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# FAMILY POLICY IN AN ERA OF DEVOLUTION

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The 1980s and 1990s have been times of change in federal-state relationships. Many of these changes involve policies toward families. These changes are exemplified in the welfare reform, but are also evidenced in policies toward health care and health care financing, child care, tobacco settlements and legislation, juvenile justice and other issues affecting families. To answer the question, "How are families faring in an era of devolution?" requires examining what devolution is, how it has affected families and its likely future.

## Devolution From What?

Starting with the New Deal of the 1930s through the Great Society of the 1960s and 1970s, public policies affecting families evolved from limited support to enormous federally-supported programs (Bass et al.; Callahan; Ellwood). The Social Security Act of 1935 (P.L. 74-271) established the basic federal old age benefits program and a federal-state system of unemployment insurance. In 1939, survivors and dependent benefits were added to this Act. The goal of this early legislation was to provide "safeguards against destitution and dependency among workers and their dependents" (Committee on Economic Security, p. 3). This legislation set into place the framework for an evolving national welfare system.

By the late 1960s, Great Society legislation was aimed at support of individuals and families across their life-span. This federal legislation included Medicare and Medicaid, the Older Americans Act, aid to education and expanded support for families when par-

ents was unable to offer assistance—Aid to Families with Dependent Children (AFDC). Supplement Security Income (SSI) legislation assured some equity across states in support for low income elders and disabled persons not covered by Social Security. Other means-tested programs offered low-income families, and some individuals, assistance with food, housing, employment training and some social services. For the most part, these were entitlement<sup>1</sup> programs. Federal grants to states to provide entitlement benefits grew in parallel to the growth of eligible recipients.

Most of these programs were envisioned as partnerships between the federal and state governments. In fact, the states were clearly junior partners—spending mostly federal monies according to strict and often complicated federal rules and regulations. States frequently objected to federal mandates, particularly those that were unfunded, however, they had little choice but to follow the federal lead.

By the 1980s, states regularly sought "waivers" of federal regulations in order to tailor programs to state needs or to develop new services. For example, in the late 1970s and 1980s, Oregon led the nation in the development of community-based care for seniors under a waiver of federal Medicaid regulations. This federal waiver permitted Oregon to spend monies earmarked for nursing home care to deliver care in adult foster homes and other community settings. By 1995, 25 states were operating state welfare reform demonstrations under waivers from the federal government.

<sup>1</sup> With an entitlement program, people who meet the criteria for coverage are guaranteed benefits.

These waiver efforts were the first steps in devolution from centralized federal control to increased state decision making and flexibility.

### **The Hallmarks of Devolution**

In the 1990s, landmark devolution legislation presented the states with increased decision-making power, increased program and fiscal flexibility, increased administrative authority and broadened responsibilities (Tubbesing). Categorical and entitlement funding were largely replaced by block grants to states. The Unfunded Mandates Reform Act of 1995 (P.L. 104-4) marked the clear beginning of the era of devolution. This act greatly restricted the federal government's ability to initiate policies and programs that were to be paid for by state and local governments.

In the last two years, other major devolution legislation was passed, including the Safe Drinking Water Act (P.L. 104-182), children's health insurance legislation, Medicaid reforms, and welfare reform enacted through the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) (P.L. 104-193).

**A focus on ends.** One characteristic of devolution is an increased federal focus on stating the goals, or ends, of policies and a decreased specification of the means. Within fairly broad guidelines, states have increased discretion in how to meet the federally approved targets or goals. This focus on ends has contributed to a tremendous interest in specifying and tracking the outcomes of state efforts.

In welfare reform, PRWORA has as its primary goal a reduction in long-term dependence on welfare entitlement programs. A concomitant goal was the reduction of growth in welfare expenditures. The primary outcome measured is the decrease in welfare caseloads—particularly reductions in the number of families receiving cash assistance. In fact, the

PRWORA requires states to meet targets for reduced caseloads. If these targets are not met, sanctions, in the form of reduced federal funding, follow. While some policy makers spoke of other PRWORA goals such as increased family self-sufficiency and well-being, the clear focus was reduced caseloads and restrained costs.

The success of welfare reform in reducing caseloads has been astounding. Nationally, caseloads dropped by 27 percent between January 1994 and July 1997 due to both welfare reform and the strong national economy (Tweedie et al.). The economy is so strong and the entry level labor market so tight that in my hometown, the sign outside Burger King® reads “Get a \$300.00 bonus for joining our team!”

While this strong economy has contributed to reduced welfare caseloads, the costs per case have actually increased in 49 states. States spend more per family on child care, job training and transportation. Because of the dramatic drop in caseloads, however, most states have reduced state spending (Tweedie et al.).

Whether or not these achievements can be sustained is a critical question. When the economy weakens at some point, and history tells us it will, caseloads and spending will increase at the same time that tax revenues decrease. Most states are reserving some federal block grant monies for anticipated future economic down-turns. Nevertheless, the stability of financing welfare remains one of the most challenging and critical questions in welfare reform (Tweedie et al.). The more success states have in moving families away from the precipice of unemployment and poverty, the less likely it is that caseloads will swell during a future recession.

If a goal of welfare reform is family self-sufficiency, then families must move beyond just any job to a good job with reasonable benefits, stability and growth opportunities. Similarly, if a goal of welfare reform is

family well-being, including the well-being of children, then measuring reduced caseloads gives us little insight into success. Framing well-being as a goal of welfare reform would lead us to consider such outcomes as:

- The adequacy of the safety net for children whose parents are unwilling or unable to meet work and other requirements.
- Child welfare caseloads, child maltreatment rates, homelessness and other indicators of family strain.
- The availability, affordability and quality child care experienced by infants, young children and school-aged children.

