

**Social Welfare Reforms in Michigan:
Intent and Implications for the Poor**

by Fayyaz Hussain, Ph.D.

Research Report No. 17

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Author's Caveat: This paper summarizes laws and conditions up to December 1996. There are numerous on-going revisions and amendments both at the federal and state levels. For latest updates, check with the Family Independence Agency located in Lansing, Mich. You can also subscribe to the Family Independence Agency's three occasional bulletins which highlight all of the updates. For this purpose, contact:

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Social Welfare Reforms in Michigan: Intent and Implications for the Poor

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OVERVIEW

National Reforms

The U.S. Social Security Act was adopted in 1935. The goal of this act was to provide subsistence to retired, sick, disabled, and unemployed individuals. The original act has been amended more than twenty times in the past 60 years. Under the latest system, there were more than 300 separate welfare programs in the U.S. (MDSS, 1995). The most important of these programs included Aid to Families with Dependent Children (AFDC), MEDICAID, Food Stamps, and State Assistance Programs.

Almost every federal administration in recent history has talked about welfare reforms as part of their political agenda. In the past three decades, several presidents have tried unsuccessfully to reform the welfare system. Nixon's proposal on welfare reforms was known as Family Assistance Plan in 1970, Carter's, Better Jobs and Income Program, in 1978, and Reagan's Family Support Act in 1980's. Not one of these acts achieved the goal of containing welfare expenses. Reagan, however, was able to introduce some changes by cutting down the budget for various welfare programs for the needy (Reischauer, 1989).

In 1992, the cost of the welfare program reached \$1,264 billion, rising steadily from a base of one-fourth that amount in 1975, or \$289 billion. These are actual (nominal) increases in welfare expense, showing the inability of past presidential plans to lower welfare costs. However, these apparently startling numbers, mostly used by politicians, are misleading for three reasons. First, as indicated in Table 1, the increase in real dollars spent on welfare is much less compared to the actual dollars. As shown in Table 1, the real expenditure for welfare only reached \$484 billion in 1992 in terms of the purchasing power of the dollar. Second, approximately 90% of this budget is spent on the welfare of upper and middle class people in the form of Social Security, Medicare, retirement programs, tax breaks to the middle class, and on miscellaneous expenditures such as subsidies for businesses. The remaining 10% of total welfare budget is spent on poor people under programs such as Medicaid, AFDC, Food Stamps, and other miscellaneous programs (Huff, 1992). Third, the economic conditions in the past few decades which lead to this increase are usually not pointed out. For

example, unemployment in 1980's was much higher than during the 1970's. And real value of minimum wage in 1990 was less than half of what it was in 1970. Also, there was a decline in average weekly earnings over the decade of the 1980's (Gilbert and Kahl, 1993). Nonetheless, the fact of the matter has been the steady, uncontrollable rise in federal expenses for welfare.

Unlike governments of the past, the 104th Congress (1996) successfully passed a new set of welfare reforms to lower this cost. It approved major changes which started on Oct. 1, 1996. The new legislation of about 800 pages, called the "Personal Responsibility and Work Opportunity Reconciliation Act of 1996," set in motion the following:

- Transfers Aid to Families with Dependent Children (AFDC) to the states to be funded with federal grants.
- Reduces lifetime welfare assistance to five years and requires *able-bodied*¹ adults to work after two years.
- Medicaid is more restrictive to immigrants, but will continue for those who qualify for welfare under the new rules.
- Adults without children will be eligible for food stamps only for three months over a period of three years.
- Legal immigrants will not be eligible for food stamps and supplemental Security Income.

TABLE 1. Social Welfare Expenditures in the U.S. (1975-1992)

| YEAR | EXPENDITURES IN BILLIONS OF \$ | REAL VALUE IN BILLIONS OF\$* | PERCENT OF GDP |
|------|-----------------------------------|---------------------------------|-------------------|
| 1975 | 289.173 | 289.173** | 19.1 |
| 1980 | 492.714 | 321.699 | 18.6 |
| 1985 | 732.250 | 366.125 | 18.4 |
| 1990 | 1050.155 | 432.275 | 19.2 |
| 1991 | 1162.239 | 456.412 | 20.5 |
| 1992 | 1264.428 | 484.860 | 21.0 |

Source: Annual Statistical Supplement to Social Security Bulletin, 1994.

