
Dissertation

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By

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Abstract

The idea that the able-bodied poor should be required to work for their aid was not the product of a backlash from the 1960s but was an ideology that existed from the beginning of aid to the poor. The emphasis on work being the solution to poverty, and an extreme aversion to providing cash aid to the poor existed long before the government ever got into the business of public aid.

Wisconsin led the nation in work-based welfare reform in the 1980s and 1990s, but the state had been a policy innovator for almost a century; so much so that during the progressive era Wisconsin earned the nickname 'the laboratory of democracy.' One of the areas in which Wisconsin was an innovator was social welfare policy. The nation followed Wisconsin's lead when developing mothers’ pensions, Aid for Dependent Children in 1935, and its replacement, Temporary Assistance For Needy Families, in 1996. This project will trace work-based welfare reform in Wisconsin and nationally demonstrating how Wisconsin was an innovator in social welfare policy both at the beginning of the welfare state and at the end of welfare as we knew it in 1997.
Dedication

To Brian
Acknowledgments

First, I must thank my dissertation committee for all of their hard work. My advisor Paula Baker took me on as an advisee late in my graduate school career and I am grateful for all of her guidance throughout this process. Kevin Boyle's graduate seminar was the best class I had at Ohio State. He taught me the importance of writing to as wide of an audience as possible. I hope I have done that with this project. Daniel Amsterdam offered valuable historiographical suggestions along with a fresh perspective on the organization of the project which greatly improved it. Other professors at Ohio State, especially Robin Judd, Richard Ugland, Robert McMahon, Randy Roth, and Stephanie Shaw, offered sage advice throughout my graduate school career. The staff of the Ohio State department of history also played a crucial role in the completion of this project. Chris Burton and James Bach went out of their way to help me finish this project even though I was living in another state.

The archivists at the Marquette and Wisconsin State Historical Society libraries helped me navigate literally tons of gubernatorial, legislative, and agency records and they allowed me to photograph all of the materials which significantly reduced the time I needed to spend in the archives. Furthermore, the Marquette archivists seemed genuinely happy to have someone in their archive who was interested in something other than the JRR Tolkien collection. Their enthusiasm for my work was much appreciated.
I owe a debt of gratitude to my fellow graduate students. Jim Weeks and Christiana Thomas Hurford were mentors in both teaching and how to survive graduate school. Joseph Arena, Craig Nelson, Peter DeSimone, Cameron Jones, and Chelsey Parrott-Sheffer proved to be not only some of the best colleagues but friends I have at Ohio State. Rob and Lisa Denning were my saving grace in Columbus. Whether we were navigating Ohio with only a Bob Evans store locator map to guide us, or just hanging out playing Rock Band, we had the best time together. When my power went out in the middle of my general exams, Rob and Lisa let me use their home-office. They stood by my side for the best and worst times in my graduate school career and they will always be family to me.

My family supported me through this process and gave me the encouragement to finish. Some of them actually want to read this dissertation, and for that I offer my deepest sympathy. My future mother in-law understood the arduous process of getting a Ph.D. first hand, and offered love and support as if I were one of her own children. But my greatest debt is to Brian. When we first met I was not sure I was going to finish the dissertation and he said he would support me no matter what. And he did. When I decided to pour everything I had into finishing, he did too. He is my best friend, my biggest supporter, and the best fiancée anyone could have. Our dog Buddy, and our cats Vista, Ubuntu, and Mac offered love and affection whenever needed and the cats served the dual purpose of both pets and disgruntled paper weights.
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Fields of Study

Major Field: History
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<tbody>
<tr>
<td>ADC</td>
<td>Aid to Dependent Children</td>
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<tr>
<td>AFDC</td>
<td>Aid to Families with Dependent Children</td>
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<tr>
<td>AFDC-UP</td>
<td>Aid to Families with Dependent Children-Unemployment Parent</td>
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<tr>
<td>CEA</td>
<td>Council of Economic Advisers</td>
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<td>CES</td>
<td>Committee on Economic Security</td>
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<td>CSJ</td>
<td>Community Service Job</td>
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<tr>
<td>CWEP</td>
<td>Community Work Experience Program</td>
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<td>DES</td>
<td>Division of Economic Support</td>
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<td>DHFS</td>
<td>Wisconsin Department of Health and Family Services</td>
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<td>HHS</td>
<td>U.S. Department of Health and Human Services</td>
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<td>DHSS</td>
<td>Wisconsin Department of Health and Social Services</td>
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<td>DWD</td>
<td>Wisconsin Department of Workforce Development</td>
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<tr>
<td>EITC</td>
<td>Earned Income Tax Credit</td>
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<td>EOA</td>
<td>Economic Opportunity Act of 1964</td>
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<td>ERA</td>
<td>Emergency Relief Act</td>
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<tr>
<td>ETI</td>
<td>Employment and Training Institute (University of Wisconsin-Milwaukee)</td>
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<td>FAP</td>
<td>Family Assistance Plan</td>
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<tr>
<td>FSA</td>
<td>Family Support Act of 1988</td>
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<tr>
<td>GAO</td>
<td>General Accounting Office</td>
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<tr>
<td>Acronym</td>
<td>Description</td>
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<tr>
<td>IRP</td>
<td>Institute for Research on Poverty (University of Wisconsin-Madison)</td>
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<tr>
<td>JOBS</td>
<td>Job Opportunities and Basic Skills Training Program</td>
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<tr>
<td>LAB</td>
<td>Legislative Audit Bureau</td>
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<tr>
<td>NGA</td>
<td>National Governors Association</td>
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<td>NWRO</td>
<td>National Welfare Rights Organization</td>
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<td>OEO</td>
<td>Office of Economic Opportunity</td>
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<tr>
<td>PRWORA</td>
<td>Personal Responsibility and Work Opportunity Reconciliation Act of 1996</td>
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<tr>
<td>SSA</td>
<td>Social Security Act 1935</td>
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<tr>
<td>SSI</td>
<td>Supplemental Security Income</td>
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<tr>
<td>TANF</td>
<td>Temporary Assistance to Needy Families</td>
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<td>TEA</td>
<td>Temporary Employment Assistance</td>
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<tr>
<td>W-2</td>
<td>Wisconsin Works</td>
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<tr>
<td>WEJT</td>
<td>Work Experience and Job Training Program</td>
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<td>WFA</td>
<td>Wisconsin Finance Authority</td>
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<td>WIN</td>
<td>Work Incentive Program</td>
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Chapter 1: Introduction

“The people who most want to change this system are the people who are dependent on it. They want to get off welfare. They want to go back to work.”

President Bill Clinton, 1994

In 1996 President Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). The bipartisan legislation aptly nicknamed Welfare to Work provided incentives to force welfare recipients to seek employment as a condition of their aid. The end goal as stated by President Bill Clinton during his 1993 State of the Union address was to “end welfare as we know it.”

Temporary Assistance to Needy Families (TANF) replaced Aid to Families with Dependent Children (AFDC), the federal welfare program this country had known since 1935. The biggest criticism of TANF legislation was that it forced mothers to work when AFDC had let them stay home to raise their children. However, the importance of self-sufficiency through work had always been a crucial ideology regarding poor relief in American history, and it was AFDC not TANF that was the anomaly when it came to social welfare policy. This dissertation will trace the politics, policies, and products of work-based welfare reform in Wisconsin and at the federal level, and it will examine how Wisconsin influenced both

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1 Full text of President Bill Clinton’s 1994 State of the Union Address is available at: www.washingtonpost.com/wp-srv/politics/special/states/docs/sou94.htm
2 Clinton, W. J. (1993, February 17). [State of the Union Address]. Speech presented to a Joint Session of Congress, House of Representatives, Washington, DC; A definition of welfare, “…responses, remedies, and preventative measures made by governments (at the local, state, and national levels) and by private individuals and institutions…to help persons and families who are perceived to be in need.” Walter I. Trattner, Social Welfare In America: An Annotated Bibliography (London: Greenwood Press, 1983), xxiv. I am not including veterans benefits or corporate welfare in my discussion of welfare because I am specifically referring to means tested programs.
the development of the welfare state in the early twentieth century and its reform in the 1990s. There are two major themes that run throughout this project. Work has always been a critical component of poor relief in the America, and Wisconsin was a key influence not only in the creation of the welfare state but also in its reform. Work-based welfare reform has roots that are deeper and more complex than most current welfare historians acknowledge. It was not a product of Republican nor Democratic ideology. It was an American ideology.

Until recently, histories of social welfare policy have been indictments of the Great Society and the War on Poverty. But with the emergence of Welfare to Work, scholars like Lawrence Mead, Gwendolyn Mink, Jill Quadango, and Linda Gordon have begun to reexamine the 1960s and the 1970s to better understand the impetus for national reform in the 1990s. But these scholars are examining the wrong decade, maybe even the wrong century. Work-based welfare has been around since before the term welfare existed and the ideology that work must be the basis for any welfare policy does not belong to Bill Clinton or Tommy Thompson but to the reformers who developed social welfare policy and the creators of the welfare state. Therefore, our examination needs to begin during the nineteenth century. Not only will this project fill the chronological gap, but it will also correct the current narrative that asserts that welfare reform in Wisconsin was bi-partisan and harmonious.

While work has long been a part of American thinking about welfare, politicians and welfare rights activists did not agree about who should be required to work. Contrary to findings of political scientist Lawrence M. Mead, a leading scholar of welfare reform, more than just a small minority of politicians in Wisconsin objected to welfare reform legislation. Antonio Riley, a state assemblyman representing inner-city Milwaukee, supported work-based welfare reform, but the state senator representing Milwaukee, Gwendolyn Moore, did not. Both were empowered by the demands of their constituency, which remained divided over reform. Community and interest groups were divided about whether or not to support welfare reform. Some counties in Wisconsin took the initiative to create reform models the state could follow, and they competed for selection by Thompson to be laboratories of welfare reform. However, the counties that were affected most by welfare and its reform, Milwaukee, Racine, Rock, and Marathon counties, were not so quick to jump on the reform bandwagon and had to be forced to participate. Welfare administrators in some counties diligently implemented reforms, while administrators in other counties like Milwaukee simply refused to comply with certain reforms until they were forced to. While a majority of welfare recipients were transitioned out of welfare and into the workforce with little protest, there were legal battles, there were rallies, and there were politicians, interest groups, and citizens who resisted. The absence of a riot did not mean the absence of resistance, and scholarship to

this point has ignored that resistance. That said, the scholarship on welfare in this country is rich with contributions from historians, political scientists, sociologists, and activists.

Michael Katz, one of the most eminent historians of welfare in the United States, provides an overview of early forms of work-based welfare in his work *In The Shadow of the Poorhouse*, and he also examines social welfare policy changes in the 1990s including PRWORA in *The Price of Citizenship*. However, he only dedicates half of a chapter to the state reforms of Wisconsin Governor Tommy Thompson and the state reforms in Wisconsin were not as simple as Katz’s short overview maintains. First of all, welfare reform in Wisconsin predates Thompson’s administration. Furthermore, welfare reform in Wisconsin was not solely Thompson’s doing. Democrats in Wisconsin like state Senator Joe Strohl provided Thompson with the idea of the two-tiered welfare system which limited benefits of welfare recipients migrating to Wisconsin from other states. Milwaukee mayor John Norquist also received federal funding for welfare reforms in Milwaukee that were even more employment-centered than Thompson’s reforms at the time. Thompson also took the name, and some of the ideas for his quintessential welfare reform program Wisconsin Works from a welfare reform proposal submitted by Assembly Democrats.

Tracing welfare reform in Wisconsin and its impact nationally not only complicates arguments about the historical development of social welfare policy, but it

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also provides greater insight into the welfare rights movement, the political backlash against welfare, and the Democratic Party’s changing relationship with welfare. In the 1980s, Democrats like Bill Clinton became more centrist and seemingly abandoned the poor in order to champion welfare reform in the 1990s. This project will examine how both Democratic and Republican politicians participated in work-based welfare reform in Wisconsin and nationally. The dominant historical interpretation of social welfare policy is that liberals were the innovators while conservatives were the reactionary reformers. This project will complicate that narrative by examining both Republican and Democratic initiated reforms at the state and national level. It will also examine the role of welfare rights groups in reforming the welfare system. In order to understand the impetus for reform this project will trace the development of welfare reforms in Wisconsin and nationally.

Scholars like Theda Skocpol, Joanne Goodwin, Linda Gordon, and Gwendolyn Mink describe the importance of gender and race in describing the development of social welfare policy from mothers' pensions to AFDC. Sonya Michel helped define and promote the idea of maternalism which she argued had two levels: "It extolled the private virtues of domesticity while simultaneously legitimating women's public relationships to politics and the state, to community, workplace and marketplace." Michel showed

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through case studies of mothers’ pensions laws that there was an ambivalence towards maternal employment. Molly Ladd-Taylor examined the relief work of white middle class women in the late nineteenth century and how they promoted social welfare programs for certain groups of white working class women and children but excluded African-American women, divorcees, and unmarried women. Legal historian Susan M. Sterett examined how mothers' pensions differed from all other forms of pensions because it was a form of poor relief and it was not an entitlement that all women received.8 Joanne Goodwin went further and examined how wage earning was a component of public aid to women. She argues that county administrators had a variety of screening processes for mothers' pensions including a determination of a mother's "ability to earn." Goodwin therefore concludes that the pensions were little more than wage subsidies.9

Linda Gordon sheds light on the family-wage myth. As Gordon points out there has never been a time in American history when the majority of men could support their wives and families alone.10 Women have always had a presence in the labor force. In the nineteenth century the workplace was the home and everyone in the family participated in the work. In 1880, over 40 percent of single women held jobs, while only 10 percent of married women were in the labor force. By 1910 when mothers' pensions developed the amount of single women in the labor force grew to almost 60 percent while the

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percentage of married women in the labor force grew to near 20 percent. While these numbers seem low, the percentage of women who received mothers’ pensions and worked was well over 50 percent. Mothers’ pensions were meant to supplement income not to allow mothers to stay home with their children. Work was not only expected of women and children who received pensions but often times it was a requirement. This project furthers that argument by examining Wisconsin's mothers' pension law and the work requirements within it to show that work was always an expectation of poor relief even for single mothers.

Gwendolyn Mink, a political scientist and activist, lobbied Congress and President Clinton to reject work-based welfare reform because, she claimed, it hurt not just poor women but all women. She argues that women were divided and complicit in passing welfare reform. This project outlines how welfare rights activists reacted to welfare reform and how feminist legislators like Gwendolyn Moore fought for the protection of the poor from the 1960s through the welfare reform of the 1990s. This welfare rights activism must be examined in order to provide context for the monumental welfare reform of the 1980s and 1990s in Wisconsin.

