

# Theoretical Perspectives: Poverty, Anti-Poverty Policies, and the “End of Welfare as We Know It”

## I Introduction

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) ended the 61-year federal entitlement to public assistance for needy individuals, altered substantially the structure, organization, and funding streams of U.S. public assistance, and shifted control over public assistance distribution and benefit levels from the federal to the state governments. Under the former Federal program, Aid to Families with Dependent Children (AFDC), cash assistance was available to needy children and their adult caretakers. States maintained discretionary authority to determine eligibility for benefits by receipt of open-ended matching funds from the Federal government. Insofar as a family met eligibility requirements, there were no time restrictions on assistance. AFDC's replacement authorized by PROWRA, Temporary Aid to Needy Families (TANF), ends automatic entitlement to welfare assistance for children and their caretakers, and aid is now administered through block grants to the states rather than through the Federal government.

Under TANF, families may not receive welfare benefits for more than five cumulative years, and for no more than 2 consecutive years. The JOBS program was subsumed under TANF's block grants; a separate funding stream for literacy and work experience programs no longer exists, and funding for these programs is capped at 1996 levels. Those who receive aid must now find employment. Education and job skills training classes do not count toward the fulfillment of work requirements; if recipients wish to further their education, they may do so only after the weekly work prerequisite (up to 40 hours in some states) has been met. Harsh penalties, including denial of benefits, await recipients who fail to meet the work requirement. While some provision for vocational training has been allowed under TANF, the Federal government is requiring that no more than 20% of a state's total caseload be participating in vocational education at any given time. Other changes, such as cuts in food stamps, child care, and medical assistance, and the cessation of aid to legal immigrants, were part and parcel of the 1996 reforms (Brookings Institute, 1997; National Institute for Literacy, 1997; U.S. Department of Health & Human Services, 1997).

This essay provides a brief account of anti-poverty policies by presidential administrations with attention to the “rules of thumb” of party ideology in the war on poverty that led successively to the “end of welfare as we know it.” Theoretical perspectives on poverty and anti-poverty policies illuminate the evolution of poverty knowledge revealing discernible differences in orientation and fundamental premises that shift poverty research foci and findings. An amalgam of these perspectives girds welfare reform and its subsequent policy changes. Unfunded mandates imposed upon state and local governments by the devolution of federal reform are discussed to explain municipal attempts to build collaborative relationships with private-sector employers in order to meet these mandates.

## II Background

Explanations for the cause of “poverty amidst plenty” emerge from a number of disciplines, namely, sociology, political science, and economics. These schools of thought embody diverse theoretical approaches that lend contrasting recommendations for anti-poverty policies. Governmental support for these recommendations is contingent, for the most part, on a two-party ideology. In the political arena, as a rule of thumb, conservative Republican agendas adhere to *laissez faire* liberalism and generally view poverty as a result of government intervention into the free market and prefer that private charities and community foundations address the needs of the poor. On the other hand, as a rule of thumb, liberal Democratic agendas reveal a moral standpoint on poverty that holds the federal government responsible for the public welfare. As such, government-funded anti-poverty policies are typically implemented under



Democratic administrations. From the mid 1800's to the mid 1900's, these rules of thumb held true. However, in an astonishing departure from conventional party politics, Democratic President William Clinton "ended welfare as we know it." Viewed in its historical context, the evolution of poverty knowledge informing the devolution of anti-poverty policies illuminates this striking divergence.

### **Historical Approaches to Anti-Poverty Policies**

Prior to the Depression, poverty was thought to be caused by inherent human shortcomings and anti-poverty efforts were limited to outdoor and indoor relief provided primarily by private citizens and charities. During the Depression, however, the prevailing thought on poverty's causes shifted to structural explanations and assumptions of restricted opportunities preventing self-sufficiency. The 1935 Social Security Act and employment programs alleviated the effects of rising unemployment and extreme poverty. Under Democratic Presidents Kennedy and Johnson, poverty was thought to be the result of a deviant subculture and restricted opportunities for some. The food stamp program, Job Corps, Medicaid, Head Start, aid to poor schools, and job training were implemented in an effort to alleviate extreme poverty.

The Republican Nixon Administration returned to the idea of flawed individual characteristics as poverty's primary causal factor and attempted, but ultimately failed, to implement a Negative Income Tax. Thereafter, under the Republican Ford and Democratic Carter Administrations, the Earned Income Tax Credit was authorized and the Negative Income Tax again rejected. The era of devolution, which remains today, was ushered into the policy arena under the Republican Reagan Administration. Poverty scholars suggested that poverty was a result of inefficient government programs that perpetuated a vicious circle of poverty. During this time, welfare funding underwent drastic cuts and the JOBS program was implemented to shift persons from the dole into the work force.

Poverty warriors writing at the time of the Bush Administration suggested that social isolation exacerbated by government programs was the culprit of poverty and "empowerment" was the rave in social science discourse. As such, programs emphasizing volunteerism, community-building, AFDC waivers, and expansions to Medicaid and Earned Income Tax Credit were the cornerstone of community-level, grassroots, anti-poverty programs. Then, under the Democratic Clinton Administration, American anti-poverty policy underwent a massively devastating ideological shift wrought by the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), commonly known as "welfare reform."