*Calculated by using CPI value of 1982-84 Services. 1975=100

** Constant value of dollars.

According to the critics, the new bill will hurt millions of children, hardworking single mothers, and legal immigrants in this country. The more lasting effects will be the responsibility of states. Each will act fairly independently under the new bill.

States such as California, Wisconsin, and Michigan are among the advanced states for participating within the new federal laws and social reforms.

Michigan Reforms

One of the most talked about state reforms was initiated by Governor John Engler of Michigan. The main features of these reforms include:

- The termination of the General Assistance Program, i.e. emergency cash relief.
- Creation of a new program: *To Strengthen Michigan Families.*
- Creation of new rules of eligibility for the recipients of AFDC/Family Independence Program, Food Stamps, and Medicaid.

This report describes and evaluates these Michigan reforms. The report is divided into three sections. In the first section, socioeconomic characteristics of the population of Michigan are presented. In the second section, the main features of the traditional and new social welfare system in Michigan are highlighted. The third and final section of this report critically examines these reforms.

SOCIOECONOMIC CHARACTERISTICS OF POPULATION OF MICHIGAN

It is important to know about the demographic characteristics and socioeconomic conditions of population to better understand the social implications of welfare reforms in Michigan. Hence, this section presents data from available resources on racial composition of population of Michigan, their economic conditions by using indicators such as income and percent of population below poverty level, and the number of welfare recipients by their race.

| <i>GROUP</i> | <i>POPULATION</i> | <i>PERCENT</i> |
|--------------|-------------------|----------------|
| White | 7,660 ,590 | 82.4 |
| Black | 1,282 ,248 | 13.8 |
| Hispanic | 189,915 | 2.0 |
| Am. Indian | 55,753 | 0.6 |
| Asian | 101,046 | 1.1 |
| Other | 5,745 | 0.1 |
| TOTAL | 9,295,297 | 100.0 |

Source: Social and Economic Indicators of Michigan: U.S. Bureau of Census, 1992.

According to the 1990 U.S. census, the population of Michigan was 9,295,297. Of this, 83.5% were white and 13.8% were black. People of Hispanic origin comprised 2% of Michigan’s population in 1990. The remaining populations of Michigan included Asians, Native Americans, and other races (Table 2). It is reasonable to assume a growth in all groups of this population, with the fractions currently the same.

| <i>YEAR</i> | <i>CHILDREN UNDER 18 (%)</i> | <i>SINGLE MOTHERS (%)</i> | <i>TOTAL U.S. (%)</i> |
|-------------|------------------------------|---------------------------|-----------------------|
| 1975 | 16.8 | 52.7 | 12.3 |
| 1980 | 17.9 | 50.8 | 13.0 |
| 1985 | 20.1 | 53.6 | 14.0 |
| 1990 | 20.5 | 52.1 | 13.5 |
| 1992 | 21.6 | 53.7 | 14.2 |

Source: Annual Statistical Supplement to Social Security Bulletin, 1994.

ECONOMIC INDICATORS

Income and Poverty in the U.S.

In 1991, 14.2% of the U.S. population had an income below poverty level. This figure for 1990 was 13.5%. In fact, the percent of poor people has not declined for more than two decades. These numbers are even more alarming when we look at the children and women under poverty. Approximately every fourth child under the age of 18 and every second single mother in the US is living in poverty (Table 3). If the current trends continue, there will be many more people living in poverty in the coming decades. An overwhelming majority of these poor people will be single mothers and children. More poor people in future means more need for welfare.

Income and Poverty in Michigan

As we know, the effects of national economic trends do not trickle down evenly across the fifty states and across various population subgroups in the U.S. For example, according to the 1990 U.S. census, the median household income in Michigan was \$31,020. The income for whites was as high as \$32,483 dollars. On the other hand, the median income for blacks was \$18,851 which was the lowest among all populations. Native Indians with a median income of \$21,738 dollars and Hispanics with a median income of \$26,939 dollars are next in order. Median family income across races reflects the same trend for Michigan. This economic difference across races is also eminent in per capita income which is the highest for whites with \$15,133 dollars per year and lowest for blacks with \$9,195 dollars per year. The per capita income for Native Indians and Hispanic Americans is \$9,252 and \$9,298, respectively (Table 4).

