

# **A Preferential Option for Former Welfare Recipients: The Potential Role of the Private Sector in the Success of United States Welfare Reform**

submitted by:

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## **Abstract**

The 1996 welfare reform law presents a serious challenge to U.S. businesses to cooperate with government in easing the transition from welfare to work for millions of low-income single parents. According to the terms of this stringent law, with its time limits on benefits and work requirements, public-private partnerships for job training and placement are now an absolute necessity if these families are to survive the loss of their income entitlements. This paper seeks to: 1) describe the policy environment which produced the 1996 law; 2) analyze the initial conversation about the potential role of private corporate policy amidst these new realities; and 3) place these concerns within the normative context offered by the framework of Catholic social teaching. Echoes of the church's principle of a "preferential option for the poor," although originally articulated in the distinctive context of Latin America, may be heard in the imperatives that apply to corporate hiring policies in this new era for American social policy.

## **Introduction: Contextualizing the Message**

I have chosen the title of this paper quite deliberately, as an allusion to the dramatic events of the CELAM meeting in Puebla in 1979. The documents of that important deliberation famously incorporated the phrase "preferential option for the poor" into the parlance of the official documents of church teaching. The full meaning of the Latin American bishops' choice of this phrase can, of course, only be comprehended within the specific context of the history and realities of this region. The Puebla conference in 1979 can only be understood against the background of its predecessor meeting in Medellin, Colombia in 1968 which first struck such distinctive chords regarding the reality of structural injustice, the necessity for conscientization and an option for the poor on the

part of the faithful-- concepts which continue to inspire theologies of liberation in many parts of the world.

In a similar way, the application of the phrase "preferential option" to the circumstances of social policy in a first world setting requires contextualization. This paper argues for the importance of a policy of public-private partnerships to encourage the hiring of former recipients of means-tested public assistance. A commitment of resources on the part of both government and private corporations is crucial to the success of welfare reform and the well-being of poor families. It would not only reflect the principles of justice and charity so well articulated in the documents of Catholic social teaching, but would also carry rich benefits to the public life of these societies.

### **Social Welfare Policy in the United States: History and Public Perceptions**

In the context of United States social policy, the term "welfare" is usually identified with the federal program Aid to Families with Dependent Children (AFDC). For six decades it was the largest of all U.S. means-tested public programs. From 1935 to 1996 it provided cash transfer payments to low-income families with children, most of them headed by single parents, usually by women. AFDC was instituted as part of the Social Security Act of 1935, a major anti-poverty initiative of the administration of President Franklin Delano Roosevelt in the middle of the Great Depression. Title IV of that Act set up a partnership between federal and state governments that created an open-ended matching grant structure which in effect established an entitlement to welfare benefits for any American family meeting the basic qualifications for AFDC. Any family which could demonstrate low income, a "missing breadwinner" and the presence of children under the age of 18 could demonstrate eligibility for these monthly checks. Of course, by the patriarchal standards of the day, it was usually a male (husband and father) whose absence due to death, divorce, or abandonment inaugurated an application for welfare assistance. These eventualities usually left behind families headed by single mothers. Such family units, according to the social mores of the era (before the huge influx of women into the paid workforce after the Second World War), were generally considered non-viable. This form of welfare was initially popular because it was perceived as a way to keep together families in distress, maintaining their income through periods of financial hardship. At the time, the only seeming alternatives was the break-up of such a low-income family and the relegation of children of divorced, widowed and abandoned mothers to orphanages.

Over its six decades of existence, AFDC changed and developed. For example, provisions were included in some states to provide similar funding for situations where a two-parent family was intact, but chronic unemployment prevented complete financial independence. The introduction of Medicaid and work incentives for single welfare parents in the 1960s and 1970s also changed the landscape of the program. Pressures to discourage reliance on AFDC and to "get tough with welfare recipients" during the 1970's and 1980's are traceable not only to political trends, such as repeated episodes of "tax revolts" and anti-immigrant backlash, but also to changing social mores and cultural norms.

The massive entry of millions of working mothers into the workforce in the decades after the Second World War deprived of its legitimacy the former rationale for AFDC: the notion that single motherhood creates entitlements because mothers were not expected to work outside the home in the formal employment sector. The proliferation of divorce, extramarital births and paternal abandonment in the second half of the twentieth century also served to reduce public sympathy for families receiving welfare. The population served by AFDC shifted sharply away from families headed by widows, most of them white, toward a greater number of families headed by divorcees and teenage mothers, many of them never married, and increasingly women of color or recent immigrants. As public perceptions of these new realities surrounding poverty and family life grew more hostile, public welfare programs entered a period often described as "the permanent crisis of AFDC."

