



Commentary/Op-Ed - June 2002

## An Interview with Lawrence Mead

The Center's David Fischer talks with political scientist Lawrence Mead, a leading scholar on poverty and welfare and a prominent voice in the debate over reauthorization of the federal Temporary Assistance to Needy Families program.

by David Jason Fischer

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*New York University Professor Lawrence Mead is a leading scholar on welfare reform and an outspoken advocate of government's power to regulate the lives of public aid recipients. Professor Mead has written or edited six books, including *The New Paternalism: Supervisory Approaches to Fighting Poverty* (Brookings, 1997) plus dozens of shorter pieces. His writings have had a considerable impact on the welfare policy positions of both Congressional Republicans and New York City officials including former Mayor Rudy Giuliani. Mead's forthcoming book, *Statecraft: Welfare Reform in Wisconsin*, presents a thorough description and analysis of the nation's most radical welfare reform and will be published in 2003.*

*The Center's David Fischer spoke with Professor Mead in early May, 2002.*

**CUF:** Please define paternalism—you used the term at several points in your recent Congressional testimony regarding TANF reauthorization. What are some other policy areas in which this approach has proven successful?

**Lawrence Mead:** The idea of paternalism is a modified version of the general idea of social contract—if you receive benefits, you accept some obligations in return. The notion of work requirements in welfare policy is one highly visible example, but others include recipients keeping children in school, making sure they get their vaccinations, and so forth. The benefit structure is used to enforce these obligations.

What paternalism adds to the social contract is administrative oversight—case managers follow up with their caseloads; they both help clients and expect them to fulfill their expectations. This could promote employment among people on welfare, or school attendance by recipients' children, or payment of child support by absent fathers. Parolees might be supervised to be sure they stay off drugs. It's administrative oversight through case managers to enforce expectations.

I edited a book called "The New Paternalism" published by Brookings in 1997. The book goes into different aspects of social policy. The most visible example of paternalism is mandatory work programs, in welfare.

**CUF:** You mentioned in your testimony that you believe welfare rules changes stemming from 1996 legislation have had

more to do with the decline in the welfare rolls than the strength of the economy over the last five years. What do you base this on?

**LM:** There are a number of studies by economists that attempt to sort out the relative importance of these factors. Some of these studies have found that the economy was the main cause of the caseload decline; in my view, these studies are biased because they don't measure welfare reform effectively. They use indirect measures like whether the states got a waiver to run experimental programs before TANF was enacted in 1996. That doesn't capture the full strength of welfare reform.

Other studies have come out with a more even estimation of the relative importance I did my own studies that measured the characteristics of states with the biggest caseload fall. The results came out more in accordance with the idea that both welfare changes and the strength of the economy were very important.

Another reason to doubt the pre-eminent importance of economy is that there have been previous periods of high growth without any decline of welfare. In the 1980s and earlier in the 1960s, during economic booms, welfare rolls actually increased sharply. Only in the 1990s expansion did welfare caseloads drop. I think that's due to a combination of reforms and good economic conditions; without changes, there wouldn't have been the declines that we saw.

There's a synergy that meant that the welfare changes and the strong economy worked together, each having more effect in combination than it would have had alone.

**CUF:** Why is canceling the caseload reduction credit in TANF reauthorization [which lowers states' effective overall participation rates] so important? What do you think of replacing it with some other credit, such as wage gain or poverty reduction, as some congressional proposals have suggested?

**LM:** The reason it's important is that the caseload credit turned out to undercut the stiffer work rules that were enacted in 1996. The rules set down in the Personal Responsibility Act said that, by 2002, states would have to have half of welfare adults engaged in work activities (mostly meaning work, though there was some leeway for training and related activities). This 50 percent rate was to be reached over a number of years, and it was unprecedentedly high.

People thought that this demand for work would be the major challenge facing states. But states were also allowed to count against their work participation targets any percent by which their caseloads had fallen since 1995. When caseloads fell by much more than anyone expected, this credit knocked the bottom out of the new requirements. After the credit was factored in, many states didn't have any requirements at all, and the rest had effective rates well below what was intended.

The states didn't really face pressure to build work into the welfare routine. This to me has to be the central feature of welfare reform: tougher work requirements. To make that operative, you have to take out the credit, as the Bush Administration and the House have proposed to do. Then the participation rates will become operative.

The administration has also recommended raising the participation rates to 70 percent of everyone receiving benefits. I think that's excessive; the 50 percent rate is probably more appropriate. But it should be a true 50 percent.

There are those who would change the benchmark for the caseload credit, to make it date from last year, or make it an employment credit or something else. That isn't necessarily a bad idea, but the danger is that states will try to satisfy the standards by doing something other than building work into the system—maybe by driving people off the rolls. So you still don't transform the program.

Unless you build employment into welfare itself, then at some future time it will be possible for people who leave the rolls now, or who have left the rolls earlier, to go back on without facing a work test. They should face the work test, and it should be built into welfare.

Wisconsin built employment into the welfare mission. There's no evading the work test there, and that's what we need

nationwide. In Wisconsin, many people left welfare as soon as it became controversial, before reform was even enacted, let alone implemented. If we replace the caseload credit with something else, the upshot might be that we don't force the states to change.

The extent of implementation of the 1996 requirements is actually very unclear; the reporting is inadequate. It doesn't really tell us whether people are doing things in return for their assistance. We can't assume that we've reformed welfare... the governors are wrapping themselves in the caseload fall and claiming they've reformed welfare. But it's not clear that they have. That's what the new participation standards are designed to clarify—whether we've really achieved the behavior change, and if we haven't, to make sure that we do.