| RACE | MEDIAN HH INCOME | MEDIAN FAMILY INCOME | PER CAPITA INCOME |
|----------------|------------------|----------------------|-------------------|
| White | 32,483 | 38,533 | 15,133 |
| Black | 18,851 | 22,304 | 9,195 |
| Hispanic | 26,939 | 29,303 | 9,298 |
| Asian | 38,327 | 45,004 | 14,950 |
| Native Indians | 21,738 | 24,394 | 9,252 |
| TOTAL | 31,020 | 36,652 | 14,154 |

Source: *Social and Economic Indicators of Michigan:*
U.S. Bureau of Census, 1992

This extreme disparity in income leads to uneven poverty rates for different population groups across the state of Michigan. According to the 1990 U.S. census, 9.5% of whites in Michigan were poor. This percent for minorities was as high as 33.7% for blacks, 25.8% for Native Indians, and 23.6% for Hispanics. A similar pattern of poverty across races was found among the families of Michigan (Table 5).

| RACE | PERSONS (%) | FAMILIES (%) |
|----------------|-------------|--------------|
| White | 9.5 | 7.3 |
| Black | 33.7 | 30.6 |
| Hispanic | 23.6 | 21.1 |
| Asian | 15.3 | 12.7 |
| Native Indians | 25.8 | 23.9 |
| TOTAL | 13.1 | 10.2 |

Source: *Social and Economic Indicators of Michigan:*
U.S. Bureau of Census, 1992

The data suggest that Blacks, Native Indians, and Hispanics tend to be at the bottom of income groups in Michigan. An alarming percent of their populations earn very low income and live in poverty. As a result, a large and unproportional percent of minority populations of blacks, Native Americans, and Hispanics are pushed to the welfare systems at higher rates than the rates for whites.

WELFARE RECIPIENTS IN MICHIGAN

Recipients of Aid to Families with Dependent Children (AFDC)

Aid to Families with Dependent Children (AFDC) is a cash assistance program for families with children. In 1994, a total of 223,658 families in Michigan received AFDC. The average AFDC per family was \$435.05 dollars per month (DSS, 1995). Of all AFDC recipients, 51.7% are black which is much larger than their proportional population of 13.5% in Michigan. Another 42.8% of AFDC recipients were white which is a lot less than their proportional population of 82.4%. AFDC recipients with Hispanic background were 2.9% (Table 6).

| RACE | NUMBER | PERCENT |
|------------------|----------------|--------------|
| White | 74,081 | 42.8 |
| Black | 89,447 | 51.7 |
| American Indians | 666 | 0.4 |
| Hispanic | 5,017 | 2.9 |
| Other | 1,581 | 0.9 |
| Unknown | 2,168 | 1.3 |
| TOTAL | 172,960 | 100.0 |

Source: *Assistance Payments Statistics, December 1995:*
Department of Social Services, State of Michigan

Recipients of State Family Assistance and State Disability Assistance

State Family Assistance (SFA) and State Disability Assistance (SDA) are two new programs which replaced General Assistance (GA) in Michigan with a lot lower budget. Individuals who are not eligible for AFDC may qualify for this assistance. On average 2,481 families in Michigan received SFA in 1994. The average SFA amount for 1994 was \$236.96 per month (DSS, 1995).

SDA is a cash assistance program for disabled people without dependent children. In 1994, there were 9,236 people who received \$236.96 dollars per month under this program (DSS, 1995).

Table 7 indicates that there were 10,046 recipients of SA in 1995. A little more than half (52.6%) of this population was white. Another 40.5% of the recipients were black. Less than 2% of all SA recipients were Hispanic.

| <i>RACE</i> | <i>NUMBER</i> | <i>PERCENT</i> |
|--|---------------|----------------|
| White | 5,282 | 52.6 |
| Black | 4,073 | 40.5 |
| American Indians | 50 | 0.5 |
| Hispanic | 170 | 1.7 |
| Other | 203 | 2.0 |
| Unknown | 2,168 | 2.6 |
| TOTAL | 10,046 | 100.0 |
| <i>Source: Assistance Payments Statistics, December 1995; Department of Social Services, State of Michigan</i> | | |

We can summarize the above data by concluding that there are a large number of people of all racial subgroups who are living in poverty in the state of Michigan. It is also eminent from the above data that mostly single mothers and children are the victims of poverty. Also, an out of proportion population of blacks, Native Americans, and Hispanics in Michigan are living in poverty. This uneven poverty leads to an uneven number of welfare recipients across the above-mentioned population subgroups.