Race and its relationship to welfare has been carefully examined starting with Daniel Patrick Moynihan and Nathan Glazer in the 1960s and following with Francis Fox Piven and Richard Cloward in the 1970s. More recently, sociologist Jill Quadagno and political scientists Robert Lieberman and Martin Gilens, among others, have added

significantly to the discourse.\textsuperscript{14} Jill Quadagno examines how racism affected the social welfare programs of the 1960s and 1970s. She argues that racism has been a part of American policy making since the nation's founding.\textsuperscript{15} Robert Lieberman studied how racial divisions impacted the growth of the welfare state, and how programs especially during the New Deal were designed to exclude African-Americans.\textsuperscript{16} Martin Gilens examines racial attitudes towards welfare and concludes that white American's perceptions of African-Americans as lazy effects how whites view welfare. He asserts that middle and upper class whites were not against welfare because of paying taxes for programs they do not envision themselves ever needing, as Theda Skocpol suggests, but that whites incorrectly associate African-Americans as being the majority of welfare recipients and their perceptions of African-Americans is the single most important factor in their views on welfare.\textsuperscript{17} If the contention that welfare policy in this country has always had an emphasis on work than it would make sense that negative views of welfare stem from the racist view that African-Americans lack work ethic. While this project does not address the issue of race directly, it does contain quotes that lend validity to Gilens' argument.

Scholars have long documented the development of the national welfare state and the development of social welfare policy, but the influence of various state and local

\textsuperscript{14} For a literature review on recent work about race and the development of the welfare state see: Jeff Manza, "Race and the Underdevelopment of the American Welfare State," \textit{Theory and Society}, Vol. 29, No. 6, Dec. 2000, 819-832.
policies on this development has been somewhat neglected. Theda Skocpol and Edwin Amenta examined how the American welfare state and social welfare policy developed, and how the American welfare state has been compared to the welfare states of other countries. Both also examine and disagree on the precursors to Aid to Dependent Children. Christopher Howard helps to explain why certain social welfare programs like the Earned Income Tax Credit were able to pass while others like guaranteed income did not, but he also emphasizes the importance of examining the welfare state from the state and local level and insists that no scholar has successfully captured the national and state story together. This project aims to be the first to accomplish that task. Wisconsin was at the forefront of welfare innovation and reform since the progressive era and provided not only the model for PRWORA in 1996 but for the Social Security Act of 1935. This project will also go further than current histories by examining the effects of PRWORA, its reauthorization, and the addition of faith based initiatives under George W. Bush.

Chapter two examines the development of the national welfare state from 1860 to 1960. Beginning with poor relief and veteran's pensions this chapter outlines the work-based relief ideology that encompassed the giving of aid by both public and private organizations. One of the issues the chapter addresses is the traditional historical

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18 For development of the national welfare state see: Edward D. Berkowitz, America's Welfare State: from Roosevelt to Reagan (Johns Hopkins University Press, 1991)
narrative which contends that mothers' pensions were specifically meant to keep mothers in their homes raising children. The reality was far more complex.\textsuperscript{21} There was always an underlying ideology to stress work over welfare. To address a growing concern about the importance of work to one’s character, states like Wisconsin amended mothers' pensions to allow judges to force mothers to work for their aid.\textsuperscript{22} African-American women were denied mothers' pensions because they were expected to work. There was a constant debate about whether or not poor relief should be in the form of direct or institutional relief but a series of depressions made it clear that the plight of the poor was more than local agencies could handle. The Great Depression was the catalyst for the creating the welfare state which led to the creation of Aid to Dependent Children (ADC), a key social welfare program in the Social Security Act of 1935. Although it was not originally intended to cover more than widowed mothers, it rapidly expanded to include more categories of single mothers. However, ADC denied access to African-Americans until after World War II. ADC continued to grow after the war and by 1960 welfare rolls had more than doubled.

Chapter three continues the development of the national welfare state from the War on Poverty through the presidency of George H.W. Bush. It was during the 1960s that academics and civil rights organizations drew national attention to poverty and the Kennedy and Johnson administrations reacted by creating work-based social welfare programs like the Manpower Development and Training Act. The War on Poverty centralized the federal government's authority over social welfare programs which

\textsuperscript{22} \textit{The Administration of the Aid to Dependent Children's Law} (Mother's Pension Law), (Wisconsin: State Board of Control, January 1922,) p 9.
removed innovative control from states like Wisconsin, but the Office of Economic Opportunity also created community action programs in an effort to fight poverty locally. Johnson's liberal coalition and his War on Poverty programs grew strained and eventually fractured leaving his successors to attempt to 'fix' AFDC. Richard Nixon publicly attacked AFDC as a failure, yet he expanded welfare with the Earned Income Tax Credit and attempted to pass a guaranteed income program.

Historian Laura Kalman's treatment of the rise of the New Right during the Ford and Carter administrations ignores both presidents' efforts to reform welfare. While neither president was particularly successful in reforming the system, their attempts should still be documented in order to show the progression of presidents who saw AFDC as a failure yet did very little to seriously reform it before Bill Clinton. Gerald Ford attempted to reform food stamp program to cut down on fraud, but he also wanted to extend aid to the working poor. Nixon's EITC program actually passed during Ford's administration. Jimmy Carter also attempted to reform AFDC to make it more efficient and to reform the food stamp program to limit eligibility to only those below the poverty line. Ronald Reagan, one of the biggest critics of AFDC tried to add stricter work requirements while at the same time cut funding to work incentive programs, but he too actually expanded AFDC by trying to force every state to participate in AFDC-UP (Unemployed Parent). George H.W. Bush was the first president to allow a state waiver that cut AFDC benefits to women who continued to have children while on welfare.

Chapter four examines Wisconsin’s career as a laboratory of democracy and innovation. Wisconsin’s connection to the development of the national welfare state runs

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fairly deep. Not only did Progressivism take root in Wisconsin, a series of economists from the University of Wisconsin have been the architects of state and federal social welfare programs. John R. Commons helped create Wisconsin's and then the nation's first workmen’s compensation system. Edwin Witte, a member of Franklin Roosevelt’s Brain Trust, became Executive Secretary of the Committee on Economic Security which drafted the Social Security Act (SSA). The SSA included an unemployment system modeled after a program already in existence in Wisconsin. Arthur Altmeyer headed the Social Security Administration, and Wilbur Cohen became Secretary of the U.S. Department of Health, Education and Welfare under Roosevelt. Robert Lampman helped create the national antipoverty policies of Presidents John F. Kennedy and Lyndon Johnson. He also helped establish the Institute for Poverty Research (IRP) in Madison in 1966 and became its first director. The IRP helped mold the income maintenance welfare initiatives of the Nixon and Carter administrations, and developed Wisconsin’s innovative child support policies of the 1980s. A former chancellor of the University of Wisconsin, Donna Shalala, became the Secretary of Health and Human Services under President Clinton, and Wisconsin Governor Tommy Thompson took over that position under President George W. Bush.²⁴

Republican Robert La Follette and his brand of progressivism during the late 19th and early 20th centuries made Wisconsin stand out as a laboratory of democracy. As governor La Follette laid the groundwork for Wisconsin to become a bastion of progressivism. Wisconsin’s unique brand of progressivism became nationally known as,

La Follette staffed boards and commissions with experts and he held weekly meetings with officials, legislators, and faculty to collaborate on solutions to the state’s problems. When it came to social welfare policy it was La Follette’s successors including his son Phillip who proposed government sponsored welfare relief. The elder La Follette and others criticized poor relief as detrimental to any self-respecting human being.

Between 1935 and 1992 the federal government provided AFDC standards that states could either meet or exceed, and Wisconsin routinely exceeded these standards. For instance, four different agencies administered AFDC, Food Stamps, Medicaid, and Housing Assistance making the application process complicated and tedious. Under Governor Patrick Lucey, Wisconsin resolved this issue by consolidating three of the applications (AFDC, Food Stamps, Medicaid) to a single form which other states then adopted. Between 1979 and 1982 the Wisconsin state legislature embraced the national legislation and passed the Earned Income Tax Credit (EITC) to help the working poor, alternatives for assisting the uninsured and pilot programs to increase demand for unskilled or semi-skilled labor. Wisconsin legislators believed the greatest need for reform in social welfare were: parents neglecting child support payments, the need for job training, and the perceived influx of people attracted to Wisconsin’s generous welfare benefits, a problem critics claimed made Wisconsin a "welfare magnet." To combat these problems Governor Anthony Earl along with state legislators, former officials from the US Department of Health and Social Services, and University of Wisconsin faculty

developed the Work Experience and Job Training Program in 1986 which required work and job training for AFDC recipients and stricter standards for child support payments. The politics of the reforms and the reaction of welfare rights organizations is highlighted in this chapter as well. This chapter follows these waves of reform in social welfare policy from La Follette to Tommy Thompson.

Chapter five traces the beginning stages of both Wisconsin and national welfare reform as it evolved from 1992 to 1995. Thompson, along with members of former President George H.W. Bush’s Health and Human Services Department, Political scientist Lawrence M. Mead, and the Hudson Institute started planning Wisconsin Works (W-2) as a replacement for AFDC. Wisconsin’s workfare program, also known as Work not Welfare, was embraced by the Clinton administration, but was challenged both in Wisconsin and nationally by Democrats who said the program was too punitive and attacked the poor. Democrats in Wisconsin passed legislation that required AFDC to be replaced by 1999. Democrats demanded the new system meet three guidelines: to support those who could not work, to guarantee jobs to those who could not find them, and to assure low income people affordable child care and health care. Governor Thompson, using his controversial partial veto power, removed the guidelines initiated by the legislature, but he accepted the challenge of replacing AFDC as did the GOP in Congress who demanded President Clinton release his own welfare reform proposal instead of attacking theirs.

Chapter six will cover the years from 1995 to 1997 and the passage of both Wisconsin Works in Wisconsin and the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). This chapter highlights the major congressional actors
in reform, the opponents of reform, and the evolution of multiple welfare reform plans into the final version PRWORA. After four years of debate and two presidential vetoes, PRWORA finally passed. The four stated goals of this act were: first, ending the dependence of needy parents upon government benefits by promoting job preparation, work, and marriage; second, aid needy families so that the children in those families may be cared for in their homes or the homes of relatives; third, prevent and reduce out of wedlock pregnancies and establish goals for preventing and reducing their incidence; fourth, encourage the formation and maintenance of two parent families. This act also abolished AFDC and replaced it with TANF (Temporary Assistance for Needy Families) a federal block grant giving states additional resources and more discretion over welfare policy and administration.

Unlike other states that simply added stricter work requirements and adopted work incentives after TANF passed Wisconsin had been completely dismantling and reforming AFDC since the mid 1980s and had a replacement for it before PRWORA was even passed in 1996. The final product was called Wisconsin Works or W-2 for short. It combined previous expectations of work with extended child care, health care, and fiscal benefits. This was a reform package that at the time was completely unique to Wisconsin.26 Wisconsin was not just moving families off of welfare, but into jobs which brought the state and its governor unrivaled national attention.

Chapters seven and eight cover the aftermath of the passage of both W-2 and PRWORA and the reauthorization of TANF in 2002 and 2005. This time period saw Thompson leave the governorship to be the Secretary of Health and Human Services

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under George W. Bush and the introduction of Faith Based Initiatives to welfare during the Bush administration. Both chapters also cover the 10-year evaluations of both W-2 and TANF by government organizations, NGOs, and welfare advocacy groups. Social welfare policy in the United States has often been about work and self sufficiency, and Wisconsin was crucial in creating those work-based policies. Welfare scholars have ignored or downplayed the crucial elements of both work and Wisconsin in their discussions of social welfare policy, and this project will fill those gaps.
Chapter 2: The Development of the Welfare State 1860-1960

This chapter traces the beginning of the work not welfare ideology based in personal responsibility that consumed both private charity and public poor relief. It outlines the development of the welfare state from the mid-nineteenth century through 1960. Although Elizabethan poor laws date back to the 1600s, this chapter examines how poor relief developed in the nineteenth century from outdoor and indoor relief to soldiers pensions, and how that transitioned in the twentieth century to the development of the welfare state with mothers' pensions, social insurance, and Aid to Dependent Children. The ideology that surrounded poor relief in both of these centuries was that work was better than charity and any relief should guide able-bodied recipients towards work and self-sufficiency.

One of the largest groups of the poor, women, complicated the belief that the able-bodied poor should work, but only a small number of women were given relief without the expectation of work and African-Americans and some immigrants were excluded from this group. As the number of women with children in poverty grew in the 19th and 20th centuries, aid expanded to include more women. African-American women were excluded from Aid to Dependent Children until after World War II because of the prejudicial expectation that they were already workers.
While a large proportion of the federal welfare state we recognize today started with the programs of the New Deal, those programs were meant to be temporary aid, not a permanent dole. During the Great Depression states began experimenting with unemployment relief and these programs provided inspiration for federal New Deal Social Security programs. One of those programs was Aid for Dependent Children (ADC), an offshoot of mothers’ pensions, ADC was originally intended to help any family with children in need, but the ideology of self-sufficiency through work caused Congress to require one parent be absent in order for a family to qualify for aid.

ADC continued to evolve and radically expanded in the decades after World War II and by the 1960s ADC's rolls had more than doubled. The expansion of the welfare rolls brought public attention to the plight of the poor, and both federal and state efforts to relieve poverty were centered around providing work for the poor and encouraging self-sufficiency.

**Poor Relief in the 19th Century**

During the 19th century the United States had two 'social welfare' doctrines, one of charity, associated with traditional religion and divine conscience; and the other doctrine, secular liberalism, related to the political economy, ethical individualism and personal responsibility. Both of these doctrines, while seemingly contradictory, mutually reinforced one another. While there was a shift in ideology about who should provide poor relief between 1895 and 1900, the term ‘social welfare’ did not exist until after 1900. People receiving poor relief were categorized as dependant, defective, or delinquent, and it was believed work could cure two of the three categories.¹

The idea of work-based poor relief was engrained in society from the Elizabethan poor laws of the 1600s. Poor relief was considered a local but public responsibility. This might sound generous but the poor were denied aid if it was determined they could be supported by other family members, and the poor could be thrown into forced labor if someone was willing to take responsibility for their support.\textsuperscript{2} While localities differed slightly on how they provided aid to the poor, the belief in work was universal, private charities and local governments always attempted to make relief less desirable than work.\textsuperscript{3}

The poor were not all treated equally and in the 19\textsuperscript{th} century they were divided between the deserving poor and paupers. The former were the disabled and aged while the latter included drunks, criminals, and others who were considered able-bodied and thus should be able to be self-sufficient. Paupers offended the Victorian ideology of work, initiative, and individual capacity; failure to earn a living was individual failure.\textsuperscript{4} Since the nineteenth century the largest group of public and private poor relief recipients were not paupers but women with children. The second largest group, unemployed men, only overtook single mothers during times of economic depression.\textsuperscript{5} However, even when the country was not in a depression there was never enough work for every able-

\textsuperscript{3} James Patterson, \textit{America's Struggle Against Poverty in the Twentieth Century}, (Harvard University Press, 2000), 19-20.
\textsuperscript{4} Joel Handler and Ellen Hollingsworth, \textit{The Deserving Poor: A Study of Welfare Administration}, (Chicago: Markham, 1971), 16.
bodied person who wanted it, and unskilled and semiskilled laborers were most affected by employment shortages and depressions.