Increasingly negative attitudes toward public assistance programs are clearly evident in public opinion survey data from recent decades (Weaver, Shapiro and Jacobs 1995). This is especially the case after the "welfare explosion" of the 1960s, a decade that witnessed a sharp increase in welfare reciprocity rates particularly in urban areas such as New York City, Philadelphia, Detroit and Chicago. This was accompanied by the growth of militant activism on the part of recipients and their legal and political advocates. This "welfare rights" movement, which attempted to bolster and expand the notion of an "entitlement" to welfare benefits, often through tactics of public confrontation and demonstrations, created a backlash in attitudes that was fueled by opportunistic politicians, including some high-profile candidates for public office (Piven and Cloward 1993, 285-340). It is no secret that a substratum of racial and ethnic prejudice was often added to the gender-discrimination overtones of the recurrent welfare policy debates of recent decades.

Some of the flavor of common public attitudes toward welfare recipients was captured in the lyrics of a popular song of the 1980s:

Standing in line, marking time, waiting for the welfare dime, because they can't buy a job;

Man in a silk suit hurries by, and as he catches the poor old lady's eyes,

Just for fun, he says, "Get a job."

That's just the way it is, some things will never change....

Well they passed a law in '64 to give those who ain't got a little more, but it only goes so far.

'Cause the law don't change another's mind when all it sees at the hiring time

Is the line on the color bar.

That's just the way it is, some things will never change.... (Hornsby 1986)

Attempts to defuse anti-welfare sentiment included a series of public policy measures over four decades: amendments to the Social Security Act in 1962; President Johnson's WIN (or Work Incentive) program in 1967; President Carter's unsuccessful Program for Better Jobs and Income in 1977; rule changes for "earnings disregards" set up by the new Reagan administration's Omnibus Budget Reconciliation Act of 1981; and the landmark Family Support Act of 1988. These repeated stabs at welfare reform were curious in many ways, for they often boasted of bipartisan support aimed at reducing the distressing gap between the welfare population and the social mainstream. The former was often portrayed as dwelling in a deviant subculture marked by such distorted values as sexual promiscuity, unstable family structure, low attachment to labor markets, present-time orientation featuring an inability to delay personal gratification, chronically low educational attainments, and a deficit of social skills (Mead 1986, 1992). Endless debates among sociologists, anthropologists and policymakers over the relative objectivity of these judgments shed more heat than light regarding rival theories of poverty and the social and economic causes of welfare dependency. One recurring nostrum of these public conversations was the claim that "a job is the best route out of poverty." This is certainly true as far as it goes but, as we shall see below, does not provide much guidance in discerning the special needs of families with significant multiple barriers to independence through employment.

The recurring episodes of welfare reform exhibit a pattern that is worth noting as we enter the era of social policy in the new millennium. "Welfare reform as we have known it" up until now has consistently exhibited an underlying rationale, a telling but often unspoken choice of strategies. There are two logical possibilities that might serve as guiding principles by which a polity might organize its assistance to needy families: 1) the principle of income maintenance; and 2) the principle of work incentives. The former reflects the initial policy goals of AFDC as it was adopted in an era when single mothers were not considered likely participants or successful competitors in the work force. Any welfare policy guided primarily by the goal of income maintenance will feature a principle of entitlement, with guaranteed benefits flowing to all families meeting eligibility criteria. The key goal is to keep these families together despite their poverty and, more basically, simply to keep their members alive. The latter principle, that of work incentives, encodes in program rules an unrelenting work ethic that discourages dependence on unearned income wherever possible. Such a rationale undercuts support for entitlements which would, it is feared, introduce perverse incentives into the welfare system, tempting families to take advantage of benefits that they do not really need (Murray 1984).

The drift of welfare reform over recent decades has demonstrated the increasing salience of the electorate's (and hence policymakers') fears of perpetuating such moral hazards. At least two results of these pressures may be readily observed. The first is the gradual erosion of the real value of typical welfare benefits. The unpopularity of the program contributed to a precipitous decline in the value of AFDC benefits. Government figures indicate that, as measured in constant 1993 dollars, average monthly benefits dropped from \$483 in 1980 to \$373 in 1993, even though average family size remained roughly constant (United States House of Representatives 1994, 103-18). More compelling

evidence of a causal link between the negative perceptions of AFDC and the shrinking of welfare payments could easily be collected by monitoring the deliberations in state capitals where benefit levels were set during this era.