SOCIAL WELFARE REFORMS IN MICHIGAN

This section deals with social welfare reforms in two parts. The first part highlights the main features of traditional welfare system. The second part reviews the changes introduced under the welfare reforms by the state of Michigan.

Main Features of Traditional Social Welfare System in Michigan

Prior to the current social welfare reforms, *Medicaid*, *Assistance for Families with Dependent Children (AFDC)*, *General Assistance (G.A.)*, and *Food Stamps* have been the major welfare programs for poor people of Michigan.

Medicaid

Funded by both federal and state government and administered by the state government, Medicaid provides inpatient hospital care, outpatient hospital care, physicians services, laboratory and X-ray services for needy people. Generally speaking, anybody who qualifies for public assistance including aged, blind, and disabled can receive Medicaid. Most of the recipients of Medicaid also receive other assistance such as AFDC.

Assistance for Families with Dependent Children (AFDC)

Assistance for Families with Dependent Children provides medical care, financial aid, and other social services to children who are in need because of major family crisis such as a divorce or the death, disability, or desertion of a parent. The average AFDC Per a typical family of three was \$459 per month until 1992 (DSS, 1994).

Food Stamps

Funded by the U.S. Department of Agriculture, Food Stamps provide additional support to needy families receiving AFDC. The program allows the recipients to purchase food with coupons rather than money. The amount of Food Stamps given out varies depending upon the size of the family. The average amount until 1992 was \$71.05 per person per month (DSS, 1994).

General Assistance

General Assistance Program of Michigan was developed in response to seasonal waves of unemployment in this auto manufacturing state. It emerged at county level and was expanded to state level in 1980. It continued to grow in size and budget until 1985 with an annual budget of \$342.26 million. As a result of a gradual decrease in this budget, this amount shrank to \$216.49 million in 1991. At that time, there were 122,533 adults receiving G.A. Of these, 78.8% were *poor adults without children*. The remaining recipients included *families with children and unemployed parents* who did not qualify for AFDC (11.5%), *disabled* (1%), and *drug rehabs* (.3%). And finally, another 8.4% were enrolled in a program called *job start*. There has been a gradual decrease in this budget until 1990.

Other Miscellaneous Services

In addition to the above Assistance Program, the state of Michigan used to provide miscellaneous services to its residents. These services included State Emergency Relief, Supplemental Security Income, State Medical Program, Low Income Energy Assistance Program, and Child Support Enforcement. Also, there were service programs such as Michigan Opportunity and Skills Training (MOST), Protective Services, Preventive Services for Families, Intensive Family Prevention Services, Family Support Services, Foster Care, Youth in Transition, Adoption Services, Delinquency Services, Teen parent Program, Runaway Services Program, Adult Independent Living Services, Licensing Services, Native American Affairs and Indian Outreach, Domestic Violence Services, HIV/AIDS Services, Refugee Assistance Services, and Disability Determination Services (DSS, 1995).

Main Features of New Social Welfare System

In 1991, the democratic governor of Michigan was defeated by republican governor John Engler. Social Welfare Reforms was on top of his political agenda. Since his election, he has introduced the following changes in the welfare system of Michigan:

- 1) Termination of General Assistance and creation of *State Family Assistance* (SFA) and *State Disability Assistance* (SDA).
- 2) Creation of a new program known as **To Strengthen Michigan Families**. In addition, *Department of Social Services* was renamed as *Family Independence Agency* (FIA) and *Assistance for Families with Dependent Children* (AFDC) was renamed as *Family Independence Program* (FIP).
- 3) To implement the above changes, new eligibility rules and regulations have been introduced for the welfare recipients under *AFDC/Family Independence Program, Food Stamps Program, and Medicaid*.

Termination of General Assistance

As mentioned earlier, General Assistance Program of Michigan was developed to help those who face unemployment in this auto manufacturing state. Governor Engler believed that the General Assistance program was creating a class of able bodied dependents. Therefore, after a long and very tactful political struggle, he was able to reduce the budget for General Assistance from \$216.49 millions in 1991 to only \$36.75 millions in 1992. And in 1993, he was able to completely abolish this program (Thompson, 1995). As a result, 82,000 adults who were receiving G.A. (approximately \$226 dollars per month) were cut off the program. Of these, 56% were black adults with an overwhelming majority from Detroit area.