## **III Poverty Knowledge**

In addition to the two-party ideology of partisan politics on the war on poverty, anti-poverty policies are informed largely by scientific poverty expertise. This expertise yields a number of theoretical perspectives that reveal shifts in conceptualizations about poverty's causes and hence, its solutions. At the turn of the century, the social economy perspective held that poverty was the cause of one's own or nature's making. However, the political economy perspective shifted these foci to labor divisions and low wages. The social ecology perspective, on the other hand, suggested that social disorganization and cultural lag were the culprits of poverty's causes. Structural functionalism identified broad social structures and the family unit as causal factors of poverty. The social stratification perspective turned attention to the interplay of class and culture and the structural social anthropology perspective added race to the mix. Oscar Lewis' "culture of poverty" represented anthropology's adaptive culture perspective. Assumptions of human behavior underlying the neo-classical economic model was joined with sociological perspectives in the 1960's to describe the poor as individually deficient. This "economic sociology perspective" shifted the foci to welfare dependency, illegitimacy and intergenerational transmission that promoted claims of personal irresponsibility manifest in long-term welfare dependency and unemployment as the causal factors for poverty. However, the economic model underlying the debate on unemployment appears to have been drawn from classical economic models. This section provides an



overview of these perspectives, thereby situating the Personal Responsibility and Work Opportunity Reconciliation Act within its historical context.

### **Social Economy Perspective: Nature and Economic Competition**

The prominent thoughts about poverty at the turn of the century were based on Social Darwinism and a natural law of economic competition. From this “social economy” point of view, as Sociologist William Graham Sumner (1883) argued, poverty was not only inevitable, but the best policy: “deprived by their own or by nature’s doing, the poor had no special claim on society at large.” (O’Connor 2001). However, this was later discarded in a shift from social economy to political economy as attention turned to social and labor conditions of the poor, denaturalizing the poverty problem, and shifting the focus of study from pauperism to poverty. This was an era characterized by social survey research and social mapping, two of which were the *Hull House Maps and Papers* (1895), inspired by Charles Booth’s (1892) *Life and Labour of the People in London*, and William E.B. DuBois’s *The Philadelphia Negro* (1899).

### **Political Economy Perspective: Labor Divisions and Low Wages**

The Hull House Maps illustrated the wage levels, diversity, and the residential density in the area immediately to the east of Hull House in Chicago’s 19<sup>th</sup> ward. Hull House researchers refrained from using the language of poverty and pauperism, and instead spoke to wage earning and ethnicity. In its representation, Hull House overshadowed the question of poverty and illuminated the question of labor. Thus, causal factors of poverty shifted to low wages, labor subdivisions, and the lack of political and social organization. Rather than individual behavior, industrial capitalism was identified as the source for economic deprivation.

These factors were also emphasized in DuBois’s comprehensive study of economic, social, political, cultural, and residential conditions of a large black community in Philadelphia. However, DuBois noted that three peculiarities made blacks more vulnerable than whites to poverty: slavery and emancipation; immigration; and social environment. Nonetheless, the relationship between race and poverty was not addressed in the literature for another three decades.

Still, researchers struggled to find an adequate means of measuring poverty and a means of determining adequate relief. The distinct idea of calculating the cost of a minimum basket of goods necessary for decent human survival was borrowed from Englishman B. Seebohm Rowntree (1901). By 1912, the Mothers’ Aid Department of the Chicago Juvenile Court was using a minimum budget deemed necessary for the maintenance of poor families. Interestingly, the basic basket included the costs of food, clothing, household furnishings and supplies, heat, lighting, rent, and other items.<sup>1</sup> However, this household budget-based poverty line would not be resurrected until the 1960’s. At any rate, the more immediate effect of the Progressive Era’s social survey movement provided a foundation for the Chicago-school social ecology paradigm that dominated the field of sociology in the 1920’s.

### **Social Ecology Perspective: Culture**

Poverty research in the 1920’s did not reject the studies of the Progressive Era, but shifted the focus from political economy to social ecology – from class to racial and ethnic identity – and from employment and wages to social disorganization and cultural lag. Poverty was deemed to be part of a broader symptomology of social disorganization and could be attributed to temporary cultural breakdown. From this point of view, ethnic relations and the rise of industrial capitalism were a part of a natural evolutionary process. Like an organism, society was constantly evolving according to the laws of the human instincts for competition, conflict, accommodation, and assimilation. This “ecological succession” was continuous, evolutionary, and irreversible. Reform, then, had to be in harmony with social ecology and avoid interference with the natural progression of industrial growth and ethnic assimilation. Social ecology took the community as its unit of analysis and lent the theoretical grounding to the concept of community empowerment as a vehicle for broader social change.

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<sup>1</sup> Glennerster, H. “United States Poverty Studies and Poverty Measurement: The Past Twenty-Five Years.” *Social Service Review*, March 2002, pp. 83-107.



### **Structural Functionalist Perspective: Social Structures**

The macro-level structural-functional perspective focuses on broad social structures that shape society as a whole. This perspective holds that society is a complex system whose parts work together to promote solidarity and stability (Ritzer, 2002) and places emphasis on the organization of family as a structural unit within this system (Macionis, 2002). The two basic components of this paradigm are social structure, or a relatively stable pattern of social behavior, and social function, which refers to consequences of a social pattern for the operation of society (Macionis, 2002). Early sociologists using this perspective included Herbert Spencer and Emile Durkheim. Structural-functionalism emerged in the sociological literature during the 1950's by Harvard University sociologist Talcott Parsons (1902-1979) and Columbia University sociologist Robert K. Merton (1910- ). However, the poverty discourse of the 1930's ushered in perspectives on poverty that are consistent with structural functionalist premises.

Particularly from the functionalist perspective, the cause of poverty lies predominantly in the characteristics of disadvantaged *groups*. Among these group categories are class, race, and culture. While the focus is on the group, however, the defining characteristics of the group are assumed to be true for the individuals within the group. This approach is based upon the assumption that society, like the human body, is organized in terms of systems and subsystems (Phillips, 1996). Just as each system of the body serves different functions and contributes to the whole organism's welfare, so do different institutional structures in society. As such, structural-functionalists hold that whatever exists (*e.g.*, poverty) serves a social purpose, or function; if it had no function, it would cease to exist (Merton, 1958). From this perspective, systems seek equilibrium, balance, stability, and order (Phillips, 1996).<sup>2</sup>

As sociology developed in the United States during the twentieth century, Robert Merton further applied and developed the thinking of these early social scientists. Merton differentiated between manifest functions, or consequences of social structure both recognized and intended, and latent functions, which are unrecognized and unintended consequences of social structure. There may be undesirable effects on the operation of society, or social dysfunctions. In critically evaluating this paradigm, it is pointed out that it is a conservative approach to the study of society which tends to ignore tension and conflict in social systems.

