergovernmental or federal financing has steadily decreased.

Table 1

Changes in the Mean AFDC and AFDC Plus Food Stamp Benefits in 1985 Dollars: Selected Years, 1960-1985

YEAR	\bar{X} AFDC Benefit Family of 3	AFDC Plus Food Stamp	Est. Nat. Median Income Family of 3	Col. 1 ÷ Col. 3	Col. 2 ÷ Col. 3	Benefit ÷ Pov. Line
1960	6657	na	15,972	.416	na	.606
1964	6577	na	18,039	.365	na	.639
1968	7194	na	20,822	.345	na	.798
1972	6940	8959	23,159	.300	.387	.818
1976	6419	8833	23,931	.257	.354	.807
1980	5327	7569	24,931	.208	.295	.689
1985	4704	7063	27,732	.169	.255	.642

InterState Equity

The declines and occasional increases of the national average among the states does not, of course, depict what is occurring in each state. Table 2 provides the significant detail to mark the progress of benefits across the states over time. In constant dollar terms, the state cash guarantee has fallen in 43 of the contiguous states. Only in Vermont and Maine have cash benefits increased. They have been essentially flat in Michigan, South Carolina and Florida. After the correction for inflation, the median state decline in cash benefits was 31.6%. Cash payment decline in terms of the 1960 benefit is shown in col. 5 of table 2. This decline was not related to the size of the benefit in 1960 [$r < .10$].

The inverse relationship between food stamp benefit and AFDC benefit was deliberately structured to provide a national minimum benefit. Food stamps are not counted in determining eligibility for AFDC, but each dollar of face value of food stamps reduces the cash received by 30 cents. Because of this interaction, the state cash guarantee would have to rise \$1.43 in order to produce a \$1.00 increase in total benefits. This process of interactions, and presumably the knowledge of it, has contributed to the results recorded in col. 4 of Table 2. Total benefits in 1985 have increased most rapidly in the lowest paying states of 1960 and they have fallen in most of the high paying states except California and Minnesota.

Table 2

Changes in Benefit Level 1960-1965, by State

	1	2	3	4	5	
	1960	1985	1985	Shift	Change	
	Grant	AFDC &	AFDC	Col. 2-Col. 1	Col. 3-Col. 1	
	in 1985 \$s	Food Stamps	only	Col. 1	Col. 1	
WA	10385	8604	6732	-0.171	-0.352	WA
NJ	10076	7657	5580	-0.240	-0.446	NJ
NY	9902	8753	6792	-0.116	-0.314	NY
WI	9860	9094	7632	-0.078	-0.226	WI
CT	9858	9329	7968	-0.054	-0.192	CT
MA	9601	7993	6060	-0.167	-0.369	MA
CA	9556	9614	8376	0.006	-0.123	CA
ID	9378	6641	4128	-0.292	-0.560	ID
MT	9119	7330	5112	-0.196	-0.439	MT
ND	8904	7565	5448	-0.150	-0.388	ND
MN	8813	8926	7392	0.013	-0.161	MN
OR	8552	8111	5616	-0.052	-0.343	OR
WY	8509	7270	4680	-0.174	-0.450	WY
IL	8422	6985	4620	-0.171	-0.451	IL
NM	8113	6380	3756	-0.214	-0.537	NM
OH	8026	6775	4320	-0.156	-0.462	OH
SD	8026	6868	4452	-0.144	-0.445	SD
KA	7957	7498	5352	-0.058	-0.327	KA
NH	7768	7464	5304	-0.039	-0.317	NH
IA	7550	7271	5028	-0.037	-0.334	IA
UT	7373	7421	5242	0.007	-0.289	UT
SC	7155	7742	5604	0.082	-0.217	SC
CO	7111	7279	5037	0.024	-0.292	CO
OK	9763	6683	4188	-0.012	-0.381	OK
MD	6588	7318	4740	0.111	-0.281	MD
PA	6458	7481	5328	0.158	-0.175	PA
VA	6458	7195	4920	0.114	-0.238	VA
MI	6106	8052	6144	0.319	0.006	MI
VT	6105	9220	7812	0.510	0.280	VT
AZ	5849	6102	3384	0.043	-0.421	AZ
NC	5804	6011	3228	0.036	-0.444	NC
NB	5674	7279	5040	0.283	-0.112	NB
KY	5449	5818	2952	0.068	-0.458	KY
MO	4802	6439	3840	0.341	-0.200	MO
IN	4799	6406	3792	0.335	-0.210	IN