The second result of the attitudinal backlash against AFDC is the triumph of not merely a "work incentive strategy" but finally of a "work requirement strategy" which supplied the rationale for the most recent round of U.S. welfare reform. The saga of welfare reform in the 1990s began with the realization that the Family Support Act of 1988, despite a series of novel features to encourage welfare-to-work progress through federal-state cooperation and public-private partnerships, was not working. Welfare rolls were growing steadily throughout the years of the Bush administration. Financially strapped state governments found themselves unable to fund the support services and job-training programs that would make the ambitious welfare-to-work goals of the bipartisan federal plan more than a wishful dream. Conservative voices such as Charles Murray (1984), George Gilder (1981), and Lawrence Mead (1986, 1992) had, over the course of the 1980s, tilted the public discourse in a punitive direction by portraying welfare recipients as selfish calculators of self-interest and by accusing government of having created a "poverty trap" by offering income entitlements with pernicious side-effects. The denouement came not by means of a conservative electoral juggernaut (although a phenomenon meeting that description did burst onto the national scene in 1994), but in the unexpected form of the New Democrats.

Bill Clinton's 1992 campaign platform famously promised to "end welfare as we know it." But even before this theme proved to resonate with the American voters, several Democratic governors, along with the leadership of the Democratic party in Congress, had registered a noticeable decline in their support for an open-ended welfare entitlement. Whether because of the cynical motive of attracting more votes by shedding the burdensome image as "the party of welfare," or through some more purely intentioned calculation of the pragmatic gains that might accrue to American families if the "culture of welfare" were definitively repudiated, the New Democrats in all branches and levels of government in the early 1990s began to support new and drastic changes in the administration of welfare programs.

No one, probably not even candidate Clinton, really knew what it would mean to "end welfare as we know it." In any case, that slogan which captured so much attention and support in 1992 would molder on the shelf for two years while the Clinton administration was preoccupied with health care reform--an endeavor that was finally repudiated in 1994. It was only in the summer of that year that Clinton finally announced the skeleton of his welfare reform plan, one which was short on details but long on promises to make federal funding available to states for job preparation programs for current recipients. Clinton's plan was attacked for its realistic yet unpopular projection that the task of truly reforming welfare by making work a viable option for low-income single parents would carry a price tag somewhere around nine billion dollars. Despite considerable hype, Clinton's 1994 welfare plan was "dead on arrival."

The 1994 mid-term elections, of course, catapulted the Republican into majority control of both houses of Congress for the first time in four decades. Newly elected Speaker of the House Newt Gingrich moved swiftly to enact the welfare plank of the Republican platform, termed the Contract with America (Gillespie and Schellhas 1994). The Personal Responsibility Act was approved by the House of Representatives in March of 1995, but this Republican version of welfare reform became bogged down in the Senate. Skirmishes over the future status of the AFDC program contributed to the fierce political wrangling that resulted in two government shut-downs in late 1995 when budget appropriation deliberations broke down. An impasse of several more months duration, which witnessed two presidential vetoes of versions of the Senate Republicans' welfare bill, was broken in the summer of 1996. With at least one eye on the coming election, Democratic leaders threw sufficient support to the Republicans' welfare plan that the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 reached Clinton's desk on July 31. Over the objections of several cabinet members, numerous religious leaders (including the National Conference of Catholic Bishops) and advocates for the poor, President Clinton signed the new welfare law on August 22.

What does the new welfare law enact? A full answer to this question would include a litany of changes to various American social policies including stricter child support enforcement, measures to discourage extra-marital births, new limitations of means-tested benefits to immigrants, significant cuts in funding for food stamps, child nutrition and other social services. The most succinct summary of the new landscape of the welfare system must mention at least these three provisions of the 1996 law: 1) the block-granting of welfare; 2) the imposition of time limits on benefits; and 3) the establishment of work requirements. In the briefest of ways, let us examine each of these three novel features of the revised U.S. welfare system.

By transforming welfare from an open-ended federal "matching grant" to states to a "capped block grant," the new law completely overhauls the previous system. The AFDC program, along with its principle of entitlement, has been abolished. It is replaced by Temporary Assistance to Needy Families (TANF), a program with a very different funding mechanism. Each year, according to a ratio negotiated by Congress, the fifty states divide a fixed pool of about \$16.4 billion in welfare money, a figure that does not rise to meet any increase in demand for assistance for poor families. The sole exception to this inflexibility to economic conditions is a "rainy day fund" of a modest two billion dollars that could be distributed to states in the event of recessions or regional hardships that create conditions causing greater poverty.