### **Social Stratification Perspective: Class and Culture**

During the 1930's, several researchers challenged the social ecology paradigm that attributed poverty to cultural breakdown. Anthropological and sociological studies considered culture as a factor in understanding poverty, not as a reflection of disorganization, but as a dimension of structural inequalities. In Carl Withers' (1945) eyes, poverty was not caused by the dominant culture; it was the culture of the

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<sup>2</sup> While structural functionalists tend to emphasize the orderliness and stability of society, conflict theorists like Ralf Dahrendorf characterize society as being in a state of flux and dissension. The social-conflict paradigm is a framework for building theory that sees society as an arena of inequality that generates conflict and social change. Social differences, rather than social integration, are the focus using this paradigm. Educational achievement is discussed to illustrate the unequal distribution of power and privilege. According to conflict theorists, coercion holds society together, not norms and values. Dahrendorf focused on the role of authority in society, which he viewed as involving the superordination and subordination of groups occupying particular positions within what he called "imperatively coordinated associations." Groups within a given association are defined according to their specific interests. These interest groups have the potential to turn into conflict groups, and their actions can lead to changes in social structures. Critical evaluation of this paradigm raises concern that social unity is ignored, and that in focusing on change, objectivity may be lost.

The structural-functional and social-conflict paradigms focus on a macro-level orientation (*i.e.*, broad social structures that shape society as a whole vs. a micro-level orientation, a focus on social interaction in specific situations). The symbolic-interaction paradigm views society as the product of everyday interactions of individuals. People are seen as interacting in terms of shared symbols and meanings. Max Weber, George Herbert Mead, Erving Goffman, George Homans and Peter Blau (social-exchange analysis) were instrumental in the development of this perspective. Critics of this model stress that it focuses on how individuals personally experience society. This approach cannot be generalized to the broader society nor can it establish broad general patterns.



poor. Conversely, Robert and Helen Lynd (1929) argued that the dominant cultural commitment to laissez-faire and consumerism exposed the working class to poverty. Like the Lynds, W. Lloyd Warner (1947) held that class stratification had a deep-seated cultural dimension that operated independently of economic relationships. Warner's central theme -- that class and status hierarchy was an elaborate system of formal social institutions and class-specific cultural practices -- made upward mobility difficult.

Warner identified the "lower-lower" subculture as a class made up of persons who cared little about education, resisted outside attempts to improve themselves, were marginally employed, disorderly, shiftless, and lived on the "wrong side of the tracks" (O'Connor, 2001). Warner argued that the lower-lowers were well-adapted and generally satisfied with their place on the status hierarchy. Warner's functionalist framework was later rejected as "muckraking," culturally relativist and romanticized (O'Connor, 2001). Nonetheless, the theories that emerged in the 1940's took on increasingly psychological connotations of lower-class cultures, reified existing stereotypes, and added cultural lag, deviance, and cultural pathology to the scientific language of poverty and its causes.

### **Structural Social Anthropology Perspective: Race, Class, and Culture**

During the late 1930's and early-to-mid 1940's, a number of scholars traced racial inequality to social and cultural disadvantages rooted in white prejudice. An ongoing debate about black lower-class culture ensued between Chicago-school sociology and W. Lloyd Warner's social anthropology. Essentially, the debate was whether this culture was a product of migration and temporary disorganization or a coherent, deviant, but organized response to structural inequality. The tension between social ecology and anthropology on black poverty was eventually resolved by Gunnar Myrdal's description of the vicious circle -- that both cultural disorganization and racial oppression caused black poverty. St. Clair Drake and Cayton's *Black Metropolis* incorporated structural social anthropology, Chicago-school social ecology, and social survey techniques and presented black poverty as a product of a racialized political economy, social disorganization, and a distinctive, culturally-deviant lower-class way of life. This era brought forth the racialization of poverty studies as a problem of cultural pathology and rushed in the widely adopted "culture of poverty" that claimed to explain the paradox of poverty among affluence.

### **Anthropology's Adaptive Culture Perspective: "Culture of Poverty"**

At the end of the 1950's earlier thoughts on poverty and its causes appeared to converge in Oscar Lewis's social scientific theory of a "culture of poverty" (O'Connor, 2001). Interestingly, he developed the idea of a culture of poverty from studies on individual personality as developed in the family. Lewis argued that the culture of poverty perpetuates itself by psychological means and is found primarily in modernizing, class-stratified, highly individuated, capitalistic societies. Unfortunately, the significance and influence of capitalism suggested by his theory that, by implication, would demand far-reaching reform, was couched by his analysis imbued in behavior and psychology. As such, the cause of poverty was no longer considered in terms of structural divides of class and race. Rather, the cause of poverty was the collective, self-perpetuating behavior of the poor that left them isolated, maladjusted, politically passive, and deprived, rendering them incapable of participating in the numerous opportunities that -- apparently -- were readily available to everyone in an affluent society.

The culture of poverty may be viewed from a functionalist approach by way of the underlying assumption that there is a *right* or *correct* culture and a deviant culture—a culture of poverty. This perspective assumes that the poor will remain poor because their culture deviates from the norm. The Moynihan Report (1965) borrows aspects of the culture of poverty to explain African American poverty. This report pointed out that the poverty associated with the Black community was due to a history of slavery and economic oppression; yet it called for altering lifestyle in order to cope with poverty. Moynihan concentrated on the characteristics of the Black family that required changing, rather than the system of oppression. The *sine qua non* of the structural functionalist approach holds the family as one of many organized structural units within a complex social system.