Table 2—Continued

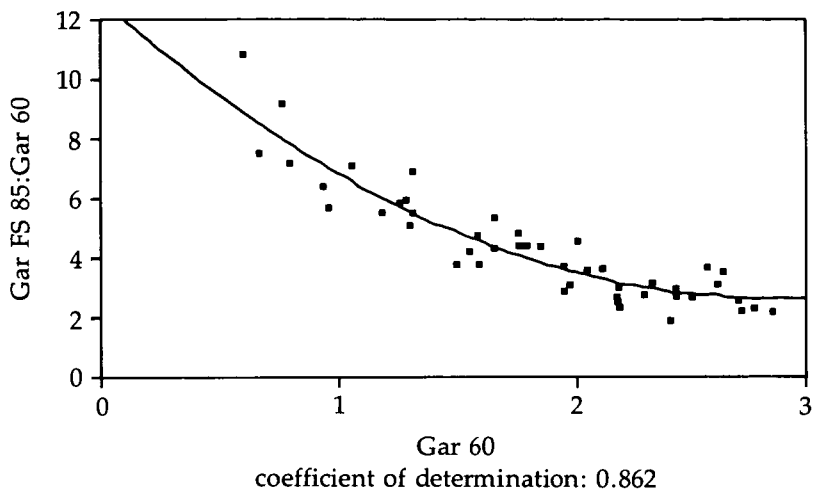
Changes in Benefit Level 1960-1965, by State

	1	2	3	4	5	
	1960 Grant in 1985 \$'s	1985 AFDC & Food Stamps	1985 AFDC only	Shift Col. 2-Col. 1 Col. 1	Change Col. 3-Col. 1 Col. 1	
ME	4799	7657	5580	0.596	0.163	ME
WV	4799	6327	3744	0.318	-0.220	WV
GA	4755	5969	3168	0.255	-0.335	GA
LA	4712	5717	2808	0.213	-0.404	LA
NV	4625	6616	4092	0.430	-0.115	NV
DE	4320	6574	4032	0.522	-0.067	DE
TX	3836	5440	2412	0.418	-0.371	TX
TN	3492	5314	2232	0.522	-0.361	TN
FL	3401	6137	3408	0.804	0.002	FL
AR	5878	5633	2688	0.957	-0.066	AR
SC	5748	5674	2748	1.065	0.000	SC
AL	2399	4932	1764	1.056	-0.265	AL
MS	2182	4608	1440	1.112	-0.340	MS

In constant dollar terms real benefits have increased dramatically in the lower paying states. The 1985/1960 total benefits ratios are shown in the vertical axis of Figure 1 while the benefits in 1960 are plotted along its horizontal axis. The total benefit change is principally a function of the level of state payment in 1960 [$r=.862$]. This results from the Food Stamp/AFDC formula rather than action by each state in adjusting its own standards. The vertical axis of Figure 2 is the 1985/1960 cash payment ratio. This shows the shift in the payment standard set by the state itself. This cash payment shift is not as strongly related to the 1960 standard [$r=.478$].

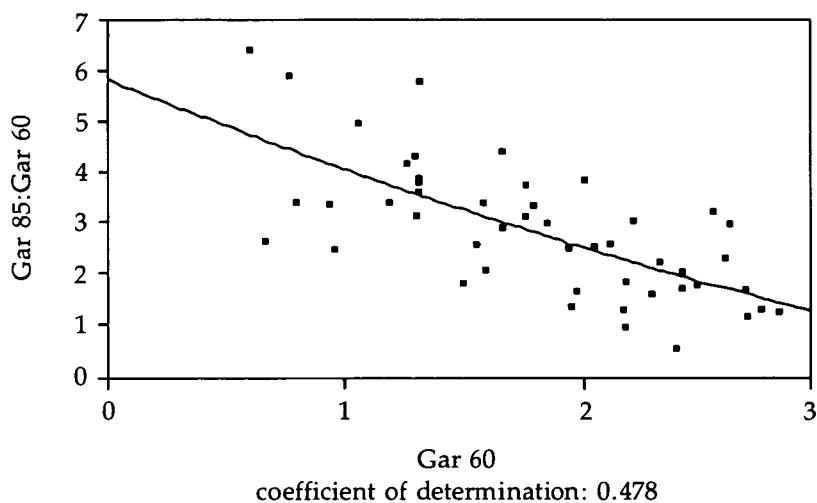
Table 3 provides aggregate information about the movements around the concept of interstate equity. The interpretation of these results become something of a federalism Rorschach. What is clear, however, is that average cash benefits are down and the states are no more equal. Those who advocated a nationalization of welfare to promote adequacy and interstate equity appear to have lost on both counts.