With this transformation of welfare funding comes two important implications. First, states are now free from much of the previous program oversight of the federal Department of Health and Human Services. More than ever before, it is accurate to say that we now have fifty different welfare systems rather than one unified national response to the needs of poor families. States are given the liberty to administer program rules in almost any way they prefer and may restrict eligibility without the requirement of obtaining federal approval. Some hints about distinctive state approaches to their welfare caseloads are available simply by noting how welfare administrations have been renamed

in recent years; Massachusetts now calls its department of social services the "Department of Transitional Assistance," while Michigan now refers applicants in low-income families to its "Workforce Development Agency." States may impose a wide array of behavioral restrictions, cutting off families that fail to cooperate with local requirements such as learnfare (an anti-truancy measure), mandatory drug tests and measures to combat substance abuse. States may also turn away applicants simply because their funding has already been fully allocated for that month or year.

Second, this restructuring toward block grants has created fears of "a race to the bottom" in which states adopt increasingly draconian restrictions on welfare eligibility in order to avoid becoming "welfare magnets" of people from neighboring states. Fears of such interstate competition are the shadow side of earlier claims that the block-granting of welfare would encourage states to take advantage of their new liberties to pursue creative and constructive innovations, so that all would benefit from the experiments of many states which play the role of "laboratories of democracy" (Schram and Beer 1999). Of course, there had always been state-to-state variability in welfare benefits (Currie 1998, 181), and in fact many of the features of the new system in many states bear a close resemblance to previous AFDC rules. However, it is also true that TANF works in such a way as to seriously diminish the purely anti-poverty role AFDC played over the previous six decades when it functioned as a guaranteed income entitlement for low-income families. How warmly one welcomes the introduction of the block grants system for welfare depends to a great extent on the salience of the charge that TANF tempts states to "race to the bottom."

The second major feature of the new welfare system is the time limitation of benefits. States still have some leeway in how they choose to fill in the skeletal requirements of the 1996 welfare law, but one of the conditions they must meet is to deny any family a share of federal welfare funds if that family has collected welfare for longer than five years. Beyond that lifetime five-year time limit, a given family has exhausted its eligibility. The only exceptions would be for cases that fall under the "hardship exemptions" which allow a state to designate up to 20% of its caseload as not subject to the strict time limits for specific reasons, such as the effects of chronic illness or a history of domestic abuse. Much could be said about the rationale for the adoption of the "hard time limits" strategy which emerged from the public debates of the 1990s. In brief, "hard time limits" (as advocated by proponents such as Governor Tommy Thompson of Wisconsin) won the day over the rival idea of "soft time limits" (as proposed by Michigan Governor John Engler who wanted to provide for families which could not find work despite good-faith efforts to do so) because of the perceived necessity of "sending a firm signal" that the culture of welfare dependency must be abolished.

The third major change in the welfare system, the establishment of work requirements for recipients, also represents the triumph of the harsher voices in the decades of debate over welfare. Because of public impatience with the high costs and modest results of half-way measures such as work incentives and job preparation programs, proponents of the "get recipients out of the house" strategy found an opening to write their frustration into public law. The 1996 welfare law phased in unprecedented provisions stipulating that

50% of each state's adult welfare recipients would have to be participating in a work program by the year 2002. While 20% of these program slots could consist of work preparation activities such as job training, fully 80% of these recipients would have to be placed in direct work experiences, such as the workfare programs set up by many states. In New York, for example, thousands of welfare recipients now work off their grants by picking up litter in public parks or cleaning graffiti from subway cars.

The 1996 welfare law adopted a new model of how government should act to encourage greater work effort in low-income families. Beyond merely using financial incentives to increase the work effort of recipients, the new law is frank in developing a "personal responsibility agenda" which includes a commitment to utilizing government as an agent of discipline in the work lives of those with "low attachment to the labor market." If private sector employment is unavailable, then public work programs are a reasonable fall-back option according to this philosophy which one of its proponents openly embraces as "the new paternalism" (Mead 1992, 183).

The law phased in the weekly time requirement for such monitored activities from an initial 20 to now 30 hours per week, raising serious concerns about the availability of child care arrangements for single mothers receiving welfare. This is a population which is certainly no better off financially than they were before the law passed, but single mothers in this situation are certainly busier than ever before! If these make-work jobs do not supply them with new job skills, few will now be able to squeeze into crowded schedules the GED or community college classes that previously served as a promising ticket out of poverty and into a job that paid enough to support a family without reliance on welfare. An ethical assessment of the work requirement strategy depends, of course, on the portrayal of single parents on welfare. Given their aggregate characteristics, are they likely to benefit from the "swift kick" strategy of work requirements as administered by state governments? Are they a population which needs to be jolted out of laziness and dependency, or are they more truly in need of continued income maintenance as they struggle to take advantage of whatever limited opportunities they can find for upward mobility?

