

New study shows the results of US welfare "reform"

One third of Milwaukee, Wisconsin children growing up in working poor families

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The number of Milwaukee County children living in working poor families is growing rapidly, according to a study conducted by the University of Wisconsin. Fifty-nine thousand Milwaukee children grow up in working families with earnings below the poverty level. Another 54,000 children live in families where the parents' income falls below 185 percent of the poverty level; the number is growing steadily each year. This means one third of Milwaukee County children live in poverty, despite the fact that at least one of their parents is working.

The report found that the number of working single parent families living in poverty grew by 38 percent over the past six years as the Midwestern US state drastically reduced the number of poor people receiving welfare benefits. One third of working single-parent families live in poverty and another third live in near poverty.

The findings are part of the latest study conducted by the Employment and Training Institute at the University of Wisconsin-Milwaukee, entitled *Economic Status of Milwaukee County*. The institute has conducted a number of studies on the wages and living standards of low-income workers since the implementation of welfare "reform."

Wisconsin has one of the most restrictive welfare policies in the country. Even before cuts were made in the national welfare program in 1996, the Clinton administration granted Wisconsin's Republican Governor Tommy Thompson a waiver from national entitlement standards, allowing Wisconsin to dramatically reduce benefits.

Wisconsin's program, Wisconsin Works, dubbed W-2, goes far beyond the federal guidelines in gutting

welfare benefits. Federal guidelines require that 30 percent of welfare recipients must work, and that states may exempt parents with children under one year of age. W-2 requires that all persons work, even those with children as young as 12 weeks of age.

The federal guidelines also allow states to grant recipients a 24-month period before having to meet the work requirement. Wisconsin's law requires recipients to begin work immediately. Wisconsin also refused to allow recipients to attend school in place of work, a requirement that forced thousands to drop out of college and other technical programs.

"Welfare reform was never designed to improve the lives of the people on welfare," said John Pawasarat, director of the Employment and Training Institute. "It has never been the economic well-being of the families that were on welfare that is of concern. It was often presented that way, that having a job would be an improvement. But welfare reform was designed to get people off of welfare and that is what it did."

Wisconsin has had one of the largest drops in welfare caseloads in the country. Since 1993, caseloads in Wisconsin have declined by 89 percent, second only to Wyoming, which has seen a 91 percent drop.

In Milwaukee, an industrial city on Lake Michigan, fewer than 5,000 families are still receiving benefits, a drop from 35,000 to 40,000 in the years before the cuts were implemented.

The proponents of welfare reform claimed that ending "dependency" would allow former recipients to become self-sufficient and lead to improved living standards. In reality, thousands of people thrown off the welfare rolls moved into low-paying jobs, with few or any benefits, and were saddled with higher

transportation, child care and other costs.

"For the most part these families have joined the working poor," Pawasarat said. The state has refused repeated requests to provide income data on former welfare recipients. "That is because they know the results; they are the same results that we found," Pawasarat commented. "About one third are not working, one third are working but not making it and one third are working and slightly above the poverty level. This is about the same results that people are finding all across the country."

If fact, an earlier study of wages shows that only 17 percent of former welfare recipients are earning above the poverty level. Another 22 percent earn below poverty but above the equivalent of a year-round full-time job at minimum wage. And another 22 percent earn below the minimum wage.

This leaves four out of every ten former welfare recipients with no income whatsoever.

"By and large, children are much worse off than six years ago," said Joyce Mallow, director of Smart Start, an organization dedicated to improving the lives of children under six and one of the backers of the University of Wisconsin study. "Families have left welfare and even though a person is working they are not making enough to support their children."

One result has been the growth in homelessness, Mallow says. "Homelessness is becoming a real problem. We had 12,000 evictions last year and are seeing a real increase in the number of women and children using shelters. Because of the hard winter weather in Wisconsin, in addition to the regular shelters, there is a network of emergency shelters that take the overflow during cold nights." Mallow continued, "For the past two years, these emergency shelters have been operating all year round."

In addition to the drastic decline in welfare rolls, tens of thousands of families are eligible but not receiving other benefits such as Food Stamps, medical insurance and child care benefits.

Wisconsin has privatized the administration of welfare benefits. In Milwaukee there are five different agencies that run W-2, including some for-profit companies. They have instituted what is called "soft touch" policies, where caseworkers, unless specifically asked, will not tell even those people denied cash assistance that they may be eligible for other benefits.

"There is a bureaucracy which makes it difficult to apply," said Mallow. "After all, if you are at work, you can't wait in a welfare office all day filling out forms and then return every month to verify your income. If a person is not qualified for welfare they assume that they are also not qualified for Food Stamps and child care, when they are."

Since the implementation of W-2, there are 23,000 fewer children receiving Food Stamps and 16,000 fewer children receiving state-sponsored medical care.

Only 25 percent of the families that are eligible are receiving child care subsidies. In many cases obstacles are preventing people from receiving the benefits that were promised to them, according to Pawasarat.

"The provisions were written so that child care may only be provided by a day care center," said Pawasarat. "For many low-income wage earners that is not very good. Many have jobs in the evening, weekends or only part-time. Under the new provisions, they can't hire a relative, next door neighbor or the teenager down the block to watch their children.

"The rewards that were promised for leaving the welfare rolls are not forthcoming. By and large, the programs that were promised—Food Stamps, medical care and child care—are not being used."



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