By the end of the 1960's, the culture of poverty theory was fully discredited. These criticisms were based on the theory's psychological determinism and the assertion that the culture of poverty was a thoroughly



political idea – a device to blame the victim, neutralizing the disinherited, distracted from the real issues of structural inequality, and was an “example of how social scientists misled the architects of the War on Poverty by putting forth notions that turned out to be spurious” (O’Connor, 2001). Nonetheless, twenty years later, a strikingly similar idea, that of the “underclass,” appeared in the poverty discourse.

### **Neo-Classical Economic Sociology Perspective: Individual Deficiencies**

Though President Johnson declared a war on poverty in the 1960’s, there was still no official definition for poverty, let alone consensus on its causes. Nonetheless, the 1960’s marked a striking shift from industrial and social survey research of the Progressive Era and behavioral science research of the Post-War Era and ushered in an era of neo-classical economic “microdata” (O’Connor, 2001). The study of poverty became compatible with lightly managed, free-market, capitalist growth. Neoclassical models of economic decision-making begin with the premise that individual’s value profits and are driven to avoid costs. Individual actions, therefore, can be seen as efforts to secure the rational maximization of profit and social patterns may be understood as the aggregate of such profit-seeking choices.

Since this time, a neo-classical model of “rationality” enjoined with an amalgam of sociological and anthropological perspectives have been the prevailing theoretical approaches to the study of poverty. As such, these perspectives are somewhat eclectic in their evolution: evolving from a focus on individual deficiencies to welfare dependency, illegitimacy, intergenerational transmission, the lack of personal responsibility, and a reconfigured notion of unemployment that dons a classical economics perspective. This eclectic amalgamation of economics, sociology and anthropology is evident in John Kenneth Galbraith’s scholarship.

In *The Affluent Society*, Institutionalist economist John Kenneth Galbraith (1958) argued that growth produced a self-perpetuating margin of poverty at the very base of the income pyramid.<sup>3</sup> The poor were the few, not the many – it was not a general affliction, rather, a residual problem, an afterthought, affecting a voiceless minority who proved immune to the benefits of economic growth. Galbraith described the poor in stereotypical terms: the “case poor” as the farm family with the junk-filled yard, poor because of mental deficiencies, bad health, an inability to adapt to the discipline of industrial life, uncontrollable procreation, and alcohol. He also described the “insular poor” who were stuck in “islands” of deprivation, unable to get out because of inadequate education, racial discrimination, or the lack of support services (O’Connor, 2001).

The structuralists argued that the poor as a disadvantaged group were *qualitatively* different and the difference was due to more than just the absence of jobs and income. They argued that poverty was a selective experience of a few underprivileged groups – disadvantaged by age, geography, racial discrimination and family structure. Michael Harrington’s *The Other America* introduced the invisible underworld of the poor and took structuralist interpretation in the direction of the culture of poverty. Harrington focused on the vicious circle of deprivation and psychological isolation that entrapped society’s “rejects” (O’Connor, 2001). Interestingly, the structuralist arguments became arguments of demographic and psychological traits. By the 1970’s, poverty research linked welfare and single motherhood to a cycle of social pathologies, including crime, addiction, intergenerational poverty. The consensus among poverty scholars was that welfare was inefficient, inadequate, unfair, and itself was creating dependency. As such, the cause of poverty was thought to be individual failure and/or the failure of the welfare system.

**Welfare Dependency, Illegitimacy, Intergenerational Transmission.** The 1980’s marked an era of focusing poverty on the unseemly behavior of the poor and brought forth another view of cultural pathology manifest in an underclass. Poverty was repauperized and the poor were distinguished as either deserving or undeserving of assistance. In his book, *Losing Ground*, Charles Murray argued that social policy had gone very wrong and that blaming the system for poverty and racial injustice was misguided.

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<sup>3</sup> Galbraith’s latest reflections on the continuing problems of affluence and private opulence amidst public squalor are part of the UN Development Programme’s 1998 *Human Development Report*. See also: “Poverty consumed, perhaps.” (1998). *Economist*, Vol. 348(8085).



He argued that social policy had created obstacles and disincentives to social and economic mobility for the poor. Murray thought that the slogan “a hand, not a handout” was replaced by the slogan, “the system is to blame” (O’Connor, 2001). He alleged that social policy moved from equal opportunity, as characterized by the 1964 Civil Rights Act, to equality of outcome, as characterized by Affirmative Action.<sup>4</sup> At the same time, however, Murray described a pathological, morally bankrupt black urban “underclass.”

The causes of poverty were then thought to be attributable to welfare dependency, family structure, teenage pregnancy, and the size, shape, and culture of the urban underclass. Welfare dependency was deemed a personal pathology and the unmarried mother deemed living in an unnatural state. In *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy*, William Julius Wilson argued that segregation and industry shifts led to the decline in the number of black working-class people capable of supporting families. As such, the manufacturing jobs on which many had come to rely had disappeared in large numbers, moving to lower-wage areas, often in Southern sectors. While cities transformed to urban financial and professional service centers, young black men did not have the education to compete for the new jobs.

**Personal Irresponsibility, Long-Term Welfare Dependency, and Unemployment.** In an incredible departure from Progressive, New Deal and Great Society roots, President Clinton signed the 1996 Personal Responsibility and Work Opportunity Reconciliation Act that “ended welfare as we know it.” The causal factor for poverty was deemed to be long term welfare dependency for which the poor were individually responsible and from which they may escape through personal responsibility and employment. The perspective of personal responsibility holds fast to underlying assumptions about human nature advanced by neo-classical economics: self-interested rationality. Interestingly, however, the employment perspective appears to adopt notions advanced by the classical economic model.