Lively debate will surely continue over whether the provisions of the 1996 welfare law are the best and most appropriate response to the needs of low-income families. Disagreements will likely persist long after the welfare law comes up for reassessment and renewal on the federal level in 2002. We can already anticipate many of the arguments that will echo through the halls of Congress and on editorial pages at that time. On one side, we will hear a vigorous case about the unmitigated success of a reform that has sliced the overall welfare caseload by approximately 40%, and even more dramatically in some states. From a peak of 14 million individuals (roughly 4 million families) receiving welfare in the early 1990s, the most recent available data counts 8 million individuals (slightly over 2 million families) as recipients of TANF (Mink 1999, 1). Proponents of reauthorizing the TANF framework will no doubt muster evidence that the transition to the new system, although seemingly draconian, was a needed shift in emphasis in our national anti-poverty effort, a shift from "floors" to "doors." In other words, turning welfare into a temporary and highly conditional benefit has prompted

most recipients to take the necessary measures to improve their lives and to take some strides away from poverty, while the old system of open-ended entitlements guaranteed not only income but also stagnation for millions in a "culture of welfare passivity."

But of course the "I told you so" arguments cited by TANF proponents do not tell the entirety of the story. The seeming success of welfare reform so far may be largely attributed to exogenous factors, such as a remarkably robust economy and extraordinarily tight labor markets which have provided a "softer landing" and more opportunities for many low-income families than most observers anticipated in 1996. The true test of welfare reform will come only when boom times are over. The shift from "floors" to "doors" requires a number of conditions which are far from assured in more normal economic times. When labor markets are not as tight as they have been in recent years, competition for jobs at the low end of our highly segmented labor market not only drives prevailing wages down but leaves some job-seekers without work altogether. Millions may be sincerely looking for work but still unable to find any job, much less one that places a family above the poverty line. This competition for work opportunities is surely exacerbated by welfare reform, which floods the labor market with low-skilled single parents who are now subject to work requirements and time limits.

Indeed, there is ample evidence that even in these prosperous times, many families are already falling through the cracks of the newly reshaped welfare system. The plight of these families underlines the observation that the truest gauge of the success of welfare reform is not a set of statistics testifying to shrunken welfare caseloads, but is more accurately reflected in the overall well-being of our poorest families. With the end of a government-backed income entitlement, we would expect families in distress to seek emergency assistance from private charities. In fact, Catholic Charities USA reports that, during the years 1998 and 1999, as the final provisions of the welfare reform law were being phased in, 79% of its affiliated parishes responding to a survey noted measurable increases in the demand they faced for emergency food assistance. 50% of these same parish-based providers reported significant rises in the demand for emergency shelter as well. This is precisely the type of data expected by earlier projections of the effects of welfare reform by both the Congressional Budget Office and the Urban Institute in their independent conclusions that the 1996 welfare law would lead 2.6 million people (among them 1.1 million children) newly into poverty.

### **Public-Private Partnerships to Benefit Former Welfare Recipients**

The inability of existing public sector programs to provide for the hundreds of thousands of single parents transitioning from welfare to work is quite obvious. Ambitious public works and job training programs, proposed during the early 1990s as a desirable element of any future welfare reform, were soon judged politically unfeasible because of their high cost, often in the range of 9 to 12 billion dollars. These included outlines of programs advocated by sociologist William Julius Wilson (1987, 150-1; 1996, 207-38), estimates of a realistic welfare-to-work program from the independent Congressional Budget Office, a similar proposal from the Center for Budget and Policy Priorities in Washington, as well as Clinton's initial 1994 welfare reform plan. Neither the most

ambitious WPA-style public works program nor a consolidated national job training initiative nor even a scaled-down "jobs of last resort" program proved to have much appeal either to the electorate or to either major political party.

Remarkably, the 1996 law in the end authorized no new money at all for states to assist in making their welfare-to-work efforts a success. This federal attempt to "pull off welfare reform on the cheap" drew sharp criticism from those who detected irony in Newt Gingrich's achievement in making the TANF work requirements and time limits into the very type of "unfunded federal mandate" that he and his colleagues had so vociferously campaigned against. Others pointed out the Orwellian deception implicit in the very title of the 1996 welfare law; "The Personal Responsibility and Work Opportunity Act" contained plenty of measures to enforce personal responsibility, but neither any resources nor much constructive guidance to states to advance any real work opportunities for the welfare population. This brand of welfare reform neither makes work available nor makes work pay for millions of families who find themselves below the poverty line, often despite having one or more breadwinners holding down full-time but low-paying jobs.