**CUF:** In your view, is Wisconsin Works in any way a model for what the administration has proposed?

**LM:** I think the current proposal is informed by the experience in Wisconsin, and also by experiences in New York City. Obviously, former Governor Thompson at the Department of Health and Human Services was very involved in developing this proposal, as was Andrew Bush who served in the Human Resources Administration in New York City. Andrew Bush now works at HHS with Wade Horn, who heads the Administration for Children and Families, under Thompson at HHS. Wisconsin and New York City were the only localities under the 1996 law that invested seriously in public employment, and that's clearly reflected in the proposal.

There's some need for public employment along the lines of the Work Experience Program in New York City. The effect of government jobs was to force a lot of people to think twice about going on welfare; they knew they'd have to work. In Wisconsin that intention was explicit; they required people to look for jobs in the private sector, and only after trying and failing to do that did they get government jobs. In New York City, the private sector job search function was less developed and more people were referred directly to the work program.

But if you do it right, then you don't end up with many people in government jobs. The governors are talking as if they'll have to put everyone in these jobs, and that's not what the administration is demanding. They're demanding that everyone do something, and that means government employment as a final recourse.

**CUF:** What if private sector jobs aren't there?

**LM:** People have been saying that for thirty years, and the evidence has always been pretty strong that the jobs are there. You can place a lot of people in the private sector the idea that jobs are absent has never really been borne out. It certainly wasn't the case in the '90s, and even now in more ambiguous economic times, jobs seem to be there. People are hired every day; people lose jobs every day. It's a highly fluid situation.

Not since the early 1980s has there been such a severe recession that jobs simply weren't available. It probably could happen, but the likelihood is small.

**CUF:** When HHS Secretary and former Wisconsin governor Tommy Thompson was confirmed last year, he told Congress that it's impossible to carry out effective welfare reform cheaply, a reference to the generous work incentives in W2. Do you agree, and is this philosophy borne out in the current proposals to modify TANF?

**LM:** I don't necessarily agree. For most of the time that welfare reform has been in effect in Wisconsin, they've saved money, due to the caseload fall. That said, Wisconsin made enormous fiscal promises at the time of W2. From the late 1980s onward, they made huge commitments. But as it happened, the expenses they incurred were more than offset by the fall in the caseload, which was much bigger than they expected. They had more than enough money to fund childcare and other supports in the system.

In the last couple years, though, they've come under stress they said they'd give extra benefits not just to those on welfare,

but to all parents with a low-wage job. They didn't want to make it advantageous to be on welfare compared to the working poor. So now they're hurting, due to the cost of child care. But until 2000 or so they saved money on reform. That wasn't the goal—the caseload fall was a surprise. They were out to transform welfare, not save money. But the notion that this is always a drain on government coffers isn't accurate.

As you know, TANF was massively over-funded because of the caseload fall. We always hear these claims that massive new childcare funding is needed; but many people who are eligible don't need it and don't claim it. They make informal childcare arrangements. Because they're often not claimed, that suggests to me that supply is adequate and funding is adequate.

**CUF:** Did W2 require those generous benefits to be effective? Did they help in terms of results?

**LM:** Yes. It's hard to prove this, but Wisconsin had vastly the greatest percentage caseload fall for an urban state. In an Urban Institute study of 13 states called “Assessing the New Federalism,” Wisconsin had the highest work levels for low-income parents and the lowest child poverty rates. Those numbers are a reflection both of their severe work enforcement and their generous benefits.

W2 is a virtually European welfare state in terms of benefits, but everything is conditioned on employment. All the states are doing this to some degree, but none as extremely as Wisconsin. And you see the payoff. They have the least skilled people working, people who are barely employable. They've obtained a greater change in quality of life in Milwaukee than any other city subject to reform. You can't prove this vigorously, but the anecdotal data is there.

**CUF:** So would it make sense to adapt this approach—very generous benefits combined with strict enforcement—to the nation at large? Is it affordable?

**LM:** The payoff in lower caseload is enough to finance most of it. The real limits are in the political and administrative capacity of government. You need to have political agreement about what is going to be expected, and the administrative capacity to carry it out. Wisconsin had both of those things. They had a bipartisan concordat on welfare issues in the state legislature, going back to the mid-1980s. There was strong support for serious work tests; there were some disagreements on allowing training and education, but much narrower than in a place like New York.

Wisconsin also had very gifted administrators at the state and local level. They have bureaucrats that other states would kill for. In New York, you have not only much more divided politics, but also a weaker bureaucracy. New York isn't the worst state, by any means—it's amply funded—but the professionalism and commitment to quality isn't as high. In Wisconsin, some officials took the lead in reforming counties; you don't see that in New York. Governmental quality is the hidden element there.

**CUF:** And Congress can't fix that in any reform or new legislation.

**LM:** Not as such, but there are other things Washington does—funding automated systems, setting performance measures for welfare—that can improve bureaucratic performance. Those have existed in various welfare regimes up to the present. The performance measures require states to put out to get federal funds. I would argue that over time this pushes states to perform better in welfare.

In my new book, I evaluate different state performances on welfare reform. If you know what measures to look at, you can rate the states in terms of how they've performed on TANF. You can see that “good government” states like Wisconsin are in the lead, the big urban states like New York are in the middle somewhere, and the southern states are at the bottom, with weaker administrative regimes and less professional government systems. That sets a limit on what you can do. There is progress, however, and I don't think the situation is cast in concrete.

My rating of New York is that its major problems are political. In most senses, New York has not even enacted welfare reform-

—Albany passed all the issues to the county level in 1997, and that's why New York City has been the major scene of action over the last five to six years.

Next only to his police reforms, Giuliani's leading achievement was welfare reform. But the system is not decisively changed. It could go backwards, unlike, say, Milwaukee where the change is irreversible.

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120 Wall Street, 20th Floor, New York, NY 10005

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