Aid to the poor in the form of outdoor relief or direct aid was traditionally provided by private and religious organizations but was also given by city governments. Local county and state institutions provided indoor relief, or institutional aid in the form of poorhouses. By 1850, new institutions were created to treat the mentally ill, juvenile delinquents, to educate the blind, deaf, and "dumb." All of these institutions had one goal: to rehabilitate people to be productive members of society. But beginning in the 1870s publicly provided outdoor relief was abandoned in cities in favor of institutional care.\(^6\) Poorhouses too had a vision of rehabilitating the poor and teaching them proper work ethic.\(^7\)

Civil War pensions were the only direct aid provided by the federal government at the time and provided aid to wounded Union Army veterans, war widows, and dependents. By 1873 a widow was able to collect extra benefits depending on how many children she had. These pensions eventually grew into de-facto old age and disability pensions for over one million Americans but the pensions were not equal. Union pensions were provided by the federal government and were much more generous than the former Confederate states could afford to pay their veterans.\(^8\)

The able bodied poor, however, were expected to work and were shamed for not doing so. An administrator for the State Board of Charities for Minnesota said in 1888,


\(^{7}\) Katz, *In the Shadow of the Poor House*, 7-10

“When a person comes to me for relief for the first time…I say to him: Do you know you are throwing your family on the county, and it will be a disgrace to you as long as you live? Now go home and see if you can’t get along.”9 Unlike defectives, delinquents were trouble makers and criminals who charity workers and reformers believed required social control.10 The social control went as far as the child saving movement which forcibly removed children from poor urban areas as ‘preventative’ measures to help them avoid a life of poverty and pauperism. Some children were forced to work providing domestic or farm labor for their foster parents. Poverty was viewed as a moral contagion, and reformers labeled impoverished children as pre-delinquent. Putting the poor, including children, to work was the chosen remedy for poverty.11

The able-bodied poor were always expected to fend for themselves, and this work-based ideology influenced every social welfare policy in the nineteenth and twentieth centuries. But the role of women in society complicated the ideology that the able-bodied poor should work. When advocates and social scientists examined relief, some poor women were thought deserving of relief in order to raise small children. For those not considered deserving such as African-Americans and immigrants, low wage work was available to them in domestic labor, but the number of poor mothers continued to grow and both local public and private charities quickly became overwhelmed. Both advocates and the charities called for public assistance beyond what churches and institutions could provide.12

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12 Goodwin, "Employable Mothers and Suitable Work", 254.
By 1890, white reformers began demanding government programs for cash relief. African-Americans, were mostly excluded from these programs and had to rely on their own private institutions for aid. Members of the National Association for Colored Women supported their own communities because discrimination and segregation denied them access to public assistance. African-Americans relied on the local chapters of the Universal Negro Improvement Association, the African Communities League, the City Federation of Colored Women's Clubs, the NAACP, the Urban League and for community support and advocacy. Middle-class African-Americans utilized these organizations to provide medical, public health services, and jobs for the unemployed in their community.\(^\text{13}\)

Segregation affected women's reform work. While most organizations were segregated, there were a few local organizations like the Urban League where white and black female reformers joined together to campaign for public aid for needy children. In the South evangelical religious groups exhibited interracial cooperation, but this was hampered by core networks being segregated and by white prejudice. Overall, however, as white women found their condition and political power improving in the early twentieth century, black women faced segregation and a lack of political power which caused them to focus their efforts within their own communities.\(^\text{14}\)

After the Depression of 1893, progressive reformers were able to reorganize and expand government relief. With 17 to 19 percent unemployment quickly overwhelming local agencies, private and public relief could not meet the demand. For the first time


cities set up public works projects as a major method of relief, but it became increasingly clear the cities and local governments did not have the resources to fight poverty alone. Still work-based relief remained the focus of reformer’s efforts.¹⁵

**From the Progressive Era to the New Deal**

In 1911, states began creating mothers' pension programs, which at first only provided state aid to widowed women with children. The entitlement to survivor's benefits then grew to include some women who had been abandoned by their husbands. Focusing on children and the maternal responsibility of women to protect and raise children led social welfare advocates to support mothers' pensions, and by 1921 forty states and the territories of Alaska and Hawaii had some form of mothers' pensions. The pension, however, was usually not enough money to live on.¹⁶ African-American women were mostly excluded from this program because they were stereotyped as more fit to work than white women. But, even white women could be required to work for their benefits if a judge issuing the pension saw fit. Even mothers' pensions were not exempt from the work-based relief ideology. Mothers' pensions were meant to be a last resort of aid to single mothers when the proper family unit with the father as breadwinner could not be restored. African-American reformers shared the view that husbands as breadwinners was the ideal situation, but discrimination against African-American men in the workforce along with low wages forced African-American women into the workforce by financial necessity. Discriminatory social welfare policy tied civil rights

and welfare rights in the African-American community. One commonality between white and black welfare activists was the emphasis on helping children.

Since work was still preferential to welfare, not every single mother received a pension as many states developed means tests to determine a mother's earning potential in the workforce, and only seventeen states by 1921 had extended mothers' pensions past widows to include abandoned and divorced women. This rule disproportionately affected African-American women who reformers claimed had always been in the workforce. Therefore, African-American women were thought to have a higher earning potential than white women and were denied mothers' pensions.17 Mothers' pensions revolved not only around the potential employment of the mother but of the child, and pensions could be denied once the children were of working age which was fourteen. Poor women and children were always expected to earn in order to contribute to the family wage. Private charity opponents of mothers' pensions not only feared the pensions would reduce their own funding, but worried that this form of outdoor relief would cause the poor to lose the incentive to work.18

Although the modern American welfare state had its roots in the progressive era, a major portion of it developed in the 1930s. In 1932 the Democratic nominee for President Franklin Roosevelt proposed federal relief programs for the poor and the unemployed. President Hoover refused to consent to such reforms because he was bound to the ideology that federal aid to the poor and unemployment insurance would lead to communism. So Hoover remained steadfast. "The federal government must do everything

17 Goodwin, "Employable Mothers," 256.
to help people help themselves," he said. "It must do nothing to help them directly."
Roosevelt also thought a federal dole was dangerous to the American working spirit but found it absolutely necessary to provide it under the circumstances. Hoover was only willing to make loans to the states but not direct aid to the people. Both believed employment was the best form of relief, but Roosevelt conceded that if employment could not be guaranteed aid had to be provided. But he made very clear that this relief was only supposed to be temporary.¹⁹

By the time Roosevelt took office in 1933 economic conditions in the nation had worsened and about one third of the American workforce was unemployed. Along with a bank holiday and the creation of industrial and agricultural relief programs, the president focused his attention on the plight of the unemployed and impoverished. In May of 1933, Wisconsin Senator Robert N. La Follette, Jr. along with Senators Edward P. Constigan and Robert F. Wagner created the Federal Emergency Relief Act (FERA), which immediately put $500 million in grants to fund state unemployment relief programs. By the time FERA was terminated in 1936 three billion dollars in grants had been made.²⁰

Roosevelt wanted to avoid "dole-relief" if at all possible by focusing on work-based relief programs. The only people exempt from work were the elderly and women with children who were only exempted in order to provide jobs for unemployed men.²¹

The Social Security Act of 1935 a landmark piece of social welfare legislation. Roosevelt, like Hoover, was leery of the European social insurance systems, so much so

²⁰ Piven and Cloward, Regulating the Poor, 73-74.
that he stated, “Let us profit by the mistakes of foreign countries and keep out of unemployment insurance every element which is actuarially unsound.” Public opinion still favored work over welfare, it now supported the creation of a work-based disability insurance and a work-based old-age pension that employers and employees paid into. Secretary of Labor, Francis Perkins, was accused of attempting to "sovietize" the United States with Social Security and unemployment insurance.

Perkins also created Aid for Dependent Children (ADC), as part of the Social Security Act of 1935. The emergency assistance program was meant to cover children in severe need, regardless of the marital status of their parents. Jane Hoey, a social worker, headed the Bureau of Public Assistance which administered ADC. The legislation was modeled after the mothers’ pension programs already in existence in most states during the progressive era and the 1920s, but differed because ADC did not require mothers to work for their aid in order to reduce competition between men and women in the workforce. The Child Welfare League of America sent a telegram, endorsed by 275 public and private agencies and 16 states, urging Congress and the President to pass ADC legislation. Congress, however, decided poverty was not a sufficient enough reason to justify cash aid to non-working families, especially when there were two able-bodied adults at home, so they imposed a rule that one parent had to be absent as a qualification for aid. The justification for the rule was that in a two-parent household at the very least the father was capable of working and should make an effort to be self-sufficient.

23 Patterson, America’s Struggle against Poverty in the Twentieth Century, 45.
25 Patterson, America’s Struggle against Poverty in the Twentieth Century, 65-66.
Congress also allowed the states administrative authority over the program which allowed Southern states to deny coverage to impoverished African-Americans. Although only meant to be temporary, and a stark contrast to the work-based aid programs that preceded it, ADC was not discontinued like other New Deal emergency aid programs were and its rolls continued to grow. Although states were able to curb the size of the program initially, after World War II ADC and its demographics radically expanded and became Aid to Families with Dependent Children (AFDC) in 1962. Both state and national legislators would try to rectify the anomaly of the non-work-based AFDC by continuously adding work-based programs and requirements to it during the all throughout the second half of the 20th century.27

27 Katz, The Undeserving Poor, 113-117.
Chapter 3: War on Poverty to George H.W. Bush

While the 1950s and 1960s was generally an era of prosperity, the plight of the nation’s poor was being "rediscovered" by journalists, academics, and politicians. A new brand of muckraking journalists, such as Michael Harrington, analyzed what it meant to be "poor." Harrington identified a cycle of poverty he believed the poor were stuck in, and he recommended steps society needed to take to alleviate such poverty.¹ Sociologists such as Richard Cloward looked at the demographic, educational, and racial differences between the ethnic ghettos of the 1900s and the urban ghettos of the 1950s. E. Franklin Frazier popularized the theory that family disorganization and an alarming increase in illegitimacy in the African-American community caused a cycle of poverty. From 1940 to 1962 the illegitimacy rate per 1000 births rose from 7.1 to 21.5 overall. In the African-American community alone the rate per 1000 was much higher, jumping from 35.6 to 90.1. The rise in illegitimate births correlated with a rise in the welfare rolls and a rapidly expanding welfare state. This chapter examines the enduring link between work and welfare between 1960 and 1992.

During the 1960s state governments and the federalism of the New Deal were completely overshadowed by the War on Poverty programs of the Great Society.

¹ Michael Harrington described a ‘culture of poverty’ that was pessimistic and fatalistic and how the environment needed to be changed in order to affect change. He believed only the Federal Government could do the job. James Leiby, A History of Social Welfare and Social Work in the United State, (New York: Columbia University Press, 1978), 313.
President Johnson's War on Poverty programs were influenced by the Civil Rights Movement not only in creating equal access to ADC and other programs but in encouraging enrollment and community involvement in the programs. However, conflicting views on the causes of poverty, especially in the African-American community, and disagreements about how best to alleviate poverty created a divide between civil rights activists, politicians, and academics that threatened support for War on Poverty programs and the Democratic coalition. Johnson's motives for a War on Poverty were not just based on equality they were based on work. He was critical of welfare mothers who, "sit around and breed instead of going out to work." Although many of the War on Poverty programs were work-based welfare programs the poverty rolls continued to rise throughout the 1960s.

Between 1960 and 1970 the AFDC caseload almost doubled and President Richard Nixon viewed the rapid growth of AFDC as a breakdown of the system. "Nowhere," he said in 1969, "has the failure of government been more tragically apparent than in the efforts to help the poor and especially in the system of public welfare." During the 1970s there was consensus that welfare was broken, but none of the parties involved could agree on how to fix it other than rewarding those who worked. While some Republicans were calling for the programs of the Great Society to be scaled back, President Nixon expanded the welfare system to include benefits for the worthy poor such as workers and the disabled through Supplemental Security Income, the Earned

Income Tax Credit. Federal funding of welfare also increased under Nixon from $354 million in 1969 to $1.7 billion in 1972. The federal government and state governments were fiscal and administrative partners in AFDC, Food Stamps, Medicaid, and Housing Assistance throughout the 1960s and 1970s. While Nixon preferred private and voluntary charity organizations over government aid for the poor, he wanted work, self-sufficiency, and personal responsibility to be the focus of any welfare reform. He encouraged state experimentation with reform because he understood federal reform would be hard to pass. Goldwater conservatives thought Nixon's insistence on reform meant he would cut welfare programs, but instead he proposed a radical expansion with an income maintenance program but the presidencies of Nixon, Ford, and Carter did little to reform AFDC.

When Ronald Reagan came into office he promised to reform welfare as he did in California by putting welfare recipients to work. He promised to protect the poor but to crack down on corruption and welfare cheats. He proposed raising the workfare requirement of welfare from 15 to 75, but at the same time cut the budgets of workfare programs like WIN. However, it was during Reagan's administration that states like Wisconsin were granted waivers to experiment with their own welfare reform and at the end of his administration Reagan signed the Family Support Act which mandated all states participate in AFDC-UP, AFDC's unemployment program which supported two-parent households. Reagan also required 10 percent of eligible recipients to enroll in the workfare program JOBS.

4 James T. Patterson, America’s Struggle against Poverty in the Twentieth Century,(Cambridge: Harvard University Press, 2000), 177.
Kennedy and Johnson:

By the 1960s over 55 percent of the nation’s poor lived in cities. It was this demographic shift and its affect on African-Americans and the Civil Rights Movement that brought attention back to poverty. The other 45 percent of the poor were located in the rural South and three-quarters of the poor were white. About half of the poor in 1960 were not covered under Social Security. Historian James T. Patterson asserted that it was Michael Harrington’s book on poverty *The Other America* that sparked a reexamination of poverty in American in the 1960s and inspired president John F. Kennedy to further investigate the problem. Yet Harrington’s book did not come out until 1962, and Kennedy had made poverty and unemployment, major themes in his campaign for president in 1960.