And so we come to a renewed focus on private industry as part of the solution to our nation's welfare problem. At its worst, this "turn to the private sector" is a fall-back option, necessitated when we are faced with policy failure due to myopic planning and ineffective implementation of social policy. Yet, some long-term good may yet come of this aspect of welfare reform and its reassessment. A reliance on the private sector to play a significant role in welfare-to-work initiatives may prompt a most constructive society-wide rethinking of the nature and function of the private corporation in modern life.

We often tend to think of the public and private sectors somehow as rivals in a zero-sum game for control of various social functions and priorities. This either/or pattern of thinking has perhaps been exacerbated by the recent trend toward privatization of various tasks formerly reserved to the government but now parceled out to the private sector (Blank 1999). The unrelenting ideological attack on the welfare state by voices hostile to government intervention, a phenomenon witnessed in practically all industrialized nations since the 1970s, has come home to roost with a vengeance in many different social contexts (Teepie 1995). In the realm of social policy, there now seems to be considerable popular support for not only a privatization of the delivery of social services, but even a rising tide of opinion that the social security system should allow private decisions about stock market investments which hold the promise of greater returns to play a substantial role in the disposition of retirement funds. This is not the place to debate the relative merits of such proposals or the potential balance between benefits and risks of such proposals. But it is important to view the claims about the potential role of the private sector in the success of welfare reform in the larger context of the issue of privatization of many functions formerly fulfilled by the welfare state.

Suffice it to say that, in the absence of new public funding for job preparation and employment programs, private employers will find themselves playing a significance role in the welfare-to-work process. Hundreds of thousands of welfare recipients, many of

them under pressure to avoid running up against strict time limits on their benefits, are already (and will continue to be) seeking employment in the private sector. Their job applications will often appear weak with regard to credentials, for they disproportionately display low educational attainment (some to the point of functional illiteracy), spotty work histories, substandard interpersonal skills and numerous other barriers to employment, such as the logistical problems associated with raising children as a single parent. The phenomenon of "skimming the cream" (whereby the most desirable segment of the welfare caseload is identified and offered employment, leaving behind a smaller and less promising pool of potential job applicants) has the effect of concentrating the most problematic cases, leaving a population that is even more disproportionately in need of remedial skill-building to overcome developmental deficits and other medical or emotional difficulties, such as severe depression or substance addictions. The ability of these welfare recipients to retain a job and even to win a promotion from the bottom rungs of the employment ladder is compromised by these same factors which produce an employment profile that is usually unattractive to most employers.

In the face of these realities, it is fair to say that private corporations will not play a significant role in welfare-to-work transitions in the absence of conscious and deliberate changes in corporate policies. Practices are always preceded by the setting of policies, whether explicit or implicit. Without a special effort to give some sort of preference to this disadvantaged group, few welfare recipients will succeed in the competition to be hired, retained and promoted in jobs in the private sector. There are a few potential models for these types of preferences if we look to existing programs that encourage the hiring of ex-convicts released from prison and members of disadvantaged ethnic groups such as native American Indians. The very existence of such precedents hints at an unexamined assumption within our collective mind that private corporations are expected to play some type of special role in public service. Part of our societal hope is that firms will exercise a measure of social responsibility through their hiring practices even when their strictly defined self-interest would best be served by hiring only the most qualified applicants and retaining only those employees whose performance strictly merits such treatment.

That private corporations assist welfare reform by functioning in this way is more than an unspoken desideratum. It has become a stated policy objective of the Clinton administration, albeit a goal pursued more through "jawboning" and persuasion than by formal legislative initiatives. For example, in the several months after he signed the welfare law in 1996 (and, revealingly, while still campaigning for reelection), Clinton promised to make the welfare legislation, imperfect as he admitted it was, as effective as possible by encouraging corporations to hire former welfare recipients. Although significant financial incentives (such as sizable tax breaks) for such cooperating firms were not generally forthcoming, Clinton continued the drumbeat surrounding this initiative. Near the end of the State of the Union Address delivered on 27 January 2000, Clinton included a reference to "partnerships to enlist 12,000 companies in moving 650,000 of our fellow citizens from welfare to work" (Clinton 2000, A17). The numbers cited here cannot be verified, and it is difficult to know precisely for what the comment intends to take credit in this oblique passing reference.