Figure 1. Total benefit to total guarantee, 1985:1960*



*Guaranteed plus food stamps '85: guaranteed 1960.

Figure 2. Ratio of guarantees only, 1985:1960*



*Guaranteed plus food stamps '85: guaranteed 1960

Table 3

InterState Equity: Income, AFDC, AFDC Plus Food Stamps 1960, 1972, & 1985 (in 1985 Dollars)

	1960	1972	1985
Per Capita Income			
X	7472	10794	13032
Med.	7349	10789	13193
Sd.	1481	1488	1968
CV	20.00	13.8	15.1
Range	4371-10367	7872-13728	9187-18089
*I.Q.R.	6468- 8433	9555-11596	11243-14273
IQR ÷ Med.	.266	.189	.229
Income Guarantee From AFDC Benefit			
X	6643	6929	4702
Med.	6748	6985	4710
Sd.	2276	2452	1637
CV	33.7	35.4	34.8
Range	2182-10385	1850-11826	1440-8376
IQR	4799- 8552	4687- 9066	3408-5580
IQR ÷ Med.	.556	.627	.461
Total Benefit (AFDC Plus Food Stamps)			
X	na	8949	7062
Med.	na	8992	7017
Sd.	na	1721	1174
CV	na	19.2	16.6
Range	na	5304-11894	4608-9614
IQR	na	7384-10450	6137-7657
IQR ÷ Med.	na	.341	.216

*IQR = Interquartile range.

There is a great deal of ancillary evidence in support of the administration's thesis about the homogenization of the American states over the past 20 years. Clearly interstate highway uniformities, the chain motels and restaurants have made this homogenization apparent. Such surface appearance may not correspond to the underlying reality. Using per capita income and total state per capita taxes collected as objective indicators,

Table 4

Coefficient of Variations, Various Welfare Indicators, 1960-1985

	1 Per Capita Income	2 Total Tax Per \$1000 Income	3 Expenses Per Capita own funds on Welfare
1960	19.8	20.5	39.1
1964	18.3	25.1	36.9
1968	16.8	18.3	41.8
1972	13.8	18.1	41.2
1974	13.4	17.5	42.3
1976	12.3	15.6	40.5
1978	11.7	16.1	40.1
1980	12.9	15.7	37.6
1982	13.3	16.2	37.6
1984	13.4	20.0	39.7
1985	15.1	19.5	39.9

there is evidence that between 1960 and 1978 the states became more alike. Since 1978 however, an unsteady move toward diversity has reasserted itself. Paradoxically, during the period of homogenization the states became more diverse in their welfare spending. Now that diversity is being reasserted the states have come closer together in their pattern of welfare spending. Table 4 presents evidence of this paradoxical trend.

Table 5 presents data on the AFDC benefit and the combined AFDC and Food Stamp benefit in 1985 as well as the AFDC benefit in 1960 as a share of each state's estimated median family income. The range, has been significantly reduced. Clearly, one cannot know what the states would have done in the absence of the national food stamp guarantee. The evidence, such as it is, suggests that the states have moved to less adequate benefits in relative terms. The interstate variations appear no less unequal. This last statement requires amplification. What has occurred among state guarantees is that the state-shared cash benefits have been reduced in both constant dollar terms and relative to estimated mean family incomes. The standard devia-