After the termination of General Assistance Program, Governor Engler designed a new program called *State Family Assistance*. This program was created for needy families with children who were on General Assistance before. As a result, 7,694 out of 82,000 cases of General Assistance recipients were transferred to this program.

Also, *State Disability Assistance* was created for General Assistance recipients who were aging, disable, or in substance abuse program. A total of 4,577 cases was transferred to this program from GA (Thompson, 1995).

To Strengthen Michigan Families

After abolishing General Assistance, Gov. John Engler turned to the remaining programs. First, the *Department of Social Services* was renamed as **Family Independence Agency** (FIA). Second, *Assistance for Families with Dependent Children* (AFDC) was renamed as **Family Independence Program** (FIP). Third, a new program known as **To Strengthen Michigan Families** was created. This program outlines the following four guiding principles followed by 21 directions (DSS, 1992) to be implemented in the state.

Strengthen Families by Encouraging Employment

1. *Education Designed for Gainful Employment.*
2. *Expanding Entrepreneurial Training to Promote Self-Support.*
3. *Eliminating the Work History Requirement.*
4. *Eliminating the 100-Hour Work Limitation.*
5. *Rewarding Earned Income.*
6. *Excluding Earnings and Savings of Youth.*

Strengthen Families by Targeting Support

7. *Fostering Family preservation.*
8. *Expanding Child Support Initiatives.*
9. *Targeting the Children's Disability Initiative.*
10. *Improving Children's Health Through EPSDT (Early and Periodic Screening, Diagnosis and Treatment) Participation.*
11. *Expanding Maternal and Infant Support Services.*
12. *Developing a Child-Care Strategy.*
13. *Helping Minor Parents on Public Assistance.*
14. *Improving the Child Adoption Process.*

Strengthen Families by Increasing Responsibility

15. *Creating the Social Contract.*
16. *Implementing Higher Aims.*
17. *Focusing on Family Planning.*
18. *Enhancing Fraud Control.*

Strengthen Families by Involving Communities

19. *Expanding Communities First.*
20. *Developing Youth Education Alternatives.*
21. *Increasing Housing Options.*

IMPLEMENTATION AND PROCEDURES OF GUIDING PRINCIPLES

Under the new social welfare system, each recipient of state assistance is required to sign a pledge, **Social Contract**, to become independent and strengthen their families by their involvement in one or more of the following activities:

- Working (full or part time).
 - Taking classes at school.
 - Joining a training program.
 - Going to self-improvement or parenting classes.
 - Volunteering at their children's school, church, a hospital, or agencies like the Red Cross or Salvation Army.
 - Some other community involvement.
- (DSS, 1993)

To implement this **Social Contract** and the above mentioned Guiding Principles laid out under **To Strengthen Michigan Families**, the state of Michigan has proposed the following conditions for each of the recipients of AFDC/Family Independence Program, Food Stamps, and Medicaid.

AFDC/Family Independence Program

1. Attend a joint orientation meeting held by Michigan Job Commission and the Family Independence Agency.
2. Participate in Job and Training Program or lose the benefits after two months.
3. A recipient who is a minor parent is supposed to live with an adult and attend school to be eligible for this assistance.
4. Workers on strike, their spouses, and their children will not be eligible for assistance under this program. (DSS, 1996)

Food Stamps

1. Require Food Stamp applicants to participate in a joint orientation as a condition of eligibility.
2. A noncompliance with Employment and Training during the first two months of eligibility will result in loss of entire family's benefits until compliance with the JOBS components listed under AFDC.
3. Disqualify an adult failing to cooperate with child support for up to four months.
4. Workers on strike, their spouses, and their children will not be eligible to receive Food Stamps.
5. Require a minor parent to live with an adult and attend school as a condition to receive food stamps. (DSS, 1996)

Medicaid

In most cases, Medicaid is given out to those who qualify for other assistance such as AFDC and Food Stamps. Thus, a reduction in the number of recipients of other assistance will lead to a reduction of recipients of Medicaid. Therefore, no major changes have been recommended by the state for this program. However, The state of Michigan has recommended various measures to simplify the procedures involved in availability of Medicaid and has various proposals to the federal government to streamline the system.