During his inauguration in 1961 Kennedy stated that “The hand of hope must be extended to the poor and depressed.” There were many theories as to why the welfare rolls doubled between 1960 and 1970. Some social scientists cited urban migration and increased access to aid as the major reason for increase; others pointed to the rapidly rising divorce rate. Some even blamed the welfare rights movement for removing the stigma causing welfare to be demanded as an entitlement. Regardless of what or who caused the increase in the welfare rolls, the rolls doubled from six to twelve million

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6 Patterson, *America's Struggle against Poverty in the Twentieth Century*, 78-99.
people in one decade capturing the attention of scholars, journalists, activists, and politicians.\footnote{\textit{\textsuperscript{7}}}

The Kennedy administration focused their anti-poverty efforts on increasing employment and avoided directly addressing public assistance yet in was during his administration that the first of many major expansions of ADC took place. The administration's theory was that cutting the income tax would raise incomes and actually yield more federal revenue. Any tax revenue surplus could then be applied to social programs.\footnote{\textit{\textsuperscript{8}}} In 1961 Kennedy proposed, and Congress approved, the Area Redevelopment Act (ARA) to help depressed regions of the nation; and in 1962 Congress passed the Manpower Development and Training Act (MDTA) to permanently address the problems of unemployment related poverty by providing aid and job training to the poor. This legislation fit the historical trend of Congress promoting work not welfare and it was followed in 1964 by the Job Corps program of the same nature.\footnote{\textit{\textsuperscript{9}}}

Wilbur Cohen, a top aide of the Social Security Board in 1934, served on President Kennedy’s task force on Social Security before becoming Secretary of the Department of Health, Education, and Welfare in 1968. It was under his advisement that in 1961 ADC became Aid to Families with Dependent Children (AFDC) and the Kennedy administration not only increased unemployment benefits but also expanded AFDC to include families where the father was either unemployed or underemployed.


\footnotetext[8]{Leiby, \textit{A History of Social Welfare and Social Work in the United States}, 302.}

\footnotetext[9]{Patterson, \textit{America’s Struggle against Poverty in the Twentieth Century}, 123.}
They called this new program AFDC-UP (Unemployed Parent). The program was not made mandatory for the states and almost half of the states refused to implement it.

While Congress was releasing studies that showed an ever growing dependence on welfare as a way of life, the Labor Department resisted coming to the same conclusion. A report finally forced them to concede that “significant proportions of AFDC families do represent a second or third generation on welfare.” Legislators agreed that cash only was not solving the welfare problem and might actually have been contributing to it, so an effort was made to transition welfare from cash to services. In 1962 Congress passed the Public Welfare Amendments, which increased federal funding to reimburse states 75 percent of AFDC administrative costs in return for states submitting plans to adopt the expansive federal AFDC standards focusing on community service involvement in poverty prevention. They also increased the age limit of dependent children from 16 to 21 on the condition that the children were in school. In order to increase the incentive to work, Congress reduced the 100 percent benefit reduction on earned income for those who received AFDC. But legislators were also trying to curb what they saw as corruption and abuse of the welfare system.

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11 Patterson, *America’s Struggle against Poverty in the Twentieth Century*, 126.
12 Department of Labor, Manpower Report of the President (Washington, 1968) cited in; James T. Patterson, *America’s Struggle against Poverty in the Twentieth Century*, 104.
The Great Society and War on Poverty:

The news media exposed corruption in AFDC with stories focused on the abuses of welfare while at the same time the welfare state continued to grow. Lyndon Johnson initiated arguably the most extensive welfare legislation since the New Deal. The federal government increased its role in welfare not only by expanding programs, but by taking an active role in services that state and local governments normally controlled, leaving the states without the power to reform their own welfare programs. The expansion of social welfare programs in the 1960s also led to the growth of bureaucracies at every level of government. The response of the federal government to demands to improve the efficiency of the welfare system was to increase welfare aid and fund state and local government programs while also attempting to centralize the administration of those programs within the federal government.16

Lyndon Johnson’s presidency reawakened concern with poverty, and lead to the reforms of the Great Society and the War on Poverty. Johnson, considered an enemy of the civil rights movement while he was Senate Majority Leader in 1957, was handed the reins of John F. Kennedy’s civil rights initiative when Kennedy appointed him chairman of the Committee on Equal Opportunity.17 When he unexpectedly ascended to the presidency in November of 1963, Johnson promised to continue the work of his predecessor on civil rights but in 1964 he made declared a war on poverty in his “Economic Report of the President.”

In January of 1964 the Council of Economic Advisors (CEA) asserted, “We pay twice for poverty: once in the production lost in wasted human potential, again in the resources diverted to coping with poverty’s social by-products. Humanity compels our action, but it is sound economics as well.”18 The result of these reports was a bevy of legislation between 1964 and 1965: Food Stamps, Medicare, Medicaid, and Head Start were all created under Johnson's War on Poverty. The Economic Opportunity Act (EOA) of 1964 created the Office of Economic Opportunity (OEO) which was supposed to organize and lead the War on Poverty.19 Sargent Shriver, JFK's brother in-law, was selected to head the OEO creating direct action programs for everything from urban renewal and Head Start programs to drug rehabilitation and juvenile delinquency alternatives. But Johnson was clear that he wanted poverty eliminated through employment not welfare:

We are not content to accept the endless growth of relief rolls or welfare rolls. We want to offer the forgotten fifth of our people opportunity and not doles...Our American answer to poverty is not to make the poor more secure in their poverty but to reach down and to help them lift themselves out of the ruts of poverty and move with the large majority along the high road of hope and prosperity. The days of the dole in this country are numbered.20

The OEO also brought the voluntary sector back into the business of public welfare. Displaced by the programs of the New Deal, the War on Poverty looked to bring private agencies back into the fold. But their inclusion did not come without criticism.

18 Patterson, America's Struggle against Poverty in the Twentieth Century, 130.
19 James Conant, Wisconsin Politics and Government: America's Laboratory of Democracy,(University of Nebraska Press, 2006), 216.
Social Work professor Richard Cloward contended that the voluntary private agencies were some of the least effective in serving the poor. The services the agencies provided were mostly therapeutic and were utilized by the lower middle class and not the poor. There were approximately 300 voluntary agencies of this type in 1960 and they made up the Family Service Association of America (FSAA). The FSAA contained 82 percent of social workers with a Masters of Social Work degree and it published the *Journal of Social Casework*. The organization had its roots in the Charity Organization Society of the late nineteenth century, but unlike its predecessor the FSAA did not provide cash aid. Just as the architects of the War on Poverty saw the federal bureaucracy as being a hindrance to the poor, critics like Cloward claimed the voluntary organizations were just as neglectful. The voluntary organizations were staffed by the upwardly mobile and clashed with community organizers and welfare advocates that wanted more participation from the poor communities themselves.²¹

Community Action Programs developed sought to include the poor in the leadership of their own communities. These direct action programs were meant to address not only the symptoms of poverty but the causes including unemployment. The OEO was an expansion of the federal government's role in welfare and it faced resistance not only from Congress but from state governors like Ronald Reagan who saw the OEO and its Community Action Programs (CAPs) as bypassing state agencies and indirectly funding groups he viewed as extremists like the Black Panthers. The OEO tried to placate those concerns by giving governors and mayors veto power over CAP programs.

Community organizers saw this as selling out and accused the OEO of having, "a zookeeper mentality." The poor wanted more participation and control of the CAP programs. Shriver rebutted saying, "We have no intention of letting any one group, even the poor themselves, run the programs. That's not community action." Shriver did recommend that Congress change the law so that at least one-third of the members of community action agencies be poor people themselves.\(^{22}\) The OEO was taking criticism from all sides and it began to unravel when President Johnson slashed its budget. FSAA agencies like the United Way continued to increase their share of public funding even after the OEO and CAP programs collapsed.\(^{23}\)

**Daniel Patrick Moynihan:**

Daniel Patrick Moynihan was an assistant secretary of labor during the Kennedy and Johnson Administrations. He eventually left the Johnson administration to support the presidential candidacy of Robert F. Kennedy after Johnson announced he would not seek reelection, and then returned to the Nixon administration as the Counselor to the President for Urban Affairs. Under Johnson, Moynihan was on the Task Force on Manpower Conservation, the agency largely responsible for the War on Poverty.\(^{24}\) It was during this period that he authored his infamous study, *The Negro Family: The Case for National Action.* Dubbed "the Moynihan report," it argued that welfare could not deal with the underlying problems that caused poverty in the African-American community. According to him the degradation of the African-American family was pathological, not

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\(^{23}\) Andrew Morris, "The Voluntary Sector's War on Poverty," 275-305.
environmental, and the only way to rectify it was to destroy the ‘culture of poverty’ from within. The Moynihan report was not meant for the general public to read but for lawmakers and administrators. It warned that if African-Americans were not afforded full equality in society “there will be no social peace in the United States for generations.”

Although rejected at the time by civil rights groups, academics, and government officials, Moynihan’s emphasis on female-headed households, out-of-wedlock and teenage pregnancy would re-emerge in the welfare reform battles of the 1980s and 1990s much to the chagrin of Moynihan himself.

The Johnson administration reacted to a shift in focus by civil rights groups to African-American poverty by organizing a conference to address the situation. In November of 1965, President Johnson announced a plan to assemble, “a small group of ‘men and women with long experience in the fields of housing, employment, education, social welfare and the like’ to ‘point the way toward new efforts to include the Negro American more fully in society.’” Johnson intended to gain the support of liberal politicians and the civil rights leaders he invited to the conference and solidify his Democratic coalition. He relayed his desire to his aids Morris Abram and Berl Bernard in a graphic analogy:

In the hill country in the spring, the sun comes up earlier, the ground gets warmer, and you can see the stream rising and the sap dripping. And in his pen, you can see my prize bull. He’s the biggest, best hung bull in the hill country. In the spring he gets a hankering for those cows, and he starts pawing the ground and getting restless. So I open the pen and he goes down the hill, looking for a cow, with his pecker hanging hard and

swinging. Those cows get so Goddamn excited, they get more and more moist to receive him, and their asses just start quivering and then they start quivering all over, every one of them is quivering, as that bull struts into their pasture. Well I want a quivering conference…I want every damn delegate quivering with excitement and anticipation about the future of the civil rights and their future opportunities in this country.27

Johnson promised students at Howard University that the conference would plan and implement the next phase of the civil rights movement, but instead it served to highlight the growing fractures and diverging priorities in the liberal coalition. The fall planning conference was held at the Washington Hilton Hotel and was attended by 2,500 delegates. It revealed the growing rifts between Johnson and the Civil Rights Movement, and internal divides among movement leaders. Some in the movement rejected integration while others still supported it. Some delegates blamed labor unions, the Democratic Party, and even government for keeping African-Americans oppressed in society. Federal policy came under attack during the conference although few dared to attack Johnson’s policies directly.

While delegates did not attack Johnson, the secretary of labor’s report however, was openly rejected and ridiculed. When Johnson released the Moynihan report, the administration expected attacks from conservatives and white racists. They did not expect the attacks to come from churches, civil rights leaders, and liberal academics. These groups saw the report as a ‘blame the victim’ retreat by the administration. The timing of the Watts riot and release of the Moynihan report prevented the actual conference from being held in November, instead a ‘planning conference’ was held with 240 attendees

from academia, government, church and civil rights leaders and activists. Voting, education, employment, housing, and justice were all popular topics of the planning conference, but one of the new areas of concern added to the conference agenda was welfare and Johnson's War on Poverty. Conference planners intentionally tried to avoid direct discussion of Moynihan’s report, but delegates were eager to denounce it and in an attempt to lighten the situation the executive director Berl Bernhard announced, “I want you to know that I have been reliably informed that no such person as Daniel Patrick Moynihan exists.” While neither he nor his report was represented at the conference, the only thing November planning conference attendees could unanimously agree on was their opposition to the Moynihan report, even though when Johnson made the same points in his Howard speech earlier in the year he received vast approval. The full conference was not held until June of 1966 but the Watts riots and the Moynihan report made any attempts to maintain or build a coalition futile.

While Moynihan and his report were being shelved in an attempt to avoid controversy, A. Phillip Randolph, an honorary chairman of the conference, ignited a controversy of his own in his opening statement. He called on the federal government to create a $100 billion ‘freedom budget’ in order to destroy the ghetto which he saw as the real problem subverting racial equality. This attempt to put a price on civil rights split the delegates between those who sought equality at any price and others who feared the fiscal nightmare and racial division the freedom budget might create. The summary report of a panel on jobs concluded that due to lack of consensus no recommendations could be made to address employment discrimination. This was the case for many panels at the conference. While Johnson himself was absolved of any wrong doing by the attendees of
the conference, federal programs and agencies, such as the FBI, were not safe from criticism.

A small group from the panel on voting rights focused on what they saw as Northern problems and warned that a series of riots far worse than Watts would occur if African-American demands for equality were not met. This caused an associate professor from Harvard to remark, "There are 170 million of us and 20 million of you...I can assure you that in the white community there the great frustration will make the next repression of Watts make the Los Angeles police department look like a bunch of boy scouts." The division of black and white did stop there. Civil rights leader Lawrence Landry of Chicago requested, "a possible elimination of the white, especially the Jewish influence in this conference." This comment was widely condemned by others but the fractures in the coalition were being exposed in every panel discussion.

For Johnson, the divides and quarreling within the conference created a major barrier to progress and threatened the coalition he wanted and needed to create.28 What the conference members could agree on was that poverty threatened the fabric of society; and that housing, education, and a minimum of resources were fundamental rights of citizenship. Frank Reissman, social psychologist and founding editor of the journal Social Policy, argued that services needed to be redefined as rights.29 Family planning aid was also debated at the conference even though Dr. Alan Frank Guttmacher, the head of Planned Parenthood World Population Federation, offhandedly worried the wrong people were having too many children. He was quoted as saying, “You can’t make a person take

contraception. Unfortunately." Others at the conference suggested the poverty problem was rural. Uneducated African-Americans who needed to be provided with better housing to keep them in rural areas of the South, stopping the migration to cities. The fall conference was filled with debate, distrust, and dissention, and elicited newspaper headlines such as, “Civil Rights Disaster.” Johnson was devastated, and was willing to do anything, including the marginalizing of certain interest groups, to make the spring conference a success.