Table 5

Difference in Total & State Guarantees as a Ratio of Median Family Income

	1 1960 AFDC	2 1985 AFDC & Food Stamps	3 Shift Col. 2-Col. 1	4 1985 AFDC Only	5 Change (Col. 4-Col. 1)	
WA	0.559	0.284	-0.275	0.223	-0.336	WA
NJ	0.470	0.204	-0.266	0.149	-0.321	NJ
NY	0.456	0.250	-0.206	0.194	-0.262	NY
WI	0.572	0.317	-0.255	0.266	-0.306	WI
CT	0.444	0.237	-0.207	0.202	-0.242	CT
MA	0.493	0.224	-0.239	0.170	-0.323	MA
CA	0.446	0.274	-0.172	0.170	-0.207	CA
ID	0.640	0.274	-0.366	0.170	-0.470	ID
MT	0.566	0.306	-0.260	0.214	-0.352	MT
ND	0.656	0.288	-0.368	0.207	-0.449	ND
MN	0.527	0.291	-0.236	0.241	-0.286	MN
OR	0.483	0.295	-0.188	0.204	-0.279	OR
WY	0.476	0.244	-0.232	0.162	-0.314	WY
IL	0.402	0.217	-0.185	0.144	-0.258	IL
NM	0.543	0.268	-0.275	0.158	-0.385	NM
OH	0.433	0.235	-0.198	0.150	-0.283	OH
SD	0.569	0.282	-0.287	0.183	-0.386	SD
KA	0.465	0.250	-0.215	0.178	-0.287	KA
NH	0.464	0.229	-0.235	0.163	-0.301	NH
IA	0.480	0.265	-0.215	0.183	-0.297	IA
UT	0.473	0.324	-0.149	0.229	-0.244	UT
SC	0.407	0.256	-0.151	0.185	-0.222	SC
CO	0.395	0.225	-0.170	0.156	-0.239	CO
OK	0.459	0.250	-0.209	0.157	-0.302	OK
MD	0.355	0.211	-0.144	0.137	-0.218	MD
PA	0.364	0.256	-0.151	0.185	-0.222	PA
VA	0.443	0.227	-0.216	0.155	-0.288	VA
MI	0.332	0.272	-0.060	0.207	-0.125	MI
VT	0.419	0.349	-0.070	0.296	-0.123	VT
AZ	0.364	0.219	-0.145	0.121	-0.243	AZ
NC	0.470	0.237	-0.233	0.127	-0.343	NC
NB	0.340	0.251	-0.089	0.174	-0.166	NB
KY	0.437	0.247	-0.190	0.125	-0.312	KY
MO	0.287	0.223	-0.064	0.133	-0.154	MO

Table 5—Continued

Difference in Total & State Guarantees as a Ratio of Median Family Income

	1 1960 AFDC	2 1985 AFDC & Food Stamps	3 Shift Col. 2-Col. 1	4 1985 AFDC Only	5 Change (Col. 4-Col. 1)	
IN	0.277	0.236	-0.041	0.140	-0.137	IN
ME	0.329	0.295	-0.035	0.215	-0.114	ME
WV	0.380	0.285	-0.095	0.168	-0.212	WV
GA	0.367	0.218	-0.149	0.116	-0.251	GA
LA	0.360	0.233	-0.127	0.114	-0.246	LA
NV	0.205	0.210	0.005	0.130	-0.075	NV
DE	0.198	0.211	0.013	0.130	-0.068	DE
TX	0.252	0.185	-0.067	0.082	-0.170	TX
TN	0.286	0.217	-0.069	0.091	-0.195	TN
FL	0.220	0.205	-0.015	0.114	-0.106	FL
AR	0.265	0.247	-0.018	0.018	-0.147	AR
SC	0.252	0.246	-0.006	0.119	-0.133	SC
AL	0.204	0.212	0.008	0.076	-0.128	AL
MS	0.229	0.230	0.001	0.072	-0.157	MS

tions have declined roughly proportionally to the means thus the coefficients of variation have been static, while the range has been reduced.

HR #1720, the House Ways and Means subcommittee bill, called for a change in state standards which would have required, as a price of program participation, a state minimum benefit of no less than 15% of that state's median family income for a family of equal size. The subcommittee provision would have reversed a drift that has been occurring over the past 25 years, as is shown in Table 6.

Consistency in State Practice

As shown in Table 7 in terms of relative state benefit schedules the states have been remarkably consistent. Despite 25 years of remarkable inter- and intrastate changes, the rank orders have changed very little.

Table 6

Number of States by Guarantee from State as a Share of Estimated Median Income for a Family of the Same Size

	< .15	≥ .15 < .30	≥ .30 < .45	≥ .45
1950	0	11	38	19
1972	1	26	19	2
1980	10	35	3	0
1985	27	28	0	0

With Food Stamps Added				
1972	0	0	3	45
1980	0	28	20	0
1985	0	44	4	0

Table 7

Total Benefit Levels 1960 & 1985

1960				
1985	High	Medium	Low	Total
High	5	2	0	7
Medium	2	29	2	33
Low	0	2	6	8
Total	7	33	8	48

Cell 1—Calif., Conn., Mass., N.Y., & Wisc.

Cell 2—Vermont & Minnesota

Cell 4—N.J. & Idaho

Cell 6—Delaware & Florida

Cell 8—Ky. & Louisiana

Cell 9—Alabama, Arizona, Miss., S.C., Tenn. & Texas

III Comment

It appears that there is now a desire to reshape the program structure of AFDC. Both the House and Senate reform proposals call for a major policy redesign. Clearly, if reform is achieved, service, training and child support enforcement will be of equal

importance to the income maintenance strategy. Consistent with this thrust is a desire to give the states more discretion in the design of their service/training programs. The widespread conventional wisdom is that a national policy for service and training has not worked in this diverse land. The empirical evidence to support that belief is not available. Even if we did know that the centralized service strategy of the Great Society did not work, it does not follow that a decentralized, or anti-federalist plan would have worked. Paradoxically, we have not had a national child support policy but here the conventional wisdom is that state discretion needs to be limited.

