

June 1989

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Recommended Citation

Halter, Anthony P. (1989) "Welfare Reform: One State Alternative," *The Journal of Sociology & Social Welfare*: Vol. 16: Iss. 2, Article 8.

DOI: <https://doi.org/10.15453/0191-5096.1902>

Available at: <https://scholarworks.wmich.edu/jssw/vol16/iss2/8>

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Welfare Reform: One State's Alternative

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Welfare reform has received a great deal of public attention in recent months. Historically, many states have enacted welfare reform legislation, with mixed reviews. The Commonwealth of Pennsylvania implemented a Welfare Reform Act in 1982 which reduced the able-bodied General Assistance population to a maximum of 90 days of cash assistance in any twelve-month period. This study describes the previous occupations of a segment of the Transitionally Needy in Philadelphia, the Transitionally Needy who did and did not find work, and how many were still receiving some form of in-kind benefits after discontinuance of cash assistance.

Although welfare reform is currently being discussed and implemented on federal, state and local levels of government, it is not a new idea. Welfare reform has long played a major role in the history of the United States' welfare system, and its historical philosophy has been based on differentiating between the poor who are unable to work, classified at various times as "deserving poor" or "truly needy," and those who can work: the "able-bodied," "undeserving" or "employable poor". This philosophical differentiation has influenced the development and implementation of past social welfare policy. This article reviews how the Commonwealth of Pennsylvania has implemented welfare reform policy for a portion of its able-bodied poor, and describes the employment experiences of a segment of the able-bodied welfare population.

The Influence of the Reagan Philosophy on Pennsylvania Welfare Reform

In 1980, the Reagan Administration took the position that the federal government could not perform social welfare functions as well as state and local governments (Emling, 1983). A

goal stated in the Health and Human Services Budget of 1982 was a federal commitment to protecting those most in need through the so-called "safety net" programs of Medicare, Social Security, Unemployment Insurance, AFDC, SSI, and social obligations to veterans (Emling). The administration wanted a sharper line drawn between those who could work, the able-bodied, and those who could not work, the truly needy. The primary means of reform was to increase the emphasis on the employability of welfare recipients through the development of a variety of work programs.

The Reagan philosophy exerted a strong influence on states in their development of welfare reform legislation. As a reaction to increased expenditures for General Assistance by some states, various welfare reform programs were undertaken for able-bodied recipients of General Assistance. In some instances, states enforced strict work requirements, including increased client activity in Community Work Experience Programs, job search and job readiness programs, vocational and remedial education programs and job placement. As a result of these changes, more emphasis was placed on discontinuing and reducing welfare cash grants for clients who failed to comply with work requirements.

In 1981, Pennsylvania Governor Richard Thornburgh stated that since General Assistance encouraged dependence by providing an alternative to work without a work incentive, those individuals who were able to work would be taken off the cycle of welfare dependence and placed into jobs. The Governor believed that a labor market existed for the employment of General Assistance recipients who were considered able-bodied (Commonwealth of Pennsylvania, Welfare Reform, 1982).

On March 23, 1981, House Bill 720, which was to become the Welfare Reform Act of 1982, was introduced in the Commonwealth of Pennsylvania House of Representatives (History of House Bills, 1982). When voting for this act, one legislator stated, "We are taking care of the truly needy, of the poor. This is the vote to test if you are for welfare reform or not, to take the chiselers, the people from Alabama who come up and apply (sic) take them off the rolls and put welfare into the perspective of what it should be." (Legislative Journal of the House, Part 3,

1982). Specifically, the development of the Act was based on the view that welfare reform was necessary due to fraud and abuse in the state welfare system, a need to reallocate scarce welfare resources to those most in need, and a belief that those who are able to work, should work.

For the most part, opinion regarding this bill was divided along party lines—Republicans were enthusiastically in favor of the bill, while Democrats were decidedly against it. House Bill 720 was signed into law by Governor Thornburgh on April 8, 1982 (Legislative Journal, Part 3, 1982).

The Welfare Reform Act of 1982 in Pennsylvania

The rationale for the Act was that there were some individuals who could find jobs and for whom welfare was hampering their desire to find work. The underlying assumption was that this population was employable and therefore should be able to find employment.

The major change made by the Welfare Reform Act of 1982 was the division of the General Assistance population into two distinct groups: the Chronically Needy and the Transitionally Needy. The Chronically Needy would be entitled to General Assistance cash benefits for as long as they fit the established criteria, while those classified as Transitionally Needy, those between the ages of 18 and 45 and considered able to work (able-bodied), would be eligible for General Assistance cash benefits for only 90 days in any 12 month period (Department of Public Welfare, Status Report, 1982).

Eligibility for cash assistance under the General Assistance category is based on a means test which requires that the welfare recipient complete a welfare application. Eligibility for General Assistance is assessed by a caseworker and is based upon criteria that include the client's physical and mental condition, age, number of dependents, income, and work record. If the client is eligible for assistance, the caseworker also determines whether the client will be classified as Chronically or Transitionally Needy.