The dynamic of the spring conference changed because some of the most vocal attendees of the fall planning conference were not invited back for the spring conference. Troublesome academics afforded a large representation at the spring conference. The representation of government officials remained high but both they and the civil rights leaders were local not national figures. Johnson removed the groups that he viewed as causing the ‘most trouble’ during the fall conference, and he personally approved every conference attendee before the invitations went out. SNCC ended up boycotting the conference; a move welcomed by the Johnson administration, which considered the group’s leadership far too radical. For Johnson, SNCC's boycott was a way to achieve a middle ground in the conference. Of the civil rights groups that did attend the conference Septima Clark of SCLC and James Meredith questioned whether the

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conference was worth their time. Dr. Martin Luther King’s advisers told him to not even attend the second day of the conference.\textsuperscript{34}

Civil rights groups were unimpressed by the spring conference and attendance dropped by half on the second day, but the administration still considered it a success. Robert Novak, who wrote the column, “Civil Rights Disaster” about the fall conference, headlined his report on the spring conference, “Better Than Nothing.”\textsuperscript{35} Unfortunately for Johnson, it was too late to save the coalition he had fought so hard to create. Fractures had already developed among those involved in the civil rights movement, and urban unrest, the rejection of color-blind integration, and a new rallying cry of Black Power, put a strain on the Democratic coalition. Vocal and fervent opposition to Johnson’s Vietnam policy provided the final death blow to Johnson’s coalition and his Great Society.

The conference was not only the beginning of the end of the Democratic coalition Johnson had worked so hard to create, but it was also a turning point in Democratic welfare policy. The Social Security Act Amendments of 1968, written and passed by Democrats, added a work incentive program to AFDC over the objections of liberal Democrats such as Robert Kennedy. President Johnson then signed the bill without any objection to its welfare reforms. The same Lyndon Johnson who once tried to pass a guaranteed income measure for the poor was passing limitations and work requirements for aid.

The public had grown weary of the continuously expanding AFDC and began supporting cuts and reforms to the program in the 1970s. Michael Katz has argued that


the economy drove both welfare policies and the cutbacks. He also maintained that the major issues that dominated both conservative and liberal poverty discourse had been the categorization of the poor, the impact of welfare on work motivation, labor supply, family life; and the limits of social obligation. The policies of the 1970s were not reactions to but continuations of work-based welfare policies that developed alongside welfare. By simply examining the work-based welfare policies of the Kennedy and Johnson administrations it is clear that the availability of work was viewed as both one of the major causes and the primary solution to overcoming poverty.

During the 1960s federal government work-based programs, run by the Office for Economic Opportunity, were directed at young people. The Community Work and Training Program (CWTP) created the first federal workfare program in 1962. The Job Corps, the Neighborhood Youth Corps, and the Work Study Program all targeted young people. States received federal grants to create plans to alleviate the causes of poverty. Wisconsin created the Institute for Research on Poverty in 1966 as a joint venture between the University of Wisconsin and the Office of Economic Opportunity (OEO) to research, “the nature, causes, and cures of poverty.” The Economic Opportunity Act (EOA) established work experience demonstration projects and a domestic Peace Corps called Volunteers in Service to America (VISTA). Johnson also created the Department of Housing and Urban Development (HUD) in 1965 to develop, direct, and regulate

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37 The Job Corps provided urban drop outs with medical and educational aid along with training for semiskilled jobs. The Neighborhood Youth Corps gave part-time jobs and training to youth to urge them to continue in school. The Work-Study Program helped poor students attend college. Leiby, *A History of Social Welfare and Social Work in the United States*, 314.
housing projects for cities. Congress passed the Model Cities program in 1966 which competed with the OEO for funding. But the welfare rolls continued to rise steadily throughout the country, and Congress took further action to encourage work not welfare.

In 1967, Congress passed the Work Incentive program (WIN).\textsuperscript{40} WIN encouraged welfare recipients to work by requiring states to provide public sector employment and training programs for welfare recipients. WIN allowed welfare recipients to keep the first $30 from work, worth almost $204 today, plus one third of amounts above $30 without subtractions from their welfare checks. Congress also increased funding for daycare for mothers who wanted to work. WIN also included penalties for not working, and anyone above sixteen who declined to participate in work or training programs without good reason could be dropped from the AFDC rolls.\textsuperscript{41}

Some scholars like Theda Skocpol argue that WIN betrayed the goals of ADC in 1935 which allowed mothers to stay home and care for their children. However, this argument is far too narrow for the complexities and hypocrisies that existed not only in terms of race but class in regards to welfare. The 1935 ADC law's intent was to aid widows with children. Only later did eligibility include unmarried single mothers. ADC forced African-American women into the workforce through exclusion and merit-based evaluations because they were already considered workers, as were impoverished immigrant women. The time period must also be considered. In 1935 women were being removed from the workforce to make room for unemployed men, something that was not applicable in the 1960s. Unemployment in the 1930s was extremely high and women

\textsuperscript{40} Handler and Hollingsworth, \textit{The Deserving Poor}, 31.
\textsuperscript{41} Patterson, \textit{America's Struggle against Poverty in the Twentieth Century}, 169-170.
were competing with men for jobs. The acceptance of widowed mothers not working was out of necessity. To put men back to work was not an overall acceptance of a woman's right to stay home with her children. The middle and upper class values of the early twentieth century was a male headed household where the father earned enough for the mother to stay home, but this was not the reality for the working poor who needed both parents and sometimes the children to work in order to support the family. WIN was more reflective of both the public and government opinion that work was a better solution than welfare. ADC, not WIN, was the exception to the rule of work when it came to public welfare policy.

WIN, however, did not live up to its purpose. Even though by 1971 the federal government mandated welfare recipients without preschool age children enroll, only two percent of the 400,000 eligible participants actually were actually employed through WIN. WIN was costly and the programs and training cost more than issuing monthly benefit checks.\(^\text{42}\) Regardless, WIN represented a policy shift back towards work not welfare.\(^\text{43}\) Over time the requirements of WIN became stricter and the age of the mother’s youngest child which made the mother employable was lowered from 6 to 3 by the Family Support Act (FSA) in 1988. WIN itself would eventually be transformed into Job Opportunities and Basic Skills (JOBS) which also emphasized work over welfare.\(^\text{44}\) Along with trying to increase employment of AFDC recipients through WIN, welfare departments were required to provide daycare centers for working mothers and those in training.

\(^\text{43}\) Patterson, America's Struggle against Poverty in the Twentieth Century, 170.
\(^\text{44}\) Policy Research Institute, “The New Paternalism in Action”, January 1995, Hudson Institute, Box 13, Folder 1, Marquette University. 5.
Congress eventually wrangled power away from the OEO and placed the operation of community action programs under the control of existing federal agencies. The number of people in poverty fell from 33 to 25 million, yet federal spending on social welfare programs more than doubled.\(^45\) There was an expansion of Medicaid and the addition of Medicare in 1965, but also a reduction in the number of people considered poor by the standards set by the Social Security Administration. AFDC, however, doubled in size twice between 1950 and 1970.\(^46\)

In May of 1968 the Southern Christian Leadership Conference marched on Washington in the Poor People's Campaign. Just a month after the assassination of Dr. Martin Luther King the message of the march was somewhat overshadowed by the worries of politicians that there would be violence. The opening event was a Mother's Day march of welfare mothers sponsored by SCLC and the National Welfare Rights Organization (NWRO). The campaign pledged non-violence but the tourism industry complained that the prospect of thousands of poor people descending on the city caused a sharp and costly decline in tourism.\(^47\) The campaign constructed a shanty town in West Potomac Park they called Resurrection City. Johnson received numerous reports of excessive drinking and violence in the camp and the damp conditions caused public health officials to fear outbreaks of serious illnesses. Johnson considered asking Congress for a program to deal with hunger in America but decided against it after the leader of the movement Ralph David Abernathy called Johnson's Great Society programs, "broken promises."

\(^45\) Patterson, *Americas Struggle against Poverty in the Twentieth Century*, 143-170.  
\(^46\) Handler and Hollingsworth, *The Deserving Poor*, ix.  
Johnson's Great Society programs were being attacked by all sides in 1968. Congress targeted social welfare programs for elimination in a proposed $6 billion spending cut for the 1969 budget. Congress defended the cuts as a necessary response to Johnson's tax bill which levied a 10 percent tax surcharge on corporations and individuals. Johnson challenged Congress, doubting they would make the $6 billion in cuts and he was right. They were only able to cut $4 billion and Johnson refused to make any reductions himself. Surprisingly the 1969 fiscal year ended with a $3.2 billion surplus, resulting in all of Johnson's Great Society programs being spared from cuts. Johnson was even able to convince president-elect Nixon to publicly support an extension of his tax surcharge which protected his Great Society programs.48

In 1968 Johnson created the President's Commission on Income Maintenance to investigate guaranteed income programs. The commission completed the study in 1969, during the Nixon administration, and found that, "more often than not the reason for poverty is not some personal failing, but the accident of being born to the wrong parents, or the lack of opportunity to become non-poor, or some other circumstance over which individuals have no control."49 The commission noted that people wanted to work but that welfare paid more than minimum wage, so it suggested scrapping AFDC not only for work incentive programs like WIN but for a guaranteed income of $2,400. The commission also recommended reducing income taxes below one percent for the working poor. Although members of the Johnson administration, and liberal Democrats were not

ready to scrap AFDC for income maintenance and work incentive programs, his successor Richard Nixon was and the study marked an important policy shift regarding AFDC.\(^5^0\)

The rapid expansion of the federal welfare state from the New Deal through the Great Society reduced the impact of states on the programs, but they were not completely silent. Some states like Wisconsin continued to promote work-based welfare programs. While there was little consensus on the causes of poverty or the solutions, all sides agreed self-sufficiency was the goal of relief. The Great Society and War on Poverty programs focused on work-based reforms as AFDC rolls were rapidly expanding. One of the key focuses of the War on Poverty was to combat unemployment through training programs for adults, Pell Grants for young adults, and Head Start for children. Even though budget constraints highlighted the massive growth in the federal welfare bureaucracy, Johnson hoped his successors would continue to improve upon his Great Society Programs and continue to fight the War on Poverty.

**Richard Nixon:**

In 1969 Nixon created the President’s Commission on Income Maintenance. Welfare rights activists told the commission, “Everyone has their own plan on what to do with welfare recipients. Well, the only thing you can really do is get up off your Seventeenth Century attitudes, give poor people enough money to live decently, and let us decide how to live our lives.” Lyndon Johnson's OEO agencies and helped organize welfare recipients and gave them a platform with which to speak out on social welfare

policy.\textsuperscript{51} Nixon agreed that AFDC was broken beyond repair and worried, "If we do not find the way to become a working nation that properly cares for the dependent, we shall become a welfare state that undermines the incentive of the working man." The WIN program, started in 1967, was supposed to provide incentives for AFDC recipients to work, but it had little appeal because work meant the loss of AFDC benefits which were worth more than a low paying job.\textsuperscript{52} During the presidential campaign Nixon remained vague on welfare reform proposals, only mentioning that welfare should, "preserve the dignity of the individual and the integrity of the family," while at the same time move people off of welfare and into work.\textsuperscript{53} But less than a year after his inauguration Nixon suggested scraping the entire AFDC program, including Medicaid, food stamps, and school lunches for an income maintenance program. The new plan would, "make it more attractive to go to work than to go on welfare, and will establish a nationwide minimum payment to dependent families with children."\textsuperscript{54} The question became how to create such a program and how to get Congress to support it.

On August 8th, 1969, Nixon proposed the Family Assistance Plan (FAP) which would have replaced AFDC, with guaranteed income to poor families. It has been argued that Nixon’s plan was actually the brainchild of Lyndon Johnson's War on Poverty director Sargent Shriver, who proposed such a program during the Johnson

\textsuperscript{52} Leiby, A History of Social Welfare and Social Work in the United States, 326.  
administration, but it was Nixon who actually acted on it.55 One large influence on Nixon's developing social welfare policy was his domestic policy adviser Daniel Patrick Moynihan, but Nixon himself wanted to be, "an activist president in domestic policy." He was genuinely concerned with the plight of the poor and fixing welfare. Although Moynihan would later claim the idea for national minimum standards for welfare was his idea, Nixon had Democratic advisers and even cabinet members who were part of Johnson's administration and had proposed the guaranteed income and negative income tax plans that had failed to gain favor under the Johnson administration. Nixon's conservative advisers were shocked that he would support such a system but Nixon was committed to the proposals and was more involved with welfare reform than any other domestic issue during his presidency.56

Under FAP a family of four, no matter where they lived, would receive $1,600 a year. The families could keep $60 a month from any income plus half of all earnings after the initial $60. The FAP bill would have eliminated food stamps for everyone except for single adults.57 The proposal extended aid to the working poor, which was hailed by welfare officials as the most significant part of the FAP proposal. The Secretary of Health, Education, and Welfare, Robert Finch, asserted that FAP recognized, "everyone who can do so should have the opportunity to work and support himself and his family." FAP would provide training and work so that people would have "the opportunity and incentive to become independent and self-supporting." One of the keys to FAP was an attempt to end welfare dependency while at the same time avoid the break-up of families

this dependency and AFDC regulations, inadvertently had caused. Another focus equalizing the inherent inequality in AFDC aid from state to state. In 1969 Mississippi averaged $10.20 per recipient while New Jersey averaged $66.40 per person.\(^5^8\) FAP was part of Nixon's New Federalism which would have lessened the financial burden on the states by increasing the financial role of the federal government while enforcing equality in aid distribution among all of them. Nixon expected this work-oriented yet equitable focus would gain him bipartisan support. What he did not expect was heavy opposition from every angle possible.

Both parties and welfare rights organizations criticized FAP. There were so many opponents they earned the nickname "anti-Fappers."\(^5^9\) Where Republicans like Nelson Rockefeller the governor of New York, charged that the FAP program would short change states like New York which already had high AFDC payments in place. Liberal Democrats claimed that FAP was a good start but that income guarantees were not high enough. The director of the National Welfare Rights Organization, George Wiley, argued that the elimination of AFDC would discriminate against African-Americans. He also opposed the rule that mothers would be forced to work.\(^6^0\) William Royer, a social services director in Washington D.C., also complained about the requirement that everyone who could work should. "The conception that welfare rolls are loaded with able-bodied people capable of working is simply erroneous," he claimed.\(^6^1\) John R. Kramer, executive director of the National Council on Hunger and Malnutrition, claimed

\(^{59}\) Hoff, Nixon Reconsidered, 130.
\(^{60}\) New York Times, August 11, 1969.
that FAP would reduce the purchasing power of poor Americans. By eliminating food stamps, which by his estimation 87 percent or 6,478,000 of AFDC recipients used the poor would suffer. The president of NWRO, Johnnie Tillmon, and executive director George Wiley wrote to Finch:

No feature of the present welfare system is as destructive of dignity as its failure in a majority of states to allow men who are unable to work to remain with their families...We hope that you will recognize the importance of safeguarding every mother’s right to decide herself whether she is needed by her children as a full time mother and whether she is able to participate in work and training programs.  