A few clues to this mystery might be found in a public appearance Clinton made several months earlier in Chicago. At a gala event at the Navy Pier Festival Hall on 3 August 1999, Clinton addressed a gathering of the "National Forum on Welfare to Work." As expected, the President took credit for many aspects of the welfare turn-around, attributing to his administration's efforts such accomplishments as lower welfare caseloads and a remarkably high rate of hiring off the rolls, especially by large private corporations such as United Airlines and Marriott Hotels. The bulk of the address is devoted not at all to policy analysis of any sort, but rather to a series of anecdotes about successful welfare-to-work transitions, appeals to corporations for greater support of hiring targets, and numerous paragraphs that are perhaps best characterized as "cheerleading" and platitudes about making ever greater efforts "to finish the job" and "to sustain welfare reform" (Clinton 1999, 5). Again, the causal link between policy and achievements is left quite unclear. Precisely what specific steps have been taken in the attempt to encourage public-private partnerships for employment of former recipients? While a detailed analysis of changes in the tax code (to allow for the welfare-to-work tax credits proposed by Clinton but mostly ignored by Congress) and the inner workings of the "partnership" structure are beyond the scope of this paper, suffice it to say that the predominant efforts so far are best described as fitting in the "jawboning" variety of policy action.

### **A Moral Analysis of Social Obligations to Poor Families:**

#### **Drawing from the Resources of Catholic Social Teaching**

This, the normative section of my argument, will necessarily be truncated in the interest of brevity. Elsewhere (Massaro 1998, 3-58) I have developed a full-blown schema for interpreting how the tradition of Catholic social teaching may be invoked in support of certain versions of the social welfare policies employed by modern liberal societies. In brief, the most appropriate model for reflection on normative questions in contemporary social policy builds from several of the most basic goods identified by the Catholic tradition: human dignity, solidarity and the common good, among others. The attainment of those goods, we might next argue, is most likely under certain conditions, such as a serious commitment on the part of social institutions to respect human rights, to treat private property with a proper balance between individual liberties and community concerns, and to structure the role of government with a felicitous touch that demonstrates respect for subsidiarity. In sorting out positions on topic such as these that contain implications for social policy, we may identify certain ethical principles which serve as reliable guides to policymakers in their deliberations. Among others, these principles include: the imperative that social membership in some way be extended to all; that no person be considered a "surplus person" beyond the scope of our concern; and that a preferential option be made toward the most vulnerable members of society. Although it is seldom advisable to attempt to draw a straight line between religious principles and public policies in complex and pluralistic modern societies, this pattern of moral reasoning which connects religious conviction with political choices is an important counterweight to the distressingly frequent compartmentalization of life into private/religious and public/political spheres which never seem to overlap.

The specific guidance that Catholic social teaching offers to welfare-to-work partnerships between public agencies and private corporations comes under the key rubric of participation—a social value recognized with increasing frequency in recent church documents. Although government is a key agent in inviting all people to play a full and equitable role in public life, all our institutions are equally under an obligation to promote broad participation. Through hiring and promotion practices that give special consideration to low-income single parents no longer eligible for public welfare assistance, corporations help invite into the social mainstream a population experiencing numerous disadvantages. This vital contribution recalls the original nature of modern corporations as public trusts for the common good—a feature of the early self-understanding of corporate enterprise that stands in need of renewal in this age when the bottom line of profitability has become such a dominant concern.

We should not be surprised, then, that the U.S. Catholic bishops have in several places mentioned such public-private partnerships in their advocacy of justice in the welfare system. In their most important policy statement on welfare reform, the March 1995 document "Moral Principles and Policy Priorities for Welfare Reform," one of the six major imperatives the bishops highlighted was "building public/private partnerships to overcome poverty" (United States Catholic Conference 1995, 7). Here the bishops call for "more creative, responsive and effective action" on the part of both government and mediating institutions such as private corporations. Dispelling the charges that they were insufficiently critical of the discredited former welfare system with its guaranteed income entitlements, the bishops emphasize their support for a pro-work policy as long as it is accompanied by "adequate resources, accountability and safeguards for poor families" (ibid.).

Clearly the 1995-6 round of welfare reform did not go the way the bishops had hoped. Most of the goals they outlined in that 1995 policy statement (most notably, the maintenance of a reliable safety net for the most vulnerable single parents, whose best social contribution might be seen as the raising of children rather than paid employment) were seriously violated or at least compromised by the outright abolition of AFDC. Nevertheless, one theme they could reiterate with confidence even after the passage of the 1996 welfare law was the desirability of public-private partnerships to encourage financial independence for many families.

