

KEYNOTE ADDRESS:

SOCIAL JUSTICE WEEK 1997

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INTRODUCTION

I am pleased to be here not just to talk about the question of what happens to poor people under the new welfare legislation, but also because you have asked me to speak as part of your Social Justice Week. It is very important that you have Social Justice Week and that so many people are so interested in participating. As I will say in more detail later, it is urgent that we get beyond the debate over welfare at the same time as we pay careful attention to the implementation of the new welfare legislation. Our real effort has to be, in the broadest sense, about social justice. So the fact that you have situated this conversation this morning as the beginning point of your Social Justice Week is very important, and I am doubly pleased to be here on that account.

This is a critical time for low income people in our country. As everyone in this room knows, we are in the process of implementing a historic piece of legislation and one which is of deep concern to me, and I think to everyone here, in its implications. I want to start by saying that we did need to reform what we called welfare in this country, the federal program of Aid to Families With Dependent Children (AFDC). It was absolutely wrong to blow that structure up instead of trying to fix what was wrong with it. But there were some very major things wrong with it. For one thing, it really did not promote work for those who were able to go to work. The intersection between welfare and work was badly designed. Second, it did not provide sufficient benefits anywhere in the United States to get people out of poverty, even along with food stamps. And, most important, our entire effort to prevent people from going on

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welfare in the first place was, and is, sadly deficient. So, we have too many people who are on welfare because we didn't do what was necessary to help them not be in poverty in the first place. And we didn't do enough to help people get people off welfare so that they could support themselves and their families by working.

But what Congress and the President have done here was not the right way to reform welfare. This is not a reform in any sensible way. What we have here is essentially a forced march. We have an arbitrary time period that has been put into legislation about the amount of time that people are allowed to receive federally appropriated funds for assistance. What we have with these quotas of how many people have to go to work and by what time is essentially a one-size-fits-all approach. It reminds me of the ancient Greek myth of the Procrustean bed in which the travelers came to the inn and the innkeeper had a bed of one size. When the people got into bed, if they were too tall, he just chopped off their feet; if they were too short, he would stretch them so they would fit. That is in effect what we have here.

The five-year time limit with the federal money means that on a given day five years from now, and thereafter, only 20 percent of those who are left on the caseload on that day can be allowed to stay on with federal money. I believe achieving that is going to be a very tall order. And states can make it even tougher. They can have shorter time limits, as you do now here in Virginia, because this is a block grant. Apart from the negative constraints of the overall five-year time limit and the work participation requirements, this legislation says to the states, You are free to do what you want. That is what a block grant is. The states are free, as the journalist Jason DeParle of The New York Times wrote a couple months ago, to do real welfare reform if they are willing to put up enough state money to add to the federal money to make that possible, or they can give people a bus ticket out of town. That is what this means. So states are perfectly free to make the time limits tougher than five years, and a number of them have done so.

We need to keep in mind who will suffer in particular, and that is children - - innocent children who bear no responsibility for whatever their parents have done or have not done. So if we are going to reform welfare, we want to be genuine about promoting work and we want to protect children at the same time. We have to do both of those things, or we will not have succeeded in reforming welfare. I don't think we have done either one of those things effectively in this legislation.

We need to be constructive. I want to be very clear about that. We need to do our very best as advocates, as friends of children, as people who care about poverty in this country, to see that this legislation is

implemented in the best possible way so that it helps people or at least hurts the fewest number of people. We have to be constructive about that. It is not going to help just to say, This shouldn't have happened. *It shouldn't have happened*, but now we have to look forward and figure out what we do here in Virginia, what we do in states across the country, and how we make the case for better approaches for the future.

WHERE ARE THE JOBS?

I am very worried about what is going to happen. There are three big questions. The premise of this legislation, the bottom line, is encapsulated in a bumper sticker. There are so many bumper stickers in all of this. End welfare as we know it. Two years and you're off. Another bumper sticker is, Find a job. The idea here is that nearly all of the people who have been on welfare for long periods of time should be working. I think, as I'm sure all of us here do, that there are many people who have been on welfare for a long time who should be working. But the legislation essentially says, Go find a job. It allows the states to help people in that regard, but they don't have to. So the first question that I have, if the instruction of the legislation is find a job, is, where are the jobs? Where are the relevant jobs? Where are enough entry level, geographically accessible jobs? We are talking about people who when they go to work are basically going to get entry level jobs, so jobs as computer engineers in Silicon Valley do not count for this purpose. These have to be entry level jobs that people can get to when they get up in the morning.