The AFL-CIO was against FAP because state welfare workers would be laid off once the federal government took over providing welfare services.

Not everyone was against the FAP proposal. Alice M. Rivlin, the former Secretary of Health Education and Welfare under the Johnson administration, and Worth Baleman, vice president of the Urban Institute, supported it as a positive step towards welfare reform. While they believed the level of benefits should have been higher, they supported a move from AFDC to an income maintenance system. Welfare officials praised the president's emphasis on providing day care centers and job training for welfare recipients because many welfare recipients wanted to work. With FAP's future uncertain, Nixon called on OEO director Donald Rumsfeld to focus the department's efforts on finding new approaches to social welfare issues, a move critics like New York

63 Joan Hoff, Nixon Reconsidered, 131.
Senator Bill Nelson saw as a retreat from the anti-poverty efforts started by President Johnson. Nixon was not retreating but regrouping because he now expected FAP would face major opposition in Congress.

The leadership of Wisconsin Republican John Byrnes helped get the FAP legislation through the House Ways and Means Committee. Using parliamentary procedure that banned amendments to the FAP bill, it passed the House in April of 1970 by a margin of 243-155. The legislation called for a national minimum for AFDC welfare payments; inclusion of the working poor and working fathers in the program; expanded work incentives nicknamed "workfare" by the Nixon administration; national instead of state eligibility requirements and incentives for Federal administration of welfare. The bill then went to the Senate Finance Committee which worked closely with the Nixon administration for two years making compromises on ten provisions in an attempt to get the bill passed in the full Senate. But the Senate Finance Committee rejected the revised FAP bill on November 20th 1970 with a vote of 10 to 6. With the support of the House, the Nixon Administration kept revamping the bill and resubmitting it to Congress.

In 1971, Governor Ronald Reagan of California issued public support for Nixon's FAP plan, but also suggested the administration should carefully study the welfare rolls. Obsessed with corruption, he believed there was an epidemic of welfare cheaters who drove up costs. As Reagan was attempting to get people off of welfare in California,

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67 Burke and Burke, Nixon's Good Deed, 152.
welfare rights organizations and welfare agencies were involved in public education campaigns to inform people about their right to obtain welfare, how to meet the eligibility requirements, and how best to apply for aid.70

Democratic Senator Abraham Ribicoff worked tirelessly with the Nixon administration to get the bill through the Senate Finance Committee, but on October 4th 1972 the FAP bill died in the Senate without getting to a floor vote. Ribicoff said that he, "felt like Ahab chasing the white whale. This is the most long-running, most arduous single political issue I have ever been connected with in a long political life, and the most disappointing."71 Two public hearings in the Senate in 1970 helped kill the FAP legislation. The first was dominated by conservative Republicans who claimed FAP did nothing to promote work, which was what they considered the fatal flaw of AFDC as well. The second hearing featured the National Welfare Rights Organization (NWRO), which opposed any overhaul of AFDC. The welfare mothers who testified at the hearing were opposed to any legislation that forced them to work. "We only want the kind of jobs that will pay $10,000 to $20,000... we aren't going to do anybody's laundry or babysitting except for ourselves!" Minnesota Democratic Senator Eugene McCarthy had called the plan the, "Family Annihilation Plan," and added that the welfare mothers' opposition, "makes it easy to vote against" the bill. The assertion of their right to not work created a backlash from working and middle-class mothers who complained, "What gives the welfare mother the right to sit home while others work?"72

72 Burke and Burke, Nixon's Good Deed, 153-164; Hoff, Nixon Reconsidered, 131.
With resistance to FAP coming from both sides in the Senate, the most memorable objection came from Democratic Senator from Louisiana, Russell Long, who opposed the legislation because he believed it would wipe out the low wage workforce the South depended on. He argued there was already a lack of domestic labor, "I can't get anybody to iron my shirts!" The son of famed Louisiana Democratic politician Huey Long, Russell vehemently opposed FAP even though in the 1930s his father had proposed a much more socialistic "Share Our Wealth Society." But Russell insisted that his father would have opposed FAP as well because, "My daddy told me before he died that he wasn't proposing to give anything to a family that didn't work."73

Between 1969 and 1972 Nixon attempted to overhaul AFDC by adding the working poor into the fold with the negative income tax and gradually moved to a guaranteed income floor. Nixon was intent on dismantling AFDC and made passing FAP one of his "six great goals." He was able to secure some welfare reform under the Social Security Amendments of 1972, which included Supplemental Security Income for the elderly, blind, and disabled, and 'workfare' under the Talmadge amendment.74

After the defeat of FAP, long time supporters of guaranteed income like George McGovern, the Democratic Presidential nominee in 1972, retreated from FAP when they realized how politically unpopular the idea was. McGovern, who had proposed a guaranteed income regardless of wealth or employment, flip-flopped and claimed work was the only cure for welfare and proposed welfare only for those unable to work and

73 Burke and Burke, *Nixon's Good Deed*, 151.
guaranteed jobs for those who could.\textsuperscript{75} To make matters worse, Moynihan wrote a book in 1973 about the Nixon administration's failure to pass FAP called, \textit{The Politics of Guaranteed Income}. He trashed both the Johnson administration and Democratic legislators for fumbling welfare reform during the Johnson years and then rejecting Nixon's FAP legislation, the most promising reform since the New Deal.\textsuperscript{76} With Democrats like Moynihan willing to call out fellow Democrats, the party did not need Republican enemies.

When Nixon wanted to reopen the welfare reform debate in 1974, he reframed his argument with less emphasis on aid and more emphasis on work. "Let us have as our goal," he said. "There will be no government program which makes it more profitable to go on welfare than to go to work." Three groups had exemptions who were deemed unable to work, the elderly, the blind, and the disabled.

\textbf{Supplemental Security Income}

In October of 1972 the national adult aid programs of old age assistance, Aid to the Blind, and Aid to the Disabled were merged into one income supplementation program called Supplemental Security Income (SSI) which went into effect in 1974. SSI was different from Social Security because it did not require a recipient pay into it and it did not come out of the Social Security fund. Thirty-seven states including Wisconsin already provided aid to the aged, blind, and disabled, but SSI was the first national

\textsuperscript{75} Burke and Burke, \textit{Nixon's Good Deed}, 186.
minimum income guarantee. Children remained the only group not expected to work but uncovered under SSI.

In 1973, congressional representatives again called for comprehensive welfare reform. Democratic Representative from Michigan Martha Griffiths, a member of the joint congressional subcommittee on fiscal policy explained the need for welfare reform. "What is needed is nothing less than a general, comprehensive revision of our entire system of public-benefit programs," she said. But having been burned by Congress before, Nixon used his State of the Union address in 1973 to retreat from a complete overhaul of the welfare system. Instead he called on state and local governments to improve their management of welfare services and make their welfare administration more efficient with the threat if they did not they would forfeit federal funding. There was a concerted effort led by Governor Reagan to stop corruption and welfare cheats, but the welfare rolls were still growing and the cost of welfare was rising. Nixon encouraged states to experiment with welfare reform, and announced that on the federal level he wanted to close the Office of Economic Opportunity and transfer all of its programs to other cabinet departments. The Community Action Program was eliminated altogether.

The Congressional Black Caucus immediately criticized Nixon's proposed cuts in what they called, "the true state of the union." Democratic Representative from Ohio Louis Stokes, who chaired the Caucus demanded Congress, "thwart the repressive and inhuman impulses of this administration." The Caucus demanded Nixon rejuvenate

77 Burke and Burke, Nixon's Good Deed, 188-222.
instead of eliminate the OEO and demanded the federal government provide not only guaranteed income but nationalized healthcare as well.  

80 Nixon was unfazed by the criticism, and insisted it was AFDC and Johnson's War on Poverty that had failed." A system which penalizes a person for going to work and rewards a person for going on welfare is totally alien to the American tradition of self-reliance and self-respect." he said. Those who make a profession out of poverty got fat: the tax-payer got stuck with the bill, and the disadvantaged themselves got little but broken promises." He said his 1974 budget would cut 70 social programs he considered to be ineffective and wasteful.  

81 Nixon took great offense when a reporter asked when he would, "stop kicking blacks around." Nixon denied the assumption by the press that because he did not receive many black votes that he felt he owed them nothing. "Let me say that is not the issue at all. The issue is doing what is right."  

82 As Nixon was attempting to find a way to implement welfare reform, there was turmoil within the NWRO. Four hundred members of NWRO broke off to seek a broader base of support from the working class by including the unemployed in their 'new' organization which they called the National Unemployed and Welfare Rights Organization. The NUWRO convention was picketed by 60 members of the original NWRO, and the picketers claimed NWRO had never been disbanded and was not seeking to be rebuilt as NUWRO claimed they were doing.  

83 While the welfare rights movement...
struggled to keep itself together to protect the status quo, Democrats in Congress were coming to terms with the need for initiating welfare reform.

At first, Democrats in Congress reacted to Nixon's proposed cuts with outrage and disdain. Edward Kennedy called the cuts, "a ruthless reduction of this Government's commitment to its social obligations." Edmund Muskie called it, "A retreat from social responsibility. An abandonment of our efforts to help those least able to help themselves." But Nixon claimed he was not just aimlessly cutting programs. He kept effective programs, like Head Start and compensatory education funding intact. But one of Nixon's fiercest opponents, Long, voiced optimism that even though FAP and work incentive legislation failed to pass, Nixon and Congress could pass welfare reform dealing with child support and deadbeat dads.

In April of 1973 the Department of Health Education and Welfare reported that since July of 1972 82,075 welfare recipients had found work under the Tallmadge amendment to the Social Security Amendments of 1972, the Nixon administration's workfare program. Over one million people were registered for workfare, and of those, 256,678 were deemed able to work. Of those eligible for work 146,359 were placed in federal training programs or public employment and 18,000 were unable to be placed. Of the eleven million people on welfare in 1972, eight million recipients were not eligible for work because they were children. Mothers with children under three years-old, the sick, and the elderly were also not eligible for work. This left 1.5 million people eligible for the workfare program, but noncompliance by welfare officials and caseworkers, high

unemployment, lack of training of the recipients, and budget cuts hindered the success of
the program. New York, California, New Jersey, Michigan, and Connecticut had
experimental workfare programs which helped mold the national model, but studies
showed none of the programs were very effective.\textsuperscript{86}

The University of Wisconsin released a study in May of 1973 regarding the
working poor. Of the 1,350 low-income families in five cities they surveyed, the study
found that providing subsidies to the working poor did not cause them to stop working.
While the wives of breadwinners reduced their workload when given subsidies, the major
breadwinners did not. This study supported calls for a negative income tax and seemingly
debunked arguments that subsidies to the working poor would cause the poor to stop
working. The three-year study was commissioned by the Johnson administration but was
finally completed under Nixon. The Nixon administration planned to use the study to
push the negative income tax proposal.\textsuperscript{87}

Nixon tasked HEW secretary Casper W. Weinberger with coming up with fresh
welfare reform proposals for the administration. Weinberger suggested lowering Social
Security taxes on the working poor. During his testimony before the Senate Finance
Committee in October of 1973, Weinberger explained that the Social Security tax was a
significant deduction from the paycheck of low wage earners. The tax was getting higher,
and for the first time the Social Security tax exceeded the federal income tax. He even
suggested eliminating the Social Security tax altogether for people with incomes below a

\textsuperscript{86} Paul Delaney, "82,075 found jobs under workfare: A million on welfare were registered for program," New York Times, April 20, 1973.
certain level.\textsuperscript{88} The idea of welfare reform through tax relief was much more attractive to politicians than guaranteed income.

In 1974, Nixon moved forward on the idea of tax relief as welfare reform. His 1975 budget contained work incentives for the poor which included a form of the negative income tax. The negative income tax would affect those who made too much to qualify for welfare but too little to be taxed on their income. The administration had to come up with new language for the proposal because the terms 'negative income tax' and 'family assistance' because of the stigma surrounding them. The administration settled on Earned Income Tax Credit.\textsuperscript{89} Nixon would have been in office when the Earned Income Tax passed, had impending impeachment not driven him out of office.