#### **Classical Economics Perspective: Voluntary Unemployment**

Classical economists Adam Smith, David Ricardo and Jean-Baptiste Say, among others, assumed that the economy tends *naturally* toward full employment. This perspective held that, in the event that there is unemployment, then unemployment (a surplus of labor) → fall in wages → increased demand for labor → equilibrium is restored (full employment). As such, any unemployment would be purely *voluntary unemployment* - people who *chose* not to work at the going wage rate. Additionally, “Say’s Law” held that the economy will tend toward full employment.<sup>5</sup> According to Say, any increase in output of goods and services will lead to an increase in expenditure to buy those goods and services. There will not be any shortage of demand and there will *always* be jobs for *all* workers. Therefore, unemployment is thought to be short-term temporary phenomena that will inevitably and *naturally* be restored to equilibrium. While these perspectives have been discredited, they nonetheless appear to have a stronghold in contemporary views about the causes and solutions for poverty. Thus, a new term for *true* unemployment emerged in the discourse on welfare reform – that of “joblessness” – which, interestingly, is claimed to exist only in Indian Country. However, the failure of non-Indian welfare recipients to become gainfully employed centers on assertions of a lack of personal responsibility, lack of skills and education, and psychological dependency upon an inefficient, malevolent social assistance system.

### **IV Reforming Welfare**

Over the past twenty years, the repauperization of poverty, the distinction between the deserving and undeserving poor, questions of the legitimacy and capacity of the federal government to adequately alleviate poverty, the description of an unskilled, uneducated underclass, and the conspicuous return to the view of cultural pathology, illuminates contemporary thoughts about the causal factors of poverty that

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<sup>4</sup> Murray, C. *Losing Ground: American Social Policy 1950-1980*. New York: Basic Books, 1984, xii, 323.

<sup>5</sup> Sackrey, Charles, Schneider, Geoffrey, Knoedler, Janet. (2002). *Introduction to Political Economy*, 2<sup>nd</sup> ed., Cambridge, MA: Economics Affairs Bureau, Inc., 99-111.



led to welfare reform. The contemporary explanation for poverty that incited PRWORA is one of individual irresponsibility manifest in welfare dependency and unemployment.<sup>6</sup> Three distinct poverty perspectives that gird contemporary thoughts about poverty, the poor, and welfare reform may be coined: (i) the personal responsibility perspective; (ii) the dependency perspective; and (iii) the unemployment perspective. These perspectives represent an amalgam of the social science discourse spanning more than a century of academic investigation that have led successively to the end of welfare as we know it.

The “personal responsibility perspective” holds that welfare programs do not demand anything in return for assistance and, in fact, these programs assist people who do not deserve it and who do not need it. In exchange for assistance, it is thought that the poor be required to demonstrate socially acceptable, responsible, self-reliant, and productive behavior. As such, it is believed that benefits should be used as incentives to promote this behavior and to discourage undesirable, irresponsible behavior. Therefore, it is thought that anti-poverty programs should assist the poor for short periods insofar as these programs encourage socially acceptable behavior that will lead to self-sufficiency.

On the other hand, the “dependency perspective” holds that welfare benefits have destructive effects by making the poor dependent, less inclined to work, contribute to family breakdown, create a culture of dependency, and reward people for being poor. Welfare programs, then, should be dismantled. This perspective holds that private charities and churches, rather than local, state or federal government, are the more appropriate and competent organizations to support the poor. Nevertheless, it is thought that governmental anti-poverty programs should support children and non-able-bodied adults. Everyone else should be—and is expected to be—self-sufficient. From the “unemployment perspective,” it is thought that welfare recipients on the whole possess neither the education nor skills to compete for jobs. Yet, at the same time, it is believed that these recipients do not have a *right* to an endless series of welfare checks. Therefore, it is thought that governmental anti-poverty programs should provide subsidized public day care, job training, public transportation, and additional funding to public schools.

While these thoughts about poverty and anti-poverty policies remain central to PRWORA, the drastic shift from an “open draw” on federal funds to state block grants resulted in a number of hardships for state and municipal governments. By and large, these hardships have led to incremental, smaller-scale policy changes and a shift to supply-side “corporate welfare” incentives.<sup>7</sup>

## V

### Policy Changes: Federal Mandates and State and Local Governments

As set forth in 42 U.S.C. § 609 (2000), penalties to states for failing to meet PRWORA’s mandates are: (1) the amount used in violation of the TANF statutes; (2) an additional five percent for an intentional violation; (3) from five to twenty-one percent for failing to satisfy minimum work activity participation rates; (4) up to two percent for failing to participate in the income and eligibility verification system; (5) five percent for failing to comply with the paternity establishment and child support enforcement requirements; (6) the amount of an outstanding loan, plus interest, for outstanding loans; (7) the shortfall for failing to make sufficient qualified expenditures; (8) from one to five percent for failing to meet certain child support enforcement program requirements; (9) five percent for failing to comply with the five year limit on TANF funded assistance; (10) the amount of any unremitted funds; (11) up to five percent for failing to provide assistance to parents who cannot obtain child care for children under six years old; and (12) from one to five percent for failing to reduce assistance to those refusing to work without good cause.<sup>8</sup> The severe

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<sup>6</sup> Peter Edelman, “The Worst Thing Bill Clinton Has Done,” *The Atlantic Monthly*, March 1997, 43-58.

<sup>7</sup> In Texas, Lockheed Martin, Electronic Data Systems, I.B.M. and Unisys vied for a \$2 billion contract to operate that state’s welfare system. Scores of counties and cities engage in privatizing different pieces of social services. Lockheed Martin has been handling child-support services across the country since 1989. See: Corn, David. (1997) “Welfare, Inc.” *Nation*, Vol. 264(17).

<sup>8</sup> See 42 U.S.C. § 609(a)(1)-(11), (14); see also Candice Hoke, *State Discretion Under New Federal Welfare Legislation: Illusion, Reality and a Federalism Based Constitutional Challenge*, 9 STAN.L. & POL’Y REV. 115, 118-



penalties imposed upon states for failing to meet federal mandates have resulted in a number of policy changes to assist states' compliance.