EVALUATION

This section examines three aspects of these reforms. In the first part, the assumptions used by the politicians and policymakers of Michigan, the authors of these reforms, are examined. In the second part, the possible social implications of these reforms are discussed. And the third part raises some of the unanswered questions in these reforms.

Assumptions of Politicians and Policymakers

A careful review of the four guiding principles presented in the above welfare reforms and analysis of press releases, discussions, and speeches, suggests that the politicians and policymakers in Michigan who manufactured these reforms believe in the following assumptions:

1. The first guiding principle assumes that there is work available for everyone in Michigan and that there are people, *able bodies*¹, on welfare who simply do not want to work. Such people need encouragement to change their behavior. In other words, it is a behavioral problem rather than an economic one.
2. The second guiding principle assumes that the traditional family structure with two married people and children is an answer to the problem of poverty.
3. The third guiding principle assumes that people on welfare are irresponsible and they should be taught responsibility through social contracts and family planning.
4. The fourth principle puts further emphasis on the role of community to help the needy people.

Let us examine each one of these assumptions in little more detail. The first guiding principle assumes that there is work available for everyone in Michigan and that there are people on welfare who simply do not want to work. Such people need encouragement to change their behavior. The assumption suggests that it is a behavioral not an economic problem. One can hardly find any country or state in the entire capitalist world which has 100% employment rate for all of its citizens for all of their productive life. That means even in a state or nation where everybody is educated, trained, and willing to work there will be some who will be unemployed. Data on unemployment in Michigan support this observation. Even the current record low unemployment rate in Michigan is around 4.5%. Hence, this assumption contradicts State of Michigan's own figures on unemployment and completely ignores the fluctuations of job markets in this auto manufacturing state.

The second principle assumes that traditional family structure with two married people and children is an answer to the problem. Is this problem that simple? Probably not. If that type of argument is valid then there should be no poverty, hunger, and homelessness in countries such as Bangladesh, Pakistan, India, Jordan, and Iraq where there is no concept of out of wedlock children and where there are very few cases of divorce. Most probably, this assumption is based on the past successes of traditional hardworking American families who, according to some, started from scratch and were able to achieve the so-called *American Dream*. The bureaucratic policymakers tend to forget that industrialization,

urbanization, modernization, and globalization has changed the American family structure. Family size, family composition, and economic roles of various members in the households have changed dramatically in the past few decades. For example, in response to high material and nonmaterial cost of raising children, American families adjusted the number of their siblings by lowering their fertility (Caldwell, 1982). To keep up with the increased expenses, women and teenagers entered in the job market. In a typical American family, almost everybody is involved in productive economic activity. In spite of all that, thousands of normal hardworking families have been pushed to problems such as poverty, hunger, bankruptcies, and homelessness.

The longitudinal data on income and poverty in the U.S. and Michigan as presented earlier support this argument. The irony of the problem is that an increasing number of the victims of this poverty are children who are physically, economically, and politically powerless. This phenomenon has been further testified in a recent report published by the Casey Foundation. According to this report, a young adult working full time at the minimum wage in the 1960's was able to keep his family of three above the poverty level. In 1994, working full time at a minimum wage could only earn 70% of the income needed to be above the poverty level. As a result, the number of children below the poverty level increased to 15.3 million in the U.S. One third of these children — 5.6 million children in 1994 — come from working poor families where at least one of the parents, usually the father, worked full time (Pollard, 1996). A similar situation prevails in Michigan. In 1993, 23% of Michigan children lived in poverty. Half of these children were living in extreme poverty where the parents' income was less than 50% of the federal poverty level (Casey Foundation, 1996). In fact, Michigan has been ranked 30th among states with the largest percent of children under poverty (Casey Foundation, 1996).

We can conclude from this discussion that large family, small family, or no family at all is not the root cause of the problem. The problem lies in the structural changes which have taken place in the economic system of this nation in the past few decades which, on one hand, is strengthening the corporate world and, on the other, is creating an ever increasing large number of poor people in this country. Ignoring this problem or undermining this problem may lead to more complexities in this society even a class conflict.