We see in the media the statements of some of the enthusiasts of this new legislation and they are saying, No problem. This is working beautifully. Caseloads have already dropped by 20 percent around the country. Indeed, you have had a caseload reduction of something like 30 percent here in Virginia. And that is typical. Some states haven't done as well, and some have done a little bit more. Some of the reductions have to do with specific state policies, but there is a broader context as well. Back in 1989 there were about 10.8 million people on welfare and then we had a very bad recession. A major increase in the welfare rolls ensued, and by early 1994 the total had gone up to 14.3 million people. Nobody knows quite why it went up that much because that is even a little more than would have been suggested by the economics of the recession. But in any case, it went up, and all that has happened is that it has gone back down, but it has not even gone back down to the level it was at before the recession. The total is now about 11.5 million, so in fact we have not even gotten rid of all of the bubble of the early 90's.

Why have people gone off? The first thing to look at is that we have had sustained low unemployment for quite a while. It is common sense

that when there is pretty low unemployment for a long time--guess what?--people get jobs. The other day we heard that the Federal Reserve Board is about to raise the interest rates by one-quarter of a point because they are worried about inflation that isn't even on the horizon yet. So, we may see a stimulus to capping this great rise in employment, this big decrease in unemployment that we have had. I think the adherents of this welfare reform, this great automatic process of everybody getting jobs, better worry about that.

To understand a bit more precisely the challenge that lies ahead, with 11.5 million people still on the welfare rolls, including nearly 4 million adults, we need to understand that there are essentially two populations of people who are on welfare in this country. There is a third if one includes those people who get into trouble temporarily when their unemployment compensation runs out, go on welfare for a brief time, and then go off. That is actually a relatively small number. The two large populations are the people who go on and off and the people who are on for a long time. About half the welfare population on any given day are people who are going to get off pretty soon. But about 70 percent of the people who get off within two years come back on. In other words, these are people who struggle very hard. They work when they can get work, and then the economy goes bad and they get laid off or something happens in some other way, and that is about half the caseload at any one time. It is a big majority of those who ever go on welfare, but on any given day it is about half the caseload. The other half are those who stay on for longer periods of time. There are a lot of reasons why there are people who stay on for longer periods of time, but, whatever the reason, about half the caseload nationally on any given day are people who have been on welfare over the course of their life for more than five years, and are therefore in the middle of a pretty long spell at that time as well.

The heart of the target for this new welfare law is the long-term people, and we have not even begun to affect them yet because this is all too new. About two million of the nearly four million people still on the rolls are the longer term population. That is a large group. It is premature to say we have succeeded. It is premature to pronounce success. It does the whole effort of trying to help people get to work a disservice because it minimizes how hard the job ahead is.

I indicated that I am worried about whether there are going to be enough jobs. Until just the last few months metropolitan areas all over this country over the course of this decade have been losing jobs, not adding jobs. In the New York City metropolitan area, between 1990 and 1996, they have lost 260,000 jobs, and there are 285,000 people on AFDC in New York City alone, not counting Long Island or Westchester County. That is a set of numbers that goes in opposite directions. Lost 260,000

jobs---have to put 285,000 people to work. Advocates in state after state around the country have done job calculations and come to similar conclusions. It is a real problem. There has been a slight recent gain in most places because of the sustained low unemployment that we have had. But we need to look at this very carefully, and we do not want to accept superficial statements from people that it is all going just fine, and just look at the want ads, there are enough jobs out there, because it is much harder than that.

Having said that, I want to emphasize that we should be trying to put people to work, to help people get to work in the private sector. That should be our aim. We need to push very hard to get private sector employers to participate. People everywhere should make an effort along the lines of what President Clinton has urged. He has repeatedly asked companies to hire welfare recipients. That is the right spirit. Efforts can be made that go beyond what is occurring right now. But if there are not going to be enough private sector jobs, and if we are going to insist on work, then we need to look at public funding for jobs for people who are unable to find private sector work, or need a job as a transition to gain some work experience. If we do that, these should be real jobs that genuinely help people get to the next step in their lives, not workfare. What do I mean by workfare? I mean requiring a person to go out and work off her grant, without any skill-building and job-finding strategy associated with it. The point of a transitional public job should be transition. It should help people. It should be part of a larger strategy to help people end up with permanent work. Nor is it essential that the permanent work be private sector work. There are many important tasks that could be financed with public funds if we are willing to pay for them. For example, we need a lot more child care because of this legislation.