Early in 1997, for example, the Illinois Catholic Conference released a white paper entitled "Welfare Reform: Opportunity for Positive Change." This statement, noticeably addressing issues pertinent to the implementation of the national welfare reform framework within the local context of Illinois, represents a serious commitment of the local Catholic church to work with both government and private industry to make the transition from welfare to work accessible and smooth for the greatest possible number of low-income single-parent families. The bishops even make a special appeal to Catholic business leaders and CEOs to consider creating apprenticeships for welfare recipients and to recruit peers who will offer similar assistance in welfare-to-work transitions. Most remarkably, this report by the bishops of Illinois makes specific mention of "a preferential option for the poor" which they call "a hallmark of modern Catholic social

teaching" (Illinois Catholic Conference 1997, 579) and which they seek to embody through their rather mundane recommendations about such items as job training funds, micro-enterprise grants, transitional housing programs, more generous child care grants, and extensions of food stamp eligibility.

This latter list of items serves as a needed reminder of the importance of seemingly minor matters that nonetheless may spell the difference between success and failure of welfare reform for millions of families. Regardless of the question of its ethical merits, we must acknowledge that our new work-based and time-limited system of social welfare policy relies on many small factors to make it workable. In other words, no matter how satisfying is the triumph of the "personal responsibility agenda" to the proponents of the 1996 welfare law, it must be recognized that the victory of a given ideology is not sustainable without a commitment of resources to make work available and to make work pay for families near or well below the poverty line. In other words, progress toward self-sufficiency for our most underprivileged families comes at a price. Without the needed level of public investments in job training and skill-building, as well as in transportation and child care, work will not be a feasible option for many single parents, no matter how severe the penalty for non-work. To climb over the stumbling blocks presented to single parents by child care responsibilities, the need for healthcare assistance, great distances between home and the workplace and other logistical problems requires resources often beyond the reach of people with limited time and money.

This reminder is necessary because it is so easy to lose track of the costs of attempting "welfare reform on the cheap." An incident reported by the Associated Press news service reveals that even members of Congress are given to losing track of this insight. On 25 January 1999, President Clinton presided over a ceremony in Washington to celebrate the release of new data indicating further successes in his welfare-to-work initiatives. This event appears to have been very similar to the August 1999 Chicago rally described above. Besides his usual appeal to corporations to help further reduce the welfare caseload, Clinton used this occasion to announce his intention to request federal spending of several hundred million dollars for a variety of measures (including job training, transportation and housing assistance for families transitioning from welfare to work) to strengthen the implementation of welfare reform. In response to these proposals for program expansions, Rep. Bill Archer immediately announced his displeasure with the Clinton proposals and his intention to stonewall them. As the Chairman of the House Ways and Means Committee, this Texas Republican would exert considerable influence over the chances for passage of any such legislation. Archer declared: "Now is not the time to abandon what has worked and to go back to the failed system of throwing money at problems" (Associated Press 1999).

We can always find some excuse not to make the sacrifices that would contribute to the well-being of our neighbors. For a nation, it may consist of worries about fiscal solvency or fear of sending out the wrong signals about personal responsibility, thus creating perverse incentives that might create a poverty trap. For a corporation, it might be the warnings of accountants that hiring former welfare recipients constitutes an inordinate risk that is unlikely to boost the bottom line. But beyond any report from the "number-

crunchers" or warnings from the "beancounters" lies a normative level, a set of criteria that measures our commitment to values that transcend our narrow self-interests. The biblical notion of jubilee provides eloquent testimony to the salience of such a vision of justice that lies deep at the heart of the Judeo-Christian tradition. Modern Catholic social teaching gives further witness to the moral imperative that contemporary concerns about the common good in the spirit of solidarity always retain their relevance as guides equally to personal, corporate and public policies.

Much is at stake in even the most mundane of decisions we make as citizens, consumers, workers and managers. In exercising social responsibility in all our personal as well as corporate actions—including hiring, purchasing and voting behaviors—we have an opportunity to improve or to set back further the life chances of our less fortunate neighbors. It is for this reason that corporate hiring practices and cooperation in public-private partnerships for the success of welfare reform represent an opportunity to exercise a preferential option for the poor. Our opportunity in the United States today is just as real and urgent as it has been in the Latin American context which produced that ringing phrase adopted by the bishops in Puebla over two decades ago.

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