The third guiding principle suggests that the welfare recipients are irresponsible people and that they should be taught responsibility through *social contracts* and *family planning*. This is not a new assumption. In most societies, people in higher economic classes are considered as more responsible and hardworking. On the contrary, people in upper classes tend to label poor people as lazy, irresponsible, and unwilling to work. Even the definition of work is so much misinterpreted that for centuries household work done by women has not been labeled as work. Even if we do not go through this theoretical discussion of work, we find this assumption untrue for the majority of the welfare recipients. An overwhelming majority of welfare recipients are hardworking single mothers who try their best to make ends meet. They are poor but responsible like any other American. According to the state of Michigan's own reports, an overwhelming majority of welfare recipients are doing volunteer work for 20 hours a week to receive their welfare check (DSS, 1995). The question arises if these people are willing to do volunteer work to receive their welfare check, how can they say no to a job with more money, respect, and dignity? It is true that there are some welfare recipients who misuse the system. But it is also true that in every society, there are always a few who misuse the well-intended systems. Thus, it is not fair to declare every genuine and deserving welfare recipient in this state as an irresponsible individual.

The fourth and last guiding principle talks about the involvement of community to help the welfare recipients. Among other strategies, more adoptions has been pointed out as one of the possibilities. Theoretically speaking, this seems like a good principle. Traditionally, that is how all societies were. We used to help each other and used to respond to the needs of family members, friends, neighbors, and communities at large. People still come out for help in cases of emergencies. However, we should not forget that as a result of an increase in population, industrialization, and urbanization, responsibility of human welfare has long been shifted to various government organizations. This change, among other reasons, has created selfish individualism in most capitalist societies. In these societies, it is assumed that in lieu of the taxes paid by the citizens, states take the responsibility of their welfare. Thus, shifting of responsibility of welfare of people back to the community is a violation of the existing social contract between the state and the public. Hence, it is very unlikely that government will be able to succeed to reverse this social contract.

Social Implications

Before we discuss the social implications of welfare reforms in Michigan, let us have a quick look at the large budget of the Department of Social Services in Michigan and at the list of beneficiaries of this budget. DSS employs 14,000 people. The 1995 Michigan budget for social services, four years after the reforms, was \$7.49 billion. Forty-six percent of this budget (\$4.26 billion) was allocated for Medicaid. Another 16% (1.19 billion dollars) was for Aid to Families with Dependent Children (AFDC). The allocation of budget for State Family Assistance (SFA) and State Disability Assistance (SDA) was less than 1% (\$47.2 million). More than half of the expenses on Medicaid and AFDC are picked up by the federal government. Food stamps and few other programs are also funded by the federal government (DSS, 1995). The remaining budget covers all of the other expenditures. The above figures suggest that the major portion of this budget (46%) goes to the insurance companies, pharmacies, and physicians who provide health care to the needy people. Another significant portion of this budget pays for the bureaucracy. And it is approximately \$400 dollars per month which is given out to the unemployed, poor, needy, sick, disabled, and families with small children.²

Social implications of *Social Welfare Reforms in Michigan* are still not known. The limited literature on this subject presents contradictory conclusions. According to an independent consultant hired by the Department of Social Services, the welfare reforms in Michigan have lead to an increase in adult employment and a reduction in the number of AFDC, SFA, and Food Stamps recipients (Werner and Kornfeld, 1995). The report does not, however, talk about the current very low unemployment rates in Michigan which may have lead to this decrease. According to another report, there were at least 12.3% of the G.A. recipients who started working as a result of discontinuation of G.A. (Danziger & Kossoudji, 1994). Still another report, which has been criticized for its reactivity (Thompson, 1995) suggests that health and drug problems have increased in Detroit and Kent counties after the ending of G.A. (Sykes, 1993). The most comprehensive evaluation of effects of termination of G.A. is done by Thompson (1995) in which he infers that an overwhelming majority of G.A. recipients are still receiving some form of assistance such as food stamps, SFA, and SDA. This report also suggests that

the quality of life of former G.A. recipients has deteriorated (Thompson, 1995). A number of other reports presented by welfare agencies, humane organizations, newspaper articles, and editorials have suggested that welfare reforms have pushed millions of children into poverty at the national level. And Michigan is no exception.