I am also concerned that we are about to unleash a destructive competition. There are a limited number of low-wage jobs, and we are asking more people to compete for those low-wage jobs. It doesn't take a rocket scientist -- it is not a complex question of labor market economics - - to figure out that when you have more people competing for the same number of jobs, it actually depresses the labor market. In various places around the country we are seeing a substitution -- the Parks Department in New York City is one example -- of people who have been on welfare for others who were low-wage earners before. That is not right. That is a destructive competition. We should not make one group better off at the expense of another group that cannot afford, and should not be made, to lose out. That is not the way to find jobs for welfare recipients.

WHAT ARE WE GOING TO DO TO HELP PEOPLE GET JOBS?

Question number two: What are we going to do to help people get the jobs and keep the jobs? This is absolutely critical. Remember the challenge is about long-term welfare recipients, and if we are going to take that seriously, it is not simple. For people with low skills and very little work experience we have to be talking about, in effect, supportive employment. Long-term welfare recipients do not just walk into the labor market and succeed. One good example is Project Match at the Cabrini Green public housing project in Chicago. There is also a good initiative in Oregon, and there is an extensive effort in Kansas City. Project Match tells us the following: 71 percent of the Cabrini Green residents who participated -- who were, by the way, volunteers for the project, people who wanted to find jobs -- had lost their jobs by the end of the first year. Lost their jobs by the end of the first year. And yet, because the Project Match people worked with these women, stayed with them, by the fifth year 54 percent of the population that started was working all year long. How did that work? It was because they were really there. They *were really there* with these women, *for* these women. They were there in terms of what we might call job coaching while the women were on the job because there are all kinds of issues and questions that come up. And they were there between jobs to say, You can do it, and to say a little bit, You *have* to do it. So, it was a carrot and also a gentle push. All of that is necessary because we know from experience that when people who do not have a lot of work experience get in to the job market and are trying to do their best, they still tend to bounce from one job to another before they finally make it. So this is what we have to do, but the problem is--this is not magic. It does not happen with a magic wand. You have to stay with them, and to do this costs money. So the question is, are we going to do this? Are you going to do it in Virginia? We will not succeed with the longer-term population unless we make this kind of investment.

There are a number of other things that have to happen. There has to be enough good, affordable child care. Are you investing enough in Virginia so that you have good affordable child care for all those who are going to have to go into jobs under this legislation? I am worried about that in a lot of places. In New Jersey, for example, they have had to reduce the child care subsidy that was available for people already working, in order to have more funds for people newly entering the work force. That makes no sense. In the past we could say, Well, at least those folks who were working and lost their child care can go on welfare. That is not the deal any more. Because if you come off a job for whatever reason and do not qualify for unemployment compensation, you face the five-year lifetime limit, if indeed the state is even allowing the whole five years. In Virginia people face an initial two-year time limit, and the first group is going to hit that this July, so we'll see what exactly occurs when that time comes. You started early in Virginia because you had a waiver from the federal government, and so the first two years are up this July.

Is there enough child care? Minnesota, one of the states that is doing a pretty good job, is investing \$50 million in child care. That is a state of about three million people. You can judge whether you are making an adequate investment when you take a look at a state like Minnesota. In New York they are investing \$54 million. When one compares that to Minnesota's \$50 million -- New York is about six times the size -- it appears as though New York is not investing enough in child care. Nor is it enough to look simply at the amount of money appropriated. You have to look at the details. What about people whose job is on the midnight to eight a.m. shift? What about quality? Is there training for child care workers? Is there inspection of child care facilities? So, it's enough *affordable child care of a decent quality* that we should be talking about.

Health coverage is absolutely essential. Under the framework that we have had, people who go to work get about a year of transitional Medicaid. The situation is better for children, although not good enough. Federal law requires Medicaid coverage for every poor child who was born after September 30, 1983. So all children who are now about thirteen years old or under and poor are entitled to Medicaid. They don't have to be on welfare, just poor. That is good, but federal law also allows the state optionally to provide Medicaid for children up to 185 percent of poverty, up to the age of 19, right now. So states can do more, and get a federal contribution. If a mother is out there working, and the transitional Medicaid ends and she has a child who has chronic asthma, or any of a number of chronic illnesses, or she is just legitimately worried about things that could happen to her children, she is going to have trouble staying in that job. You have to have health care. This is one of the reasons why it was so disappointing that we were not able to get the health care legislation enacted during President Clinton's first term.

There are encouraging developments occurring in Congress on health coverage for children. Senators Orrin Hatch of Utah and Edward Kennedy of Massachusetts last week introduced a bipartisan bill that will get coverage to all ten million children in this country who do not have it. And, by the way, nine million of the children who don't have coverage are children of working parents. Working parents. They may be poor, but they are people who are out there working, doing their best and don't have health coverage. So, we need to get that legislation enacted.

