Shredding the safety net

By: Margaret K. Nelson, March 10, 2013.

When President Clinton promised to “end welfare as we have come to know it” and signed the Personal Responsibility and Work Opportunity Reconciliation Act into law Aug. 22, 1996, he initiated a policy experiment, an experiment with the lives of low-income parents (mostly women) and their children.

Almost 17 years later, the part of that experiment that had to do with time limits for lifetime welfare receipt has proven to be a significant failure.

To be sure, time limits made good headlines because they appealed to both liberals and conservatives who believed that the right combination of incentives and sanctions would encourage employment over welfare reliance. But time limits have made terrible social policy.

No combination of incentives and sanctions can create jobs where no good or accessible ones exist; no combination of incentives and sanctions can reduce the real, concrete barriers to employment many individuals experience.

Gov. Peter Shumlin now proposes to inaugurate this social policy in Vermont by ending welfare benefits after three years and instituting a lifetime maximum of five years. This would bring us in line with other states.

It would also jeopardize the well-being of thousands of Vermonters. Indeed, just last year, a report from the Agency of Human Services acknowledged that eliminating assistance for the few families that did exceed a 60-month limit on receipt of welfare would leave “families destitute and at risk and ... create a large hole in the fabric of Vermont’s safety net for those most in need” because those families have “three times as many barriers to gaining self-sufficiency as the general Reach Up caseload population.”

Just to be clear: The Reach Up program that Gov. Shumlin is proposing to limit is by no means a free ride. About a third of Reach Up participants already work or comply with other requirements to get the meager benefits they receive. Many others are training or pursuing educational goals. Others have a deferment to care for an infant, or another family member requiring care, or due to disability — essentially meaning they cannot (and are not required to) work for a period of time.

The data show that arbitrary time limits do not help any welfare recipients — whether they are currently employed, in training or educational programs, or deferred for the time being. A long series of studies, from a broad variety of agencies, has demonstrated that time limits have negative consequences. Recipients pushed off welfare by time limits land in jobs that are less durable and less remunerative than are found by those who leave voluntarily; time-limit leavers are also more likely than voluntary leavers to experience a worsened state of financial well-being.

Most recently, and of perhaps the most direct relevance to Vermont, a new report from the state of Maine documents the “severe hardships” families endure when arbitrary time limits are imposed on temporary cash assistance, such as that now provided by Vermont’s Reach Up program. As is the case in other states, these hardships include food insecurity, housing destabilization and utility shut-offs.

To compound the probable injury, Gov. Shumlin has also proposed to reduce the amount of state dollars spent to provide low-income, working Vermonters with tax credits under the earned income tax credit program, a program that has been hailed by many as the most effective anti-poverty policy that exists.

Because it increases the ability of workers in low-paying jobs to support themselves and their families, it
is of special importance to working Vermonters as they seek to transition off welfare.

Vermonters are known for their common sense and compassion. We should invest in programs that work and that help Vermonters get back on their feet. Placing arbitrary time limits on temporary cash assistance is proven not to work and is at odds with our instincts for common sense and compassion.

To be sure, the governor has proposals to help the low-income, working population, through bolstering the funding for child care subsidies. But that bolstering will be of little help on a cold night when the fuel runs out.

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