Since PRWORA's enactment, a number of policy changes have been made in an effort to make the reform more effective and less punitive on state and local agencies that fail to meet federal mandates. These changes include welfare-to-work grants; tax credits for employers who hire welfare recipients; cash bonuses to states who achieve significant decreases in out-of-wedlock births and abortion rates; development and funding of Children's Health Insurance Program (CHIP) for working two-parent families; child support enforcement; housing vouchers; transportation grants; child care funding; individual development accounts funding; and limited reinstatement of benefits for legal immigrants<sup>9</sup> (Zuckerman, 2000).

## VI Current Events

On September 30, 2002, President Bush signed P.L. 107-229, extending authorization of the TANF program through December 31, 2002 (see Appendix A). All the provisions of TANF law in effect during FY 2002 remain in effect, specifically:

- States continue to have broad flexibility in deciding how to design and operate their programs and spend their money.
- Under section 402(a)(1) of the Social Security Act, most States face a deadline of December 31, 2002, for submitting a new TANF State plan. States that have not yet had a public comment period on their new plans must begin a public comment period soon.
- Several States have waivers that expired on September 30, 2002, or will expire on December 31, 2002. Under section 415 of the Social Security Act, these States are subject to the regular TANF requirements upon the expiration of their waivers.
- Reporting, fiscal, and programmatic requirements remain in effect. That is, the base work participation rates will be 50 percent for all families and 90 percent for two-parent families, but target rates will be adjusted based on applicable caseload reduction credits. In addition, time limits, case record and fiscal reporting, single State audits, the penalties specified in section 409 of the Act, and the funding restrictions in section 408 remain in effect.

## VII Concluding Remarks

The study of poverty and the scientific poverty expertise informing anti-poverty programs and policies have long been amiss. The phenomenon of poverty is embedded within historical social, economic, and institutional contexts and cannot be analyzed discretely. A person's position in these life spheres shapes his/her habits of thought which are reflected in types of knowledge and behavior. These habits of thought

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119 (1998) which notes that penalties are severe in order to further encourage compliance with the federally funded welfare reform program.

<sup>9</sup> Since PRWORA's enactment, several lawsuits have been filed to challenge section 402 of the Act, which eliminates eligibility of lawful immigrants for welfare benefits. The following six cases involve a constitutional challenge to the Welfare Reform Act: *Abreu v. Callahan* (1997); *Rodriguez v. United States* (1997); *Shvartsman v. Callahan* (1997); *City of Chicago v. Shalala* (1998); *Kiev v. Glickman* (1998); and *Shvartsman v. Apfel* (1998). See: Kim, R.Y. (2001). "Welfare reform and 'ineligibles:' issues of Constitutionality and recent court rulings." *Social Work*, Vol. 46(4). Moreover, the passage of federal welfare reform unsettled the issue of whether federal due process protections apply. The argument is that the nature of public assistance is a property right that "federalizes" the devolutionary reform; therefore, federal due process requirements do not apply to states. However, while the welfare reform law certainly delegated to the states the ability to set certain substantive conditions for when assistance is available, the law does not abrogate the procedural due process requirements that apply. See: Jeffrey, Randal S. (2002). "The importance of due process protections after welfare reform: client stories from New York City." *Albany Law Review*, Vol. 66 (1).



are outcomes of the habits of life that are inextricably woven with the organization of the community. Accordingly, the clustering of habits and customs sanctioned by the community are crystallized in institutions.

These social institutions reflect knowledge derived from myths, legends, and traditions that shape a community's particular existential beliefs and corollary prescriptive and proscriptive normative behavior. Based predominantly on superstition and belief in supernatural forces, these habits are accepted widely; they are unquestioned, and considered to be self-evident truths accepted *a priori*. "Proven" by faith, they are beyond challenge and accepted as absolute, final, and eternal truths. Over time, these habits of life and thought form distinct institutional patterns which continue to be reinforced, perpetuated, verified and validated by ceremonial processes that impart stalwart institutions that are resistant to change. The habits of thought manifest in the social evolution of poverty knowledge perpetuate a number of myths, namely, the "American Dream," rugged individualism, laissez-faire liberalism, and a barbaric sense of personal responsibility absent any notion of social responsibility. The evolution of these traditional habits of thought has ushered in spiritual attitudes of indifference and overwhelming justification for the starvation, sickness, and homelessness of women and children within the richest Nation of the world. It is this conspicuous barbarity and habit of vicarious depravity that expose our Nation as neither just nor free.

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## APPENDIX A

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**TANF Reauthorization Issue Paper**, July 3, 2002, Prepared by Joblinks Committee on Coordinating Federal Funds to Support Employment Transportation.

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### **TANF REAUTHORIZATION ISSUE PAPER WITH LEGISLATIVE RECOMMENDATIONS Includes a Status Report on House and Senate Action, to date**

#### **Issue 1:**

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There is no current requirement in the TANF law to require health and human services to coordinate with state and local transportation agencies, Metropolitan Planning Organizations or other transportation planning bodies.

#### **Background:**

The TANF program regulations give states broad flexibility in the provision of support services, such as transportation. However, there are no existing federal processes or incentives that support mutual collaboration and coordination of transportation services. The variations in the manner in which each state addresses public and community transportation, as well as the diverse relationships between transportation and health and human service agencies have had an adverse impact in the states that have chosen not to prioritize coordination between the different agencies. Requiring coordination will promote effective use of existing state, regional, or local transportation resources, networks and services.