Another problem is that so many jobs do not pay enough to get people out of poverty. You are doing a good job here in Virginia with earnings disregards -- allowing people to keep some of their welfare when they go to work if they are employed in a low-wage job. That is one of the reasons people have gone to work in Virginia. There are, in fact, twenty-seven states that have seen that this is an important thing to do. The problem is

that it runs into the time limit if you use the federal block grant to pay for it. But helping to make work pay will not run into the time limits if it is financed with state money. Because the new structure is not a matching program, the new federal TANF money and the state money you have been spending in the past can now be programmed in completely separate ways. So you can use some of the state money to help make sure that people do not go to work and still end up in poverty. We should make work pay. Work should pay. This would seem to be simple justice.

Still another big issue is transportation. The issue of how people are going to get to the jobs is a major one, especially in a state with smaller cities and rural areas that lack public transit. Any initiative you undertake on that will also require funding.

One of the problems with making sure we invest enough to help people get jobs and keep them is that the new law invites each state to cut its contribution -- its so-called maintenance of effort -- to 80 percent of what it was spending before. That is an invitation to cut by 20 percent, which if accepted across the country will take out about \$40 billion more of assistance for low-income people over the next six years, on top of the \$55 billion that the new law already cut. My understanding is that you have accepted that invitation here in Virginia, and that is too bad. If we are going to have money for child care and health care, if we are going to have money for wage supplementation, if we are going to have money for support services for the long-term recipients in the ways that I have described, we have to keep on investing what we were spending at least. Does that seem onerous? Just what we were spending on poor people before, instead of accepting the invitation to cut the state money.

WHAT HAPPENS TO PEOPLE WHO REALLY CANNOT WORK

The third question is: What happens to people who really cannot work for one reason or another? People who are on welfare for a long time are not simply a bunch of dead-beats and lazy people. There are certainly some who need a push. There are some who need help and support in the ways that I have described. But there are a lot of people who have been on for a long time for some good reasons. There are people who are taking care of a chronically ill child, a chronically ill parent or other relative. There are people who are victims of domestic violence and are subject to retaliation from their partner, or at least sabotaged, if they go to work. There are people who are functionally disabled even though they are not legally disabled -- with problems of mental illness, borderline retardation, or drug or alcohol abuse. There are grandmothers taking care of grandchildren who themselves are poor and, therefore, are on the caseload. These are all substantial numbers.

The Kaiser Foundation financed a study by the Urban Institute which found that 30 percent of the caseload were either effectively disabled themselves or taking care of a chronically ill child or other relative. The state of Washington did some studies about learning disabilities in this population. They looked at quite a large sample, both rural and urban, and found that 35 percent of their AFDC population is learning disabled. It is one thing to identify a learning disability when someone is eight years old, when remediation can start before damage is done. But when a person is in her twenties or thirties and it has never been identified, there has been a lot of damage done along the way. Some people in that group can work, but they are going to need help and support to deal with their learning disability before they are able to do that.

It was very surprising to me to discover what high percentages of people on welfare are victims of domestic violence. I was with the very conservative Lieutenant Governor of Massachusetts the other day on a panel, and he said that 50 percent of their caseload are people who have been victims of domestic violence in their lives, and 20 percent have been victims within the past year. There are other studies that show higher numbers than that. Jody Raphael of the Taylor Institute in Chicago is the leading researcher on all of this. This is another set of facts that absolutely needs to be taken into account. This is not one-size-fits-all. We have to understand the human dimension. We have to individualize our responses.

ADDITIONAL QUESTIONS

There are other issues to confront as well. The need to do research on all of this is absolutely imperative. What happens to people as this proceeds? The ones that disappear. The ones that get jobs. How many really do get jobs? What is their subsequent history? How long do they keep a job once they get one? What is the wage? Do they have health care? What is the experience of everyone? Plus, we need stories. We need to document the human dimension of this--what happens to real people, so we can tell our fellow citizens, so we can tell our legislators, so we can tell Congress. Stories are important as well.

We need to look at the issue of procedural protections for people whose benefits are cut off or reduced, or who are otherwise subjected to sanctions. The new law removes the word entitlement, and that is meant to be legally meaningful. All it requires is that the states tell the Secretary of Health and Human Services what kind of fair hearing and administrative review procedures they are going to have. There will be litigation about that, because in one place or another around the country there will be a challenge as to whether the procedural protections that are provided are

sufficient. It is very important, because as much as we hope and believe that there will be good intentions on the part of those who will be administering the law, there is room now for bureaucratic actions that might be less than fully responsive.