\textbf{Gerald Ford}

After Nixon's hasty resignation in August of 1974, President Gerald Ford took on welfare reform in the midst of an economic recession. Ford believed the federal government had grown too big. "A government big enough to give us everything we want is a government big enough to take from us everything we have," he said.\textsuperscript{90} Ford listened to the chairman of the Council of Economic Advisers, Alan Greenspan, who warned Ford that if the welfare state was allowed to continue to grow, it would reach "a political point of no return-or at least a point in which reversal implies near revolutionary upheavals in our political institutions."\textsuperscript{91} HEW Secretary Weinberger suggested replacing food stamps,
housing allowances, and AFDC with cash payments. Weinberger called the idea "welfare replacement" instead of welfare reform. His proposal contained an 'income supplement,' not a negative income tax, that would include the working poor in the program. Unlike Nixon's FAP proposal, this welfare replacement plan would require all able-bodied people to work and 50 cents on the dollar would be subtracted from their aid until the recipients reached an earned income of $7,200.92 President Ford wanted to be clear that he did not support a guaranteed income plan "I have never believed that a guaranteed annual income was the answer to any of our problems. But, that doesn't mean under any circumstances that I am in agreement with our present welfare program. When you add up all of the welfare programs we have, including food stamps, I think it is a mess and something has to be done about it."93 Alan Greenspan, Dick Cheney, Donald Rumsfeld and David Gergen, key members of the Ford administration, urged him to embrace a brand of conservatism that stressed economic balance and less government intervention.94

During his State of the Union speech in 1976 Ford emphasized work over welfare and declared that the country had to balance between individual responsibility and government that favored self-reliance. He asked for food stamps to be reserved for those below the poverty line and for the authority to tighten the rules for welfare eligibility in order to cut down on corruption, waste, and abuse. He said he would propose the Income Assistance Simplification Act which would allow him to change the rules of welfare

benefit programs with approval of Congress, but he never submitted the legislation.\textsuperscript{95} While Democrats attacked Ford for lacking compassion, conservative Republicans in the House proposed an even greater overhaul of AFDC which would have reduced the program to its original size and restored its original intent of helping fatherless children exclusively. Their plan also granted states the right to force welfare recipients to take public service jobs.\textsuperscript{96}

Welfare analysts suggested a fuel stamp program to help the poor deal with rising energy costs, but the idea was not popular with the White House or with Congress. The food stamp program helped 19 million people in March of 1975 at a cost of $5 billion per year. While some welfare rights activists considered food stamps degrading and stigmatizing, welfare analysts argued the program was effective, beneficial, and provided a work incentive because it was an income supplement for the working poor. The Ford administration aimed to reduce the food stamp program by increasing the rate of benefit reduction from 20 percent or less per dollar of earned income to 30 percent and to no longer provide food stamps for those above the poverty line.\textsuperscript{97} Although he tried several times, Ford was unable to reform food stamps, but at the end of first session of the 94th Congress, the Earned Income Tax Credit, proposed during the Nixon administration finally passed without much fanfare.\textsuperscript{98} The Earned Income Tax Credit (EITC) gave money to the working poor families whose incomes were so low that they paid no income

\textsuperscript{95} Gerald Ford, \textit{Address Before a Joint Session of the Congress Reporting on the State of the Union}, January 19, 1977. After the State of the Union speech the Income Assistance Simplification Act was never heard from again.
\textsuperscript{98} "What has Congress accomplished," \textit{Chicago Tribune}, December 21, 1975.
taxes. It was only available to those who had children, and was equal to 10 percent of their income up to a maximum payment of $400.99

The United States Conference of Mayors urged President Ford and Congress to act on the federalization of welfare because states and local governments could not handle the rising cost of welfare by themselves. The mayors supported the negative income tax as an alternative to welfare and as a way to relieve the financial burden on states. Under the mayors' plan the state burden would be reduced from 50 to 25 percent.100 However some in the federal government wanted to put the responsibility of welfare back on the states. In August the federal welfare commissioner Robert Carleson resigned and suggested that the government eliminate his position entirely because the primary burden of welfare fell on the states. He argued that eliminating his position, "would be an important first step in reducing the size of the unnecessarily large Federal welfare bureaucracy." His thoughts on the matter were not surprising since he was the architect of Reagan's welfare reform in California and was recruited to do the same thing at the national level in 1973 by HEW Secretary Caspar Weinberger, who had resigned in 1975.101

David Mathews, the new HEW secretary, approached the welfare reform debate by organizing think-tanks on social issues in order to "bridge the worlds of actions and ideas."102 The Ford administration was looking to reform and consolidate welfare programs in order to make the programs more cost effective. President Ford said that AFDC "either ought to be junked and a substitute put in its place or tightened up very

greatly." Ford's Treasury Secretary, William E. Simon, spoke about fraud in welfare complaining that the, "food stamp program began as a small $14-million experiment in 1962. By 1976 it will cost over $6.6-billion a year. That is a 47,000 percent increase, and it is a well known haven for the chiselers and rip-off artists." Simon also spoke of personal responsibility, "We've been willing to assign to the Government the responsibility for solving many of the problems that people should be solving for themselves."103

In November of 1975 former governor Ronald Reagan announced he would run against President Ford for the Republican nomination, claiming government spending had spun out of control. Reagan blamed "New Deal syndrome" for the spending. He said that Democrats, "still believed that Federal help was free and that Federal programs did solve problems. Now the change has come and the people no longer have to be convinced that the Federal Government is too big, too costly, and hasn't really solved any problems." He pledged to return the responsibility for social programs to the states and claimed he would use the power of public support to pressure the Democratic Congress to institute welfare reform just as he had done in California.104

On the Democratic side, the relatively unknown former governor of Georgia, Jimmy Carter, began campaigning for the Democratic nomination as a Washington outsider. Carter, like Reagan, ran on the idea that the federal government could be efficient and once again be a source of pride for the American people.105 With the

105 Frank Starr, "Jimmy Carter, the unknown who is changing all that," Chicago Tribune, December 5, 1975.
economy in recession the candidates for president sought the guidance and endorsement of the nation's leading economists. Reagan was able to gain the support of Milton Friedman who described Reagan as, "not an intellectual, but a man of considerable substance," although he still supported Ford. Carter too sought advice from the nation's leading economists. Albert Sommers claimed Carter "showed a willingness, even an eagerness to listen to... 'unideological' ideas."  

President Ford faced significant pressure from the National Governors Association to initiate a federal take-over of state and local welfare responsibilities. Before his resignation, President Nixon supported sweeping welfare reform that would have brought the entire welfare system under the federal government, but, like FAP, he was never able to get it through Congress. President Ford planned to asked Congress to grant him the authority to name a welfare czar who would oversee the various welfare organizations in order to achieve top-down welfare reform. Reagan, on the other hand, called for welfare to be moved entirely to the states for efficiency and local control of a bureaucracy that he believed was growing unchecked under the federal government. Jimmy Carter suggested reforming welfare by instituting work programs for those who were able, and guaranteed income payments for those who could not work. He insisted that welfare recipients "be treated with love and affection and respect."  

When Ford announced his 1977 budget proposal, he introduced a new system of 'block grants' for state social programs. He left welfare out of those proposed block grants but did ask Congress to grant him the authority to alter benefit levels and formulas. While Ford was concerned with czars and federal control and Carter was talking about jobs and love and respect for welfare recipients, Reagan was obsessed with corruption and welfare queens.

During the New Hampshire primary Reagan began using what would become an infamous 'welfare queen' analogy which he said was a real and common example of the abuses and excesses of the welfare system:

There's a woman in Chicago, she has 80 names, 30 addresses, 12 Social Security cards and is collecting veterans benefits on four non-existing deceased husbands. And she is collecting Social Security on her cards. She's got Medicaid, getting food stamps and she is collecting welfare under each of her names. Her tax-free cash income alone is over $150,000.

Reagan's story was shocking and gained a lot of press, but it was also untrue. He based his story on an Illinois state senator's account of a woman by the name of Taylor. According to the senator, who had no evidence, Miss Taylor made between $100,000 and $150,000 per year scamming welfare. When the story was investigated by journalists they found Ms. Taylor had 4 aliases not 80 and made $8,000 not $150,000 from the scam.

While Reagan was shocking voters with stories of welfare chislers and government waste, Jimmy Carter was busy outlining his proposal for a universal health care system that would be financed through payroll taxes and general revenue. At the

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same time he was calling for universal health care, Carter was criticizing Medicare for being, "bilked of millions of dollars by charlatans." While he laid out no plan to fix the problem he called the health care system at the time, "haphazard, unsound, undirected, inefficient non-system which has left us unhealthy, and unwealthy at the same time."  

Carter and Reagan were not the only ones concerned with government waste. The Department of Health Education and Welfare threatened to withhold federal aid to states that failed to reduce payment errors. HEW threatened to withhold $31.9 million from New York, $16.4 million from Illinois, $11.8 from Pennsylvania, $11.5 million from Michigan, and $8.7 million from Ohio. The HEW estimated that welfare waste and errors cost taxpayers $1 billion per year. The department ordered states to cut their error rates by 3 percent for ineligibility and 5 percent for overpayment and 5 percent for underpayment errors. When the states challenged the HEW in court, a federal judge ruled that while the HEW did have the authority to order states to correct errors, the threat of withholding federal funding was unreasonable and arbitrary.

A study presented by a panel at the National Governors Conference in July of 1976 argued that the federal government needed to consolidate all of its welfare programs, establish a minimum welfare payment, and require most recipients to register for work. The study recommended that the governors urge Ford and Congress to create federal eligibility standards, a national poverty level, and regional cost of living adjustments. The study also emphasized work by recommending that everyone deemed able to work should be required to register for and accept work offered to them at the

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Ford, and Carter, began to differentiate themselves on the issue of welfare reform. Ford said welfare reform during an election year was pointless because it would be made into, "a political football." He did however propose at the beginning of the year that the food stamp program be cut back so that only families at or below the poverty line qualified for them. Carter, on the other hand, proclaimed that welfare reform would be an early goal of his presidency. He favored replacing the various state systems with one nationwide program that varied only by cost of living. He, like the NGA, supported shifting the majority of the funding responsibility from state and local governments to the federal government. He suggested that the food stamp program should be cashed out into the new welfare payment.\footnote{"Ford and Carter on the Issues: Economy," \textit{The Washington Post}, September 23, 1976.}

\textbf{Jimmy Carter}

After President Carter's inauguration, his Secretary of HEW, Joseph A. Califano Jr., announced his department would conduct a study of welfare reform in conjunction with other cabinet agencies, congressional committees, and state and local officials. He was given a deadline of May 1, 1977 to submit recommendations for comprehensive welfare reform.\footnote{Nancy Hicks, "Califano Setting Up a Joint Study To Recommend Welfare Reforms," \textit{New York Times}, January 27, 1977.} In March, Governor Robert Straub of Oregon proposed a single national welfare program based on the minimum wage and offered Oregon as a test site.
for the program. Under Straub's proposal, AFDC would have been abolished and recipients would have to work in public sector jobs at the minimum wage for aid.\footnote{118} During a town hall meeting on welfare reform, Califano argued that welfare reform needed to focus on "taking profit out of poverty." This was in response to a complaint that the WIN program was ineffective and provided more jobs for trainers than for welfare recipients. Through reorganization and the use of computers, Califano was convinced that costly errors in welfare and Medicaid could be significantly reduced.\footnote{119} At the same time, the Carter administration proposed reform to the food stamp program that would no longer require recipients to pay for the stamps but would also lower eligibility to the poverty line.\footnote{120}

When HEW announced it would not have a welfare reform proposal by the May 1st deadline and instead would delay until fall, freshman Senator Daniel Patrick Moynihan from New York, lashed out at the agency. Moynihan described this as typical of the HEW, "They produce wonderful books on how you cannot do it," while someone "with a first-rate mind and three months experience could draft the legislation in a morning." Senate majority leader Democrat Robert Byrd from West Virginia, defended the delay of welfare reform claiming the country's energy crisis took precedence. Moynihan agreed that energy was important but concluded that, "This is just as demanding an issue as energy and has been demanding much longer."\footnote{121}

HEW was not the only agency developing a welfare reform proposal. The Labor Department submitted a plan to President Carter that emphasized guaranteed public

\footnote{120} "Carter asks free food stamps to poor," \textit{Chicago Tribune}, April 6, 1977.  
\footnote{121} "Moynihan raps delay in welfare reforms," \textit{Chicago Tribune}, April 26, 1977.
service jobs. Labor's proposal emphasized jobs over cash assistance while the HEW's proposal emphasized cash over jobs, which was a major issue that needed to be reconciled before the administration submitted a proposal to Congress.\footnote{122}

In 1977 President Carter boldly announced that AFDC, "should be scraped and a totally new system implemented." One of the major problems with AFDC was that it treated recipients inequitably. In Mississippi a single-parent family of four was getting half of what they would receive in New York. Another issue was that only 25 states adopted AFDC-U by 1977 which meant that in the remaining 25 states the father had to abandon his family in order for them to qualify for aid. Another major issue was that AFDC provided higher benefits than working did and full-time employment could mean loss of Medicaid health services. Carter proposed a new system called the Program for Better Jobs and Income (PBJI) which emphasized work while equalizing and simplifying welfare administration. Carter proposed an income guarantee that was lower than the federal poverty line so that work was the only way to escape poverty. One adult member of the family would be expected to work. Mothers would have to work part-time if their children were between the ages of seven and fourteen and full time if they were over fourteen. Unlike SSI the benefit to a family with unemployed parents would never get them above the poverty line. To assist recipients in finding employment Carter's plan would provide public service jobs for those expected to work. But unlike AFDC, PBJI would cover all of the poor regardless of their marital status or if they had children.\footnote{123}

\begin{itemize}
\item \footnote{122} Austin Scott, "Carter Has Meeting on Welfare Reform," \textit{The Washington Post}, May 1, 1977.
\end{itemize}
However, Carter did reverse a campaign pledge to have the federal government take over the financial burden of welfare currently shouldered by state and local governments. Instead, he said that would only happen if federal resources permitted, but he wanted the new program to cost less than the old one.\(^{124}\) This break with his campaign promise caused outrage within the Democratic Party, which was something President Carter's pollster Patrick Caddell had anticipated. Caddell claimed there was a wing of the Democratic Party composed of Senators Ted Kennedy, George McGovern, and Mo Udall for which there was, "Little risk in challenging an incumbent President coupled with an overwhelming desire to do so." Senator McGovern struck first. "In reviewing economic policy this spring, it sometimes seems difficult to remember who won last fall. Last year Jimmy Carter said that full employment was his first priority, then it should not be postponed until a second term." He then lashed out at Carter's about face on welfare reform, "If your promises are impractical now, they were impractical last year and our party should not have made them."\(^ {125}\)

Senator Moynihan was next to assail the President's welfare reform proposal. He claimed the President's food stamp plan would make 10 percent of the current recipients in the Northeast ineligible and would reduce benefits for 50 percent of those left. Moynihan based his critique on a study of the food stamp proposal by the Northeast Midwest Research Institute which found that the Northeast and Midwest would lose $228 million in benefits under the President's proposal, something Moynihan and other

representatives of those states were unwilling to accept.\footnote{Edward C. Burks, "Food-Stamp Changes Decried by Moynihan," \textit{New York Times}, May 8, 1977.} He then criticized the emphasis on work that was the basis of welfare reform proposals in the Carter Administration. Ray Marshall, the Secretary of Labor, who appeared before Moynihan's subcommittee on welfare and suggested that welfare recipients could be put to work insulating homes, removing lead paint from buildings, and doing conservation work. Moynihan lambasted the ideas that unskilled welfare recipients, most of which were women and children, could be put to work weatherizing buildings or removing lead paint, and he especially took offense to the idea that welfare mothers could be put to work restoring national forests. Seeing the absurdity of the forestry recommendation Secretary Marshall admitted that, "We haven't worked out all the details."\footnote{David E. Rosenbaum, "Moynihan Criticizes Carter on Welfare," \textit{New York Times}, May 13, 1977.}

The Labor Department predicted that 100,000 public service jobs would go to welfare mothers in an effort to achieve full employment.\footnote{"100,000 Jobs May Go To Welfare Mothers," \textit{New York Times}, May 24, 1977.} The Carter administration admitted it was up against myths about welfare that were ingrained in society. HEW Secretary Califano testified before Congress that the biggest myth about welfare was that the rolls were filled with lazy able bodied adults who just did not want to work. The truth was that the majority were women with children under the age of six. Of the 11 million recipients, only 150,000 recipients were men, 8 million were children and the rest were their mothers. Half of all heads of poor families worked and a third of those full time. The problem was their wages were too low to lift them above the poverty line. The second myth was that welfare cheats were rampant as Reagan had alleged. The Columbia University School of Social Work estimated that only 5 to 10 percent of those...
on welfare were ineligible and a large proportion of those were administrative mistakes. Stories about welfare fraud like New York's 'Lady in Mink' or Chicago's 'Welfare Queen' were grossly exaggerated. While there was welfare fraud, Califano and others insisted the percentage was lower than the percentage of people cheating on their income taxes. Another major myth was that there was an influx of poor African-Americans from the South into Northern cities who filled up Northern welfare rolls. The census showed that Southern African-Americans who migrated were less likely to be on welfare than were African-Americans born in the cities and that work not welfare provided the primary reason that people migrated north.\textsuperscript{129}

President Carter doubled down on his insistence that his welfare reform proposal would not cost more than AFDC. HEW Secretary Califano warned the president that his insistence on cost restraints would pit him against the nation's governors, mayors, and even Congress. "The states are our natural allies in welfare reform. Most members of Congress would still prefer not to deal with the subject at all and there is virtually no relief in this proposal for governors and mayors." Califano was then tasked with introducing the administration's welfare reform proposal publicly. The plan would combine and condense overlapping agencies and programs into one program. Welfare recipients would be divided into two groups. One was the aged, blind, disabled, children and single parents. This group would not be expected to work and would get a monthly cash payment. The second group was two parent families and single adults who would be

required to seek work or lose their benefits. Welfare payments would supplement low-paying jobs with benefits higher than those in private sector jobs.