Regardless of the directions taken in service and child support policy, the problems of a partial retreat from national dominance in benefit levels has been documented above. There is every evidence to suggest that further reductions in national government dominance in benefit schedules will result in the political and social inequities which stimulated the drive to national dominance in the first instance. Interstate variation and interstate rankings have been remarkably consistent.

For those who believe that poverty is a national problem, generated in part by national and international economic circumstances, it follows that a national program is required. Their opponents argue that only state and local fiscal and administrative responsibilities will allow for the real diversity in beliefs and conditions that need to be incorporated into effective welfare programs. The recognition of the validity of both propositions demands a federal solution. A federal solution does not mean national domination by the government in Washington. Nor does it mean a retreat to the states. The ways in which the various states have responded, and have failed to respond to national government incentives is of critical importance in selecting a federal solution. The fact that each level of government in the federal system will resist being a fiscal (or ideological) loser in any reshaped set of responsibilities may prove to be the new "lion in the path" of welfare reform.

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Footnotes

1. In this paper the term federal refers to a program or concept which involves both the national and the state governments, while national refers to the government in Washington. State or state/local refers to action of the indicated subordinate units. Thus OASDI is a national program, AFDC is a federal program, and general assistance is a state/local program.
2. Daniel J. Elazar provides particular useful discussions of the federalism issues from a general perspective. See his *The American System*, (Chicago: Rand-McNally, 1966) and *The American Partnership* (Chicago: University of Chicago Press, 1962). The modern classic on the general subject of federalism remains, K. C. Wheare, *Federalism* (New York: Oxford University Press, 1953). See also Jane Perry Clark, *The Rise of New Federalism* (New York: Columbia University Press, 1938).
3. A brief summary of the legislative story in early 1987 is found in *The New York Times*, 4–12–87, Section 4#, p. 5.
To trace the political history of the reform effort new students to the subject should read the story in its own sequence. A suggested order of reading is as follows: D. P. Moynihan, *The Politics of Guaranteed Income* (New York: Random House, 1965); Vincent and Vee Burke, *Nixon's Good Deed: Welfare Reform* (New York: Columbia University Press, 1974); Ken Bowler, *The Nixon Guaranteed Income Proposal: Substance and Process in Policy Change* (Cambridge: Ballinger, 1974); Joseph Heffernan, "Welfare Reform: A Political Farce in Three Acts" Inst. Research on Poverty, Disc. Paper, 1973; L. E. Lynn and D. deF. Whitman, *The President as Policy-*

maker: *Jimmy Carter and Welfare Reform* (Philadelphia: Temple University Press, 1981); W. P. Albrecht, "Welfare Reform: An Idea Whose Time Has Come and Gone" in P. M. Sommers, *Welfare Reform in America* (Boston: Kluwer-Nijhoff, 1982).

4. A review of the econometric arguments is found in the following: Edward M. Gramlich, "An Econometric Examination of New Federalism," *Brookings Papers on Economic Activity*, Washington, The Brookings Institution, (1982, p. 327–60); George F. Peterson, "Federalism and the States" in Palmer and Sawhill, *The Reagan Record* (Washington, Urban Institute, 1984), Davis, A. J. and S. Kenneth Howard. *Perspective on a New Day for Federalism* in *Intergovernmental Perspectives*, Vol. 8, No. 2#, Spring 1982. Helen F. Ladd and Fred C. Doolittle, "Which Level of Government Should Assist the Poor?" *National Tax Journal*, Vol. 35, No. 3#, pp. 323–336. Albert Davis and Robert Lucke. "The Rich State-Poor State Problem in a Federal System," *Ibid.*, pp. 337–363.
5. The incorporation of the national medicaid program in the mid 60's provided a similar increase. Those figures are not structured into this account.

Appendix
*State Responsibility
 For the Poor in 1934 and 1985*
 (1985 benefit as a ratio of median income)

1934 Programs	Low	Medium	High	Total
State with Programs For Aged, Blind, and Dependent Children	0	12 States	4 Calif. N.Y. Minn. Wisc.	16
Age and Dependent Children Only	0	6 States	2 Mass. Vermont	8
Ages and Blind Only	0	1 Utah	0	1
Dependent Children Only	5	13 States	1 Conn.	19
None	3 Alab. Tenn. Texas	1 GA	0	4