Even official figures produced by the Michigan Department of Social Services in one of their progress reports during 1992-1995 do not reflect any dramatic achievements. According to this report:

- 325 people have graduated under the direction on *Expanding Entrepreneurial Training*.
- As a result of the direction on *Rewarding Earned Income*, 29.4% of AFDC recipients were able to increase their earnings. The average income after this increase is \$443 a month.
- Under the direction on *Fostering Family Preservation*, the department claims that the number of children in out-of-home placements resulting from abuse, neglect, or delinquency has decreased.
- Under the direction on *Helping Minor Parents on Assistance* the number of such parents receiving AFDC has decreased from 1,487 in 1992 to 1,173 in 1995.
- Under the direction on *Social Contact MOST/Work First*, 73.5% of all AFDC recipients who were not working more than 20 hours a week participated in community work. (DSS Status Report, 1995)

According to the above-mentioned progress report, the achievement in most of the remaining directions was either too small or none at all. Even if we assume that the above-mentioned achievements were as a result of the reforms and not the better economy of the state, they appear to be insignificant.

One positive outcome of these reforms which no one can deny is the political victory for those who manufactured it. This victory was achieved through extensive propaganda on these reforms and by reducing the DSS budget. It was claimed that it was necessary to balance the state budget. There was no resistance because the victims in this case were poor children, poor single women, and minorities who are powerless and have no significance in the decision making process of this state and country.

Unanswered Questions

The Social Welfare Reforms of Michigan received lots of publicity between both Republicans and Democrats. It even pushed the manufacturers of these reforms to the national level political scenes. To what extent these reforms are worth celebration is questionable. Only time will tell us about their success or failure.

There are many questions, however, which remain unanswered. Some of these unanswered questions are listed in the following paragraphs.

First, the new welfare reforms do not talk about poverty. Nowhere in the four guiding principles and 21 directions is a mention of an increase in poverty in the past few decades. There is no mention of historical processes leading to the structural determinants of poverty beyond the control of an individual. These reforms do not talk about the large number of innocent children and hardworking single women who are living in poverty. The manufacturers of these reforms do not talk about the fact that an overwhelming majority of these people belong to minority populations of blacks, Native Indians, and Hispanics. And there is no mention of any special plan to bring these people out of the vicious cycle of historical poverty. Does it mean there is no poverty in Michigan? Does it mean that people who are on welfare are not poor but lazy and habitual? Does it mean that by avoiding to use words such as poverty will eliminate the problem? We do not have an answer to that. Maybe the authors of these reforms can give an answer.

Second, the state has used and overemphasized terms such as self help, independence, responsibility, work, and social contract. It appears as the state assumes that change of words will bring about change in the lives of recipients of welfare. Is the change in terminology an effort to respond to the problem or ignore and hide the real problems under nice words? Or maybe it is an effort to abandon the deprived by saying that they were given a chance to sign a social contract, work, and be responsible and they didn't. Therefore, state is no more responsible for their welfare.

Third, the state in its Welfare Reforms, does not talk about the unemployed, retired, sick, disables, and mentally retarded people. How many among the welfare recipients belong to this category was also not disclosed in these reforms. One obvious reason is that it is easy to blame so called *able bodies*, minorities, and immigrants, than to blame retired, physically disable, and sick people. It would have been a political suicide to announce that the state is withdrawing its assistance from the sick, disable, and mentally retarded people.

Fourth, it is not clear from these reforms about the fate of those children whose parents do not fulfill the requirements of *social contract, job training, and responsibility*. Is the state going to abandon them?

Fifth, why did the state not include key researchers, academicians, and social scientists in the process of policy making? And why did they pick the bureaucrats from the state government who had very little background in the field of social policy? Was it because bureaucrats, by the nature of their jobs, carried out the task of building a strict, new agenda, without questioning the potential effects of those reforms?

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ENDNOTES

1. Term used by some members in the Michigan House of Representatives, the U.S. Congress, and President Bill Clinton for the welfare recipients with the notion that they were physically fit, but unwilling to work.
2. The State of Michigan spends \$1.32 billion to keep 43,554 persons in prisons, where on average the state spends \$23,742 on food, housing, and other needs of inmates which is as high as \$55,391 per year per inmate when salaries of personnel are included. On the other hand, the welfare recipients receive less than \$5,000 per year. Politicians, both at state and national levels, criticize the so-called large budget of welfare and ignore the budget of the Department of Corrections. In fact, most of them are in favor of building more and more prisons.