The Chronically Needy are considered indefinitely or truly needy individuals eligible to receive cash payments under General Assistance who, due to medical or social difficulties, are not able to work as are the Transitionally Needy (Purdon's Pennsyl-

vania Statutes Annotated, 1982). To be classified as chronically in need, a person applying for General Assistance must conform to one or more of the following categories: (a) under 18 or over 45 years of age; (b) 19 years of age or under and attending secondary or vocational school full-time; (c) has a physical or mental handicap which prevents him or her from working; (d) suffering from drug or alcohol abuse and actively undergoing treatment; (e) employed full-time but who does not have earnings in excess of the current levels for eligibility for General Assistance; (f) ineligible for unemployment and whose income falls below the assistance allowance because of a natural disaster; (g) employed full-time for at least 48 months out of the previous eight years and who has exhausted his or her unemployment benefits (Purdon's Pennsylvania Statutes Annotated, 1982). Redeterminations of Chronically Needy status are conducted on an annual basis by a Department of Public Welfare caseworker (Purdon's Pennsylvania Statutes Annotated, 1982).

The Transitionally Needy consist of those eligible for General Assistance who do not have any of the characteristics that would make them eligible for Chronically Needy status. Two programs are used to service the Transitionally Needy in finding employment. These programs are the Pennsylvania Employables Program (PEP) and the Community Work Experience Program (CWEP). PEP provides assistance to the Transitionally Needy in finding employment. This program is available to the Transitionally Needy during the time they are on General Assistance as well as after discontinuance. The Community Work Experience Program (CWEP) requires able-bodied recipients to accept public work assignments in exchange for their General Assistance benefits. This program is available to the Transitionally Needy only during the 90 days on cash assistance. It is mandatory that the Transitionally Needy participate in these two programs during the 90 day period. At the completion of the 90 days, the Transitionally Needy are still eligible to receive in-kind benefits of Food Stamps and Medicaid.

Since the passage of the Act, some of those previously dependent upon General Assistance and considered able to work have become ineligible for cash assistance for 9 months out of every 12. Consequently, for the purposes of this study, the re-

search question was: as a result of the Welfare Reform Act of 1982, what changes have taken place in the employment opportunities of the Transitionally Needy in Philadelphia?

Method

A random sample of 113 Transitionally Needy persons was selected from the files of the Department of Public Welfare in the Philadelphia area in order to determine the previous occupations of the Transitionally Needy, the Transitionally Needy who did and did not find work, the amount of time those who obtained jobs remained employed, and how many were still receiving in-kind benefits after discontinuance. The names of those selected were cross-matched by the Department of Public Welfare with job information from the Bureau of Employment Security. Social security numbers were used to identify those who were working. Employer's name, length of period of employment, and wages were recorded in an automated form listing for each client. Job participation was measured by the number of quarters worked. A quarter consists of three months in a given year. If an individual worked during one quarter, he or she worked at least part of a three month period, and if an individual worked for two quarters, he or she was employed at least four but not more than six months, and so forth.

The limitations of this methodology are that there are forms of acquiring income through underground employment and illegal activities which are not, obviously, reported to the Bureau of Employment Security. Underground employment, which may consist of part-time jobs such as domestic or janitorial work for a neighbor, is not reported since it is a cash transaction and no taxes are claimed. Illegal activities such as selling contraband or numbers are not reported for obvious reasons.

Findings

Table 1 shows that over 60 percent of the Transitionally Needy in Philadelphia had either never been employed or were semi-skilled or unskilled laborers employed in service-related jobs offering limited opportunities for advancement and minimal medical benefits. The data contradict the stance taken by the Thornburgh Administration concerning the employment poten-

Table 1

Previous Occupations of the Transitionally Needy in Philadelphia

Occupation	N	Percent
<i>White Collar</i>		
Professional	2	1.8
Sales Work	5	4.4
Clerical	16	14.2
<i>Blue Collar</i>		
Craft Workers	8	7.1
Machine Operators	3	2.7
Laborers	25	22.1
Farm Laborers	3	2.7
Service Workers	19	16.8
Work Unknown	4	3.6
Employment Status Unknown	7	6.1
Never Employed	21	18.5
TOTAL	113	100

tial of the Transitionally Needy, since persons possessing these characteristics are not in demand in the present job market (Ginzberg, Mills, Owen, Sheppard, and Wachter, 1982).

As Table 2 indicates, the total number employed for one quarter or more is 42 out of the 113, while 71 of the 113 remained unemployed. However, as Table 2 points out, most participants did not find long-term employment. As the number of quarters increase, the number employed decreases with only 26 of the original 42 remaining employed after the second quarter. Consequently, sixteen individuals from the original 42 were unemployed going into the second quarter which left 26 employed for two quarters. After the end of the third quarter, 17 of the original 42 still remained employed, leaving 25 without jobs. The number of those employed for 4 quarters or more decreased dramatically. Out of the original 42 clients, only 3 remained employed beyond a year.