People say, What are you so worried about? Don't you trust the states? I actually do think that the ways in which we provide federal assistance are cumbersome in many respects, and we need a whole separate debate about fiscal federalism. But I can also tell you that we are seeing around the country the possible negative consequences of this block grant coming into existence. They are taking place in real life.

Governor Pete Wilson of California is proposing a five-year time limit overall, but new people who come on the rolls can be on for twelve months, and then they have to be off for a year -- twelve months out of any twenty-four. I don't know whether people are going to be able to get a job that fast. He is also proposing that benefits be cut by 25 percent over the next two years. Governor George Pataki in New York is proposing that benefits be gradually reduced as people stay on the rolls longer, to be down by 45 percent after a family has had four years of assistance. Georgia and Florida have four year lifetime time limits. Connecticut, Indiana, and Utah are even shorter, although they offer exceptions.

Will the law be fixed in Congress this year? We heard a lot about that during the campaign. In fact, all President Clinton has ever said is that he would try to do something about the immigrant and food stamp cuts, and a little about job training. These things are worthwhile, but none of them except for his very modest proposal on job training goes to the basic welfare structure. And that is in fact not surprising because the law creates a totally new structure, and people who voted for it are understandably saying they want to see it operate for a while and see what happens before they will be willing to entertain any changes.

THE REAL ISSUE

The worst part about all of this is that here we are all assembled for the beginning of Social Justice Week, and we are talking about the wrong issue. We should be talking about how we prevent people from going on welfare to begin with. The issue should be ending poverty, not ending welfare. That is the real question. So all of the things that you are going to talk about this afternoon are vitally important. What happens from the point when children are born? In fact, what happens starting with prenatal care? What are we going to do regarding infants and toddlers? We are now seeing startling new research data about this crucial period, indicating that patterns form in the brain very early. It poses a challenge for policy in

relation to all of our children, but especially for low-income children, who need the very best in order to surmount all the risks they face. And then we go on through the stages of child development and education. I talked about child care, but the issue is not just child care to get off welfare, but child care that is good for children at the same time. We still face the challenge of fully funding Head Start, and integrating it into a system of child development. Shouldn't we be investing in home visiting and healthy start approaches to promote good parenting? We know from research that these things make a difference. When children go to school, are we going to make the changes in our educational system that are necessary so every child gets a good education?

When young people enter adolescence, our policies become even less adequate. Prison has become our youth employment program for young men. It is a national tragedy. For young women, our policy, if they had a child, was welfare. That was far from adequate as a policy because we should have been doing other things to promote real life choices for young women (and young men). We have had the wrong solutions. We need something different. When young people get to an age where, as of now, they see the bleakness of their future, we need to be able to say to them that real opportunity exists. But to be able to say this we need to deal with the discrimination and prejudice that confront African-American, and Latino, and Native American, or other minority young people as they look for their crucial first job. We need to make sure there is opportunity at the end of the road, and we need to focus on the path by which young people get from here to there. In the end, they have to take responsibility for themselves, that is for sure. That is the only way it works. But they need to have a clear path to help them get there with the skills and self-confidence and self-esteem and good work attitudes that are so essential. And that means, not only improvements in schooling, but also positive alternatives after school. The question used to be, It's ten o'clock, do you know where your kids are? It now is, It's four o'clock, do you know where your kids are? The peak hours for violent crime among young people in this country are between three to six in the afternoon. I suspect those are also the peak hours when young people are getting pregnant. I don't have the data on that, but I suspect so. We have to be looking at what happens in the afternoon and the evening both. Keeping our schools open, turning them into community centers. Partnering with non-profit organizations to come in and provide positive alternatives. Getting people in the community to be involved. This is not just about government policy. This is not just about spending public money. This is about all of us. Getting people in the community to work with kids, and be with kids, and listen to kids. Getting young people themselves involved in going out into the community and serving. It builds self-esteem. It makes young people feel better about themselves, and they get something done that helps the community. We

have to do all of that. We have to build community. We have to build a sense of caring about each other. We really have to have a new movement.

The debate over welfare is taking away from what our focus should be. I hope that we are not only here to talk about welfare, but that all of you, today and throughout Social Justice Week, will discuss what all of us can do to address the underlying issues of poverty and race and gender and income distribution that are at the heart of the continuing tragedy of undue poverty in America.

I want to conclude by saying a special word to all of the young people who are here. You are the key to all of this. You are the people who are going to save this country. The challenge of Social Justice Week to you is what you are going to do, not just now, but throughout your lives, so that in the end we really do achieve social and economic justice, and racial justice, in America. That is the challenge. It was wonderful to be with you this morning.