Language to carry out interagency program planning for transportation is already on the books: A provision of the Transportation Equity Act for the 21st Century (TEA-21), found at 49 U.S.C. 5323(k) states:

"To the extent feasible, governmental agencies and nonprofit organizations that receive assistance from Government sources (other than the Department of Transportation) for nonemergency transportation services-

(1) shall participate and coordinate with recipients of assistance under this chapter [i.e., federal transit grantees] in the design and delivery of transportation service; and

(2) shall be included in the planning for those services."

In addition, in the TEA-21 section authorizing the Job Access and Reverse Commute program, DOT is required to "coordinate activities with related activities under programs of other federal departments and agencies." Eligible Job Access projects financed under that section must be "part of a coordinated public transit-human services transportation planning process."

What is lacking is language in TANF to support mutual coordination.

#### **Recommendation:**

Amend TANF Law and Regulations to require State and local government TANF agencies that fund transportation services to coordinate with State Departments of Transportation, Metropolitan Planning Organizations (MPOs) and other transportation planning bodies, local public and private transportation agencies and other human service agencies in the planning, design and implementation of any such TANF-funded transportation services. TANF Program representation shall be included on State and local government transportation planning boards and councils; and State and local government Transportation



Program representation shall be included on State and local government health and human services planning committees, boards and councils.

**Proposed Language:**

To the extent feasible, all governmental agencies and private organizations that receive or use funds from the Temporary Assistance for Needy Families program to support transportation services-

1. shall participate and coordinate with metropolitan planning organizations, state agencies, transportation planners and providers of service in the design and delivery of transportation service; and
2. shall include such entities in the planning for those services.

**STATUS:**

**Chair's Mark includes:**

Section 702 - TANF state plans: "States which provide transportation aid through TANF must certify that the transportation agencies and planning bodies have been consulted in the development of the plan;"

**STATUS:**

Senate Finance Section 702 - TANF state plans: "States which provide transportation aid Chair's Mark through TANF must certify that the transportation agencies and planning includes: bodies have been consulted in the development of the plan."

**Issue 2:**

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TANF reauthorization legislation should clarify that the provision of transportation services does not count as assistance or against the maximum 5 year TANF benefit limit.

**Background:**

Under the final TANF regulations (1999), "assistance" is defined to include cash payments, vouchers and other forms of benefits designed to meet a family's on-going basic needs (i.e., for food, clothing, shelter, utilities, household goods, personal care items, and general incidental expenses). Assistance also included supportive services such as transportation and childcare provided to unemployed families. Transportation benefits for non-working families, if paid for directly with TANF funds, are considered assistance. Under these circumstances, the transportation benefit is counted against the family's time limit and requires work participation and detailed data reporting requirements. When this happens, collecting and reporting the required data can be considerable and burdensome to transportation agencies.

**Recommendation:** Ease limitations on serving the unemployed by clarifying the "Assistance" definition. Amend the law to modify the definition of assistance to exclude transportation services provided to individuals who meet state income eligibility and kinship regulations associated with the TANF program, regardless of the individual's employment status. TANF Law and Regulations should be changed so that any direct expenditure of TANF funding for transportation, childcare, or other self sufficiency measures are not considered assistance for TANF purposes.

**STATUS:**

**H.R. 4737 Includes:**

"SEC. 117. DEFINITION OF ASSISTANCE

- (a) IN GENERAL- Section 419 (42 U.S.C. 619) is amended by adding at the end the following:  
(6) ASSISTANCE



(A) IN GENERAL- The term `assistance' means payment, by cash, voucher, or other means, to or for an individual or family for the purpose of meeting a subsistence need of the individual or family (including food, clothing, shelter, and related items, but not including costs of transportation or child care).

(B) EXCEPTION- The term `assistance' does not include a payment described in subparagraph (A) to or for an individual or family on a short-term, nonrecurring basis (as defined by the State in accordance with regulations prescribed by the Secretary).'

**Senate Finance Chair's Mark includes:**

Section 106 - Definition of Assistance: "The mark defines child care funded directly by TANF, transportation subsidies, and supplemental housing benefits as "nonassistance.""

**Issue 3:**

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Section 404 (k) (2) of the Social Security Act limits the amount of Federal TANF funds that a State may use to help meet the cost-sharing requirement under the Job Access and Reverse Commute (JARC) grant program.

**Background:** According to Title IV, Section 404(d)(1) [42 U.S.C. 604(d)(1)] of the Social Security Act, a State may transfer up to 30% from its TANF Block Grant amount to its Discretionary Fund of the Child Care and Development Block Grant (CCDBG) and its Social Services Block Grant (SSBG). The maximum amount that may be transferred to SSBG is 10 percent.

Section 404(k)(2) of the Social Security Act limits the amount of Federal TANF funds that a State may use to help meet the cost-sharing requirement under the JARC grant program. The total amount of TANF funds that a State may use is computed as the difference between 30 percent of the State's TANF Block Grant amount and the amount that a State transfers, in a given year, to the CCDBG and the SSBG programs.

(2) AMOUNT LIMITATION.--From a grant made to a State under section 403(a), the amount that a State uses to match funds described in paragraph (1) of this subsection shall not exceed the amount (if any) by which 30 percent of the total amount of the grant exceeds the amount (if any) of the grant that is used by the State to carry out any State program described in subsection (d)(1) of this section."

**Recommendation:**

Based on the significant need for additional CCDBG and SSBG funding, we believe that the current regulations make it difficult for States to prioritize the use of TANF funds for Job Access and Reverse Commute Projects. We recommend that TANF Block Grant Funds used as cost-sharing requirements for Job Access and Reverse Commute Projects be de-linked from the transfer provision at section 404(d)(1) of the Act. In this way, States would not be limited in the amount of Federal TANF funds they may wish to use to help meet the JARC match requirement. In addition, States would not have to wait for or be dependent upon a final determination of the total amount transferred to the CCDGB and SSBG programs in order to determine the amount to use for JARC transportation projects.