Table 3 indicates that 16 participants were employed one quarter, 9 were employed two quarters, 14 were employed three quarters and only 3 were employed for all four quarters. Of the

Table 2

Length of Employment of the Transitionally Needy After Discontinuance of General Assistance

	N	Percent
Participants Not Employed	71	62.9
Participants Employed One Quarter or More	42	37.1
Participants Employed Two Quarters or More	26	23
Participants Employed Three Quarters or More	17	15
Participants Employed Four Quarters	3	2.6

Table 3

Duration of Employment By Quarters

Duration of Employment	N	Percent
One Quarter	16	39
Two Quarters	9	21
Three Quarters	14	33
Four Quarters	3	7
TOTAL	42	100

42 participants in this study who found employment, the average number of quarters worked was 1.8. In addition, 22 or over 50% of the 42 employed had intermittent forms of employment, while 20 were fully employed during the quarters worked.

Table 4 indicates that 33 of the 42 individuals who were employed continued to be eligible for the in-kind programs of Food Stamps or Medical Assistance. This indicates that the employment they had obtained was insufficient to bring them above the poverty level.

Table 4

Participants Receiving Food Stamps and/or Medical Assistance and Working One to Four Quarters

	N	Percent
Participants receiving Food Stamps and Medical Assistance and working one to four quarters	20	48
Participants receiving Food Stamps only and working one to four quarters	3	7
Participants receiving Medical Assistance and working one to four quarters	10	24
Participants not receiving Food Stamps and Medical Assistance and employed one to four quarters	9	21
TOTAL	42	100

Table 5 shows that 60 of the 71 individuals who were not employed were still eligible for the in-kind benefits of Food Stamps and/or Medical Assistance.

Summary

Of the initial 113 who were discontinued from General Assistance, only 42 found employment, while 71 remained unemployed. Only 3 of the original 42 were employed beyond four quarters. An important area for further research would be to determine what percentage of those who were no longer employed reapplied for General Assistance after their nine month period of ineligibility expired. This would have occurred at the beginning of the fourth working quarter.

The average number of quarters worked was 1.8. Seventeen of the 42 were either employed part-time or only worked a portion of the quarter. This observation is based on the lower wages reported in the wage statements. Additionally, of those who did work, 33 were still eligible for Food Stamps and/or Medical As-

Table 5

Total Number of Participants Receiving Food Stamps and/or Medicaid and Not Employed

	N	Percent
The Transitionally Needy not receiving Food Stamps and Medical Assistance and not employed after discontinuance	11	16
The Transitionally Needy receiving Food Stamps and Medical Assistance and not employed after discontinuance	40	56
The Transitionally Needy receiving only Food Stamps and not employed after discontinuance	5	7
The Transitionally Needy receiving only Medical Assistance and not employed after discontinuance	15	21
TOTAL	71	100

sistance, which indicates that the income received from wages reported was not above the level of eligibility for assistance. As Table 1 shows, the types of skills possessed by this population were limited, and most of the able-bodied individuals in this study did not find work or did not continue in their jobs beyond nine months.

Conclusions

This study contradicts the premise of the Welfare Reform Act of 1982, that is, that the Transitional Needy can and will find suitable employment. A stated purpose of the Welfare Reform Act, according to the Governor, was to remove employable people from the welfare rolls with the understanding that they would find work (Department of Public Welfare, Status Report, 1982). However, this does not appear to be the outcome, since 71 remained unemployed while 42 of the original 113 found employ-

ment, and only 3 of the 42 remained employed beyond the fourth quarter.

Recommendations

Barriers to employment exist for the Transitionally Needy population. Among these barriers are limited work histories and lack of job skills. Consequently, job training and educational programs must be enhanced in order to adequately prepare the Transitionally Needy to join the labor force.

More areas of employment development should be considered, e.g., use of community colleges for training and day care in order to develop a work force suitable for available jobs. Determination of employability should be based on work experience and skill levels, and their compatibility with the types of jobs available in the geographic labor market.

Welfare reform has been discussed for the last thirty years. However, discussion has resulted only in general recommendations. In designing welfare reform, it is not enough to emphasize work versus welfare. Policy-makers must develop programs that offer services such as vocational training and remedial education for the improvement of human capital and must also determine how to increase and improve the labor market so that jobs exist after the training has been completed. Without the latter, the employment programs operating in most states today will not succeed in offering the poor the opportunity to become self-sufficient. Other areas of government such as education, economic development and labor should be held more accountable in diminishing the poverty rate and working more closely with employable welfare recipients.

Those who make policy need to review their goals. Is the charge of government to reduce the welfare rolls by removing some recipients from welfare or to decrease the rate of poverty by providing programs that offer an opportunity for self-sufficiency to an employable population that is truly congruent with geographic employment demands?

Based on the findings of this study, it is evident that welfare recipients, who are classified as able to work and therefore able to find jobs, may not find employment. Consequently, welfare reform policy based on removing employable clients from the

welfare rolls may create economic hardship. Policymakers and public officials should make use of this information when developing welfare reform initiatives. Welfare reform programs that project realistic objectives should be planned when considering the employable poor on welfare.

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