Critics like Senator Moynihan said the proposal would either hurt welfare recipients or hurt state and local budgets, both of which were unacceptable outcomes. While the aid to families would increase, training adults who were being forced to work would cost the system significantly more money, and if they were unable to find work they would lose their aid. Richard P. Nathan of the Brookings Institution worried, "that the very poorest people in the society might be the ones who suffer the most."130

Carter defended his welfare reform proposal by highlighting its emphasis on work. "It will insure that work will always be more profitable than welfare and that a private job or public job not supported by the Federal Government will always bring in more income than a special job created with Federal funds." Carter conceded that his new program would cost more initially than AFDC, but the program would not be implemented until the fall of 1980. He also avoided calling the program welfare because of the stigma attached to the word, instead he called it, "A Program For Better Jobs and Income." He said the abuses in the system needed to be eliminated before the word 'welfare' could ever be used again.131

Carter’s Program for Better Jobs and Income picked up where Nixon’s FAP had failed but suffered the same fate in Congress. Moderates of both parties would not accept expansion of benefits without clear work requirements, but liberals, supported by welfare rights groups and unions, would not accept work requirements as a condition of welfare.

The Senate Finance Committee, still headed by Russell Long, who had been responsible for killing Nixon's FAP legislation, amended Carter's welfare reform bill to include provisions for finding absent fathers, making welfare recipients pay off their aid with low paying jobs, and forcing more people on welfare to work. HEW Secretary Califano warned that if the amendments passed Congress in conference Carter would surely veto the bill. Senator Moynihan argued the amendments would never make it out of the conference committee. But he warned the Carter administration that "by raising the rhetoric they are creating the same kind of ideological split that killed welfare reform in the past." Moynihan was already opposed to the legislation. The bill eventually died in June of 1978. After a drawn out battle with the Senate, Carter eventually supported a limited program that would increase some welfare benefits and help states struggling with the costs of welfare.

Carter's campaign pledge in 1980 to ease the financial burden of welfare on state and local governments earned him the praise of Senator Moynihan who had been an unrelenting critic of the president. It was unclear whether Moynihan's support of Carter was truly about his position or the fact his Republican opponent for President that year was Ronald Reagan, who as governor had gutted California's welfare program. But Democratic congressional support was too late. Labor and others critical to Carter's electoral success abandoned him. Reagan defeated Carter in a landslide and Republicans took control of the Senate and gained 33 House seats and four governorships. When asked what his biggest mistake as president was Carter replied, "the lack of close

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coordination with the Congress at the beginning to lay down a clear agenda and my over-optimism about the speed in which Congress would act on controversial matters was the biggest misjudgment I made."\(^{135}\) The chance of passing welfare reform looked unlikely under Reagan.

**Ronald Reagan**

The country looked to Ronald Reagan for the answers to their economic woes that Jimmy Carter could not provide. Democratic Senator from Colorado, Gary Hart, was skeptical Reagan would find any. "I give Reagan 18-24 months to prove he doesn't have answers, either," he said.\(^{136}\) Reagan looked for answers back in California. As governor of California Reagan instituted a work for welfare program in 1971. As president Reagan called for a similar federal program that would place up to 800,000 people in community service jobs whose wages would be paid solely with their welfare grant. The elderly and disabled would be exempted as would mothers with children under three. Mothers with children under 6 would be exempted if no daycare was available. Teens on welfare would only be exempted if they stayed in school. When Reagan implemented the program in 35 counties in California he proclaimed it, "one of the most innovative and far reaching elements of our welfare reform program, it can reintroduce the principle of the work ethic to our way of life." It sounded good in concept, but after a three year trial period, experts in California deemed the program a failure. Some called the program a, "glorified leaf-raking operation." Reagan estimated the program would put 30,000 of 58,000 welfare recipients to work, but according to a study for the California Employment Development


Department the program only placed 9,627 people in jobs. The study found that the failure was in the unfeasible and impractical administration of the program. The report stated simply, "It did not achieve any of its objectives." \(^{137}\)

Regardless of the results in California, Reagan announced he would send "entitlement and welfare reform" proposals to Congress that would reportedly save $27 billion over three years. In justifying the cuts Reagan said, "In the past two decades, we've created hundreds of new programs to provide personal assistance. Many of these programs may have come from a good heart, but not all have come from a clear head." He cited skyrocketing costs of Medicaid and AFDC and blamed the excess costs on fraud. "Let there be no confusion on this score. Benefits for the needy will be protected. But the black market on food stamps must be stopped. The abuse and fraud in Medicaid by beneficiaries and providers alike cannot be tolerated." He then proposed that workfare the pilot program being tested in California and elsewhere be extended nationally. \(^{138}\)

In 1981 Congress passed the Omnibus Budget Reconciliation Act (OBRA) which gave states more control over their WIN programs. Congress also redefined the work requirement by dividing the welfare grant by minimum wage in order to find out how many hours the recipient would be required to work. OBRA also allowed states to use grants to subsidize on-the-job training with public and private employers. OBRA also allowed states to centralize their welfare program under one agency which at least half of the states did by 1986. \(^{139}\)

\(^{139}\) Susan W. Blank, Barbara B. Blum, "A Brief History of Work Expectations for Welfare Mothers," 32.
Pilot projects for workfare applied not only to cash welfare payments but to food stamps as well. Workfare for food stamps meant that for every dollar the recipient earned 30 cents was deducted from their food stamps. Republican Representative from Illinois Paul Findley, who sponsored the legislation that allowed for workfare pilot programs, wanted to nationalize the workfare program and increase the reduction to 35 cents. Findley claimed that according to Department of Agriculture records 88 percent of food stamp recipients faced with having to work for their aid chose to drop food stamps instead. Workfare was highly touted by President Reagan as the answer to the rising costs of welfare even though it cost more to administer than AFDC in California's pilot programs.  

Reagan's chief White House domestic aide, Martin Anderson, wrote a book on welfare entitled *Welfare*. He called for a safety net for the truly needy but a ban on welfare for everyone else who could and should be forced to work. But Reagan did not want the federal government to make the decision to force welfare recipients to work. He wanted to leave that to the states. While governors and mayors had been lobbying for 30 years for the federal government to absorb more of the cost of welfare, Reagan was proposing the exact opposite, transferring all responsibility to the states for welfare. In return he proposed that the federal government take on the entire cost of Medicaid. This proposal should have given the Democrats something to run against in 1984, but instead, they ran away from the issue of welfare entirely.

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The Democratic Party dropped all mention of welfare from their platform. They mentioned the poor, the hungry and the homeless, but left out all mention of welfare reform and even income maintenance. Instead it had a cryptic position: "For those persons who cannot work and who have no independent means of support, we must provide assistance in an integrated, humane, dignified and simple manner."\(^{143}\) After the sound defeat in the 1984 presidential election, it was obvious to some in the Democratic party that their platform needed to change drastically.

Senator Ted Kennedy helped lead the charge to move the Democratic party towards the center on social issues. After Mondale's crushing defeat, 36 Senate Democrats met to discuss the future of their party. Kennedy later delivered a speech at Hofstra University highlighting the changes that needed to be made. Along with ending calls to raise taxes, Kennedy advocated cutting or reforming programs. "The mere existence of a program is no excuse for its perpetuation whether it is a welfare plan or a weapons system," he said. "Too much of the public housing that was built in past decades, too many of our public service jobs and public assistance programs have done too little to break the cycle of poverty and dependence, and too often they have proved to be counterproductive." Other Democrats like Robert Byrd and George Mitchell echoed Kennedy's call to action to move to the center.\(^{144}\)

In 1984, the Republican party supported Reagan's workfare ideology. California Republican Representative Bobbi Fielder, acknowledged that the welfare rolls were dominated by single women and children, but that many of the women, "go on as


teenagers and don't leave until they are in their forties and their youngest kids have grown." Fielder and the Republican platform committee recommended that the Labor Department and industry work together to provide day-care for the women so that they could work. Reagan had recently honored a Democrat, Lupe Anguiano, with the Volunteer Action Award for running job training programs for welfare mothers in seven cities. Anguiano claimed her program had an 88 percent success rate placing mothers in jobs and she volunteered to help take the program national under the Reagan administration, even though she was a Democrat and former bureaucrat for the Johnson administration.

President Reagan's second-term welfare reform goal was to raise the percentage of able-bodied state welfare recipients who were required to look for work from 15 percent to 75 percent by 1988. At the same time he proposed significant cuts to the funding of workfare pilot programs and sought to abolish WIN. Funding for WIN had declined by 41 percent between 1979 and 1986. Part of the WIN funding provided that daycare and transportation services. If there was no daycare, and no way to get to their jobs, the recipients could not work.\(^\text{145}\) Reagan was attempting to do more with less by cutting programs and he tried to shift the costs to state and local governments. Sometimes Congress stepped in to reverse Reagan's cuts as they did with cuts he made to Head Start, and low income housing in 1981.\(^\text{146}\)

President Reagan called for a welfare study because as he put it, "misguided welfare programs instituted in the name of compassion have actually helped turn a


shrinking problem into a national tragedy." Congress had allowed states to experiment with workfare and other approaches to welfare reform since the 1970s and states like New York, California, Massachusetts, and Wisconsin were experimenting with workfare programs. The Manpower Demonstration Research Corporation conducted an eight-state study comparing workfare and welfare which showed promise for workfare as welfare reform. In his 1987 State of the Union address, Reagan announced a welfare reform strategy of state-sponsored community based demonstration projects. When the legislation was finally drafted, it allowed for states to consolidate AFDC, food stamps, and Medicaid into one program and for states to apply for waivers to set aside federal welfare laws to experiment with their own programs. The bill provided an incentive to keep welfare costs low because states could keep whatever money they saved. It also denied recipients the right to opt out of the program or legally challenge eligibility or aid decisions made against them.

At the federal level, Moynihan became the chairman of the Senate subcommittee that dealt with welfare. He was not content to sit idly by while the states experimented with reform. He argued that welfare "cannot be reformed. It should be replaced." He claimed that welfare needed to be about providing children the best possible support. To do this he wanted to increase efforts to enforce child support orders and to require that every able bodied mother to work at least part time to help support her family. The

government would be responsible for helping mothers find jobs in the private sector and if there were none to provide public sector positions.151

The National Governors Association, chaired by the Governor of Arkansas, Bill Clinton, called the president's plan inadequate, and recommended Reagan follow the plan the governors laid out which would require many welfare recipients to go to work immediately. Clinton wanted more flexibility for states to use welfare funds. While the governors found parts of Reagan's plan commendable, the differences between the plans were so great that they was "really no connection." While Reagan was not looking to increase funding for welfare, the governors said an increase was necessary to provide training, daycare, and transportation programs along with assistance that would reduce costs in the long run. Clinton said the governors' plan aligned more closely with Moynihan's than Reagan's, but that the immediate costs of implementation would be high.152 The governors stressed work. "What we want to do is turn what is now primarily a payments system with a minor work component into a system that is first and foremost a jobs program, supported by an income assistance component."153

When Reagan met with the governors he agreed with the element of the plan that required able-bodied persons to work, but he did not like the $1 billion cost of the program nor did he endorse a new national standard for welfare recipients.154 Governor Clinton said that Reagan agreed to more than Clinton thought he would. Congress was considering several welfare reform bills at time and it was possible they would pass one

that melded the governors' work requirement with Reagan's testing and job training initiative.\textsuperscript{155}

Both the House and Senate came up with their own welfare reform proposals. The governors, the president, and Congress, agreed on principle, but not on the details of welfare reform. The president was most concerned about cost and was not keen on the idea of states being required to provide daycare for recipients forced to work. The House and Senate plans provided AFDC aid for unemployed two parent households but Reagan wanted at least one parent to be required to work. Another hang up was just how much leeway states would have in devising their own welfare systems. The President and governors favored more, while Congress favored less.\textsuperscript{156} Reagan threatened to veto any bill that did not give states enough flexibility. He also wanted stronger work requirements and no expansion of welfare coverage to more people.\textsuperscript{157}

In 1988 Congress passed the Family Support Act, authored by Senator Moynihan, which mandated that all states participate in WIN programs by 1990. The FSA program would aid two-parent households after 1994 as long as one parent was temporarily employed for 16 hours a week. The bill allowed child support to be withheld from the paychecks of absent parents and required states to increase their job training programs so that 10 percent of eligible recipients be enrolled in Job Opportunities and Basic Skills (JOBS) programs. Only 7 percent of those enrolled would actually be required to work in 1991, and that requirement only rose to 20 percent by 1995. The act also increased the


eligibility for Medicaid and child care, and extended benefits for one year after a recipient lost AFDC. Federal funding for JOBS was much larger than WIN but states were required to increase their fiscal responsibility for JOBS. Whereas the federal government covered 90 percent of the cost of WIN, they only provided between 60 and 80 percent of JOBS funding, which left more of the financial burden on the states. Welfare recipients who were eligible for WIN could either participate or face financial sanctions. Some liberals deemed the program 'slave-fare' for forcing welfare recipients to work and