**Proposed Language:**

Strike 404(k)(2) in current 404(k) [see below]:

(k) LIMITATIONS ON USE OF GRANT FOR MATCHING UNDER CERTAIN FEDERAL TRANSPORTATION PROGRAM.--

(1) USE LIMITATIONS.--A State to which a grant is made under section 403 may not use any part of the grant to match funds made available under 3037 of the Transportation Equity Act for the 21st Century, unless—

(A) the grant is used for new or expanded transportation services (and not for construction) that benefit individuals described in subparagraph (C), and not to subsidize current operating costs;



- (B) the grant is used to supplement and not supplant other State expenditures on transportation;
- (C) the preponderance of the benefits derived from such use of the grant accrues to individuals who are—
- (i) recipients of assistance under the State program funded under this part;
  - (ii) former recipients of such assistance;
  - (iii) noncustodial parents who are described in section 403(a)(5)(C)(iii)[46]; and
  - (iv) low-income individuals who are at risk of qualifying for such assistance; and

(D) the services provided through such use of the grant promote the ability of such recipients to engage in work activities (as defined in section 407(d)).

#### **STRIKE**

**(2) AMOUNT LIMITATION.--From a grant made to a State under section 403(a), the amount that a State uses to match funds described in paragraph (1) of this subsection shall not exceed the amount (if any) by which 30 percent of the total amount of the grant exceeds the amount (if any) of the grant that is used by the State to carry out any State program described in subsection (d)(1) of this section.**

**(3) RULE OF INTERPRETATION.--The provision by a State of a transportation benefit under a program conducted under 3037 of the Transportation Equity Act for the 21st Century, to an individual who is not otherwise a recipient of assistance under the State program funded under this part, using funds from a grant made under section 403(a) of this Act, shall not be considered to be the provision of assistance to the individual under the State program funded under.**

#### **STATUS:**

##### **Senate Finance Chair's Mark includes:**

"Section 105 - Use of Funds: The mark "...also permits transfer of TANF funds to Job Access/Reverse Commute projects."

**Note: As of this date, the coordinating committee is unsure whether the Finance Committee has actually addressed our concerns.**

#### **Issue 4:**

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Under the current law at section 404(e) of the Social Security Act, States may only use TANF funds carried over from the prior year to provide TANF assistance.

#### **Background:**

Since JARC grant solicitation cycles and TANF grant cycles do not typically coincide, in some states, this inconsistency has jeopardized the ability of JARC grantees to secure TANF matching funds. In addition, TANF funds are obligated and spent differently depending on whether the funds are "assistance" or "non-assistance." If the funds are "assistance" their deadlines are more flexible.

#### **Recommendation:**

Amend the law so that TANF obligations and spending are more flexible, enabling funding consistency with the JARC program. Support TANF Legislation that will allow carried-over TANF funds to be spent on any benefit, service (e.g., transportation) or activity otherwise allowed under the TANF program. TANF Law and regulations should be changed so that previous year TANF funds can be used for either assistance or non-assistance purposes.

#### **STATUS:**

**Passed House Bill H.R. 4737**

**SEC. 117. DEFINITION OF ASSISTANCE**



(a) IN GENERAL- Section 419 (42 U.S.C. 619) is amended by adding at the end the following:  
(6) ASSISTANCE

(A) IN GENERAL- The term `assistance' means payment, by cash, voucher, or other means, to or for an individual or family for the purpose of meeting a subsistence need of the individual or family (including food, clothing, shelter, and related items, but not including costs of transportation or child care).

(B) EXCEPTION- The term `assistance' does not include a payment described in subparagraph (A) to or for an individual or family on a short-term, nonrecurring basis (as defined by the State in accordance with regulations prescribed by the Secretary).

**Senate Finance Chair's Mark includes:**

Section 105 - Use of Funds: "The mark permits carryover of TANF funds for nonassistance without fiscal year spending limit."

**Issue 5:**

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A States' "Maintenance of Effort" (MOE) funds should be allowed as a match for the Job Access and Reverse Commute Program and still count toward meeting the MOE requirement.

**Background:**

Under the TANF statute, each state is required to meet a maintenance of effort (MOE) obligation each year in order to qualify for its full block grant. The MOE obligation is not a requirement to spend state money in the TANF Program; rather, it is a requirement that the state must spend a specified amount of money on a range of low-income family assistance and services in order to avoid receiving a TANF penalty. The state may choose to satisfy its MOE obligation by spending state funds in the TANF Program, but can also choose to make some or all of its MOE expenditures in a "separate state program" that assists "eligible families."

MOE expenditures must be made on behalf of needy families. An expenditure for the non-needy cannot count toward MOE even if it is an allowable TANF expenditure. 64 Fed. Reg. 17825.

Appropriation Law prohibits the use of the federal and nonfederal share of a particular grant program to meet the cost-sharing or match requirements of another federal grant program, unless specifically authorized by law. This financial principle against double-counting has been codified in the Federal regulations at 45 CFR 92.24(b)(3).

The TANF MOE requirement at section 409(a)(7) of the Social Security Act also contains a prohibition on double-counting. States may not count toward their TANF MOE requirement, State expenditures for or on behalf of eligible families that have been or will be counted to meet the cost-sharing or matching requirements of another Federal program.

**Recommendation:**

Amend the law to allow State MOE funds to be used as a match for the Job Access and Reverse Commute Program and still count toward meeting the MOE requirement. Add an exception to the double-counting prohibition at Title IV-A section 409(a)(7)(B)(iv)(IV) of the Social Security Act.

**Proposed Language:**

Add a sentence to the end of the paragraph immediately following (IV) that begins... Notwithstanding subclause (IV)...." In addition, such term includes expenditures by the State made to meet the cost-sharing requirement under section 3037 of the Transportation Equity Act for the 21st Century (the Job Access and Reverse Commute Program).

**STATUS:**

No action has been taken at this time by either chamber of Congress.