Despite the rhetoric of increased self-sufficiency and well-being as goals, there has been less attention paid to assessing these goals. Some studies, including the Urban Institute's *Assessing the New Federalism* project, are tracking outcomes associated with children's well-being.<sup>2</sup> Compared to the focus on reduced caseloads and costs, however, the goals of family self-sufficiency and well-being have been secondary in most efforts to assess welfare reform.

**Discretion in means.** Accompanying devolution's increased focus on ends is a reduced concern with federal specification of means. In the case of the PRWORA, the existing entitlement-based welfare system was replaced with a work-based, time-limited system. To support work-based welfare, states may offer a variety of supports including child care, job development, transportation, education and training, and other services. States, however, have enormous discretion in what services to offer, to whom and for how long (Tweedie et al.).

The result of this state level discretion is enormous diversity in program requirements, procedures and benefits. For example:

- Life-time benefits limits range from 24 months to 60 months unless families reach meet hardship guidelines.
- Twenty states exempt families with a child under one year from work requirements. In contrast, at least 10 states require families to work after a child reaches four months of age.
- Twenty-two states enacted benefits caps so that families who have additional children while on welfare do not receive a regular increase in benefits.
- Fourteen states provide lower benefits to families who move into the state from another state with lower benefits.
- Several, but not all, states have enacted programs to assist legal immigrants who lost benefits under PRWORA (Tweedie et al.).

While state policy makers and program administrators laud increased state flexibility and discretion, many advocates have voiced concerns about the resulting inequities across states. For example, the National Center for Children in Poverty published a detailed report citing significant inequities in what states are doing to promote and protect young children and families in the face of welfare reform. Only 10 states were praised for initiatives aimed at "protecting well-being of young children." Seven states were criticized for offering no state initiatives for young children. Most states were described as uneven in their leadership and investments for young children and families. In short, the report concludes that the inequities across states

<sup>2</sup> On the Internet visit <http://newfederalism.urban.org/> and click "State Database" to access outcomes across states.

mean that a young child's chances in life are directly linked to the state in which he or she is born.

Not surprisingly, many people find such inequities unacceptable. In the past, state-to-state inequities have led to federal preemption of state control (Tubbesing). For example, in the 1970s, the Supplemental Security Income (SSI) program replaced a patchwork of state income assistance programs for poor elders and disabled persons. Support for the creation of this national program arose because of concerns about widely divergent eligibility requirements and benefits rates. In Mississippi, the monthly benefit was \$75.00 while in Michigan, the monthly benefit was \$224.00 (Schultz). It is not unrealistic to expect a similar reaction to inequities in welfare programs.

Currently, federal policy makers are considering pre-emption of state authority in several areas that directly relate to family well-being, including product liability, financial services and banking, medical managed care and child care (Tubbesing). As states demonstrate greater or lesser success with their welfare reform efforts, there may be increasing political pressure to nationalize successful initiatives and to reduce need-less inequities across the nation.

**Privatization.** A third hallmark of devolution efforts (in particular welfare reform) is a shift from public to private responsibility. Certainly, one of the clearest examples of this is found in the title of the welfare reform legislation: The *PERSONAL RESPONSIBILITY* and Work Opportunity Reconciliation Act (emphasis added).

Growing privatization is evidenced in other ways as well, including:

- The growth of services funded through government contracts with private sector providers, including Medicare HMOs, profit-mak-

ing prisons, community and institutional services to the disabled and elderly, child care centers and others.

- Increased public-private partnerships, including partnerships to offer training and create jobs for welfare clients, to develop housing and transportation services, and to provide and manage health and social services.
- Increased safety net responsibilities among non-governmental organizations such as religious groups, volunteer organizations, and other charitable and community organizations—including those that provide food, shelter, support, counsel and security to people in need.

Privatization has benefits. At its best, privatization recognizes that meeting human needs requires everyone—the whole village—to be responsible and to join in partnerships to meet social needs. George Bush spoke of the power of private action when he coined the phrase “a thousand points of light” to describe volunteer efforts.

On the other hand, privatization can raise serious problems for families and communities. Profitability has a bottom line that cannot be exceeded. Kind hearts burn out in the face of unrelenting demands and competition for limited resources.

The growing emphasis on privatization may be especially challenging in rural communities. Rural areas often lack the “profitability” needed to attract and sustain corporate commitment. Many rural communities also lack the infrastructure of public services and local charitable organizations to “fill the gaps” in services. For example, in a review of the impacts of welfare reform on rural areas, Harvey notes that persistent unemployment and poverty in many rural areas

are exacerbated by the lack of private sector interest in job creation. Further, he argues the PRWORA builds on an “implicit assumption” that local community and charitable organizations will provide services and opportunities for families who are trying to move to self-sufficiency. High rates of non-citizen residents, lack of child-care and transportation, and low return on education present additional problems in many rural communities.

## The Future

Some scholars believe that the devolution of federal authority to states has peaked. Technology, global economies, politics and common national issues may lead to renewed pre-emption of state authority (Tubbesing). Whether or not the future holds more or less devolution in policies is likely to be less important for families than the content of those policies. The two most fundamental issues in regard to families are these:

- Can families, in all of their forms, consistently meet their needs for income security, food, shelter, safety, health, participation and growth throughout their life-span and in all parts of the nation?
- Can communities optimize and sustain the resources of public, private, charitable and other organizations in order to offer supportive environments to all families?

Debates about devolution will continue, but these fundamental issues will remain the focus of families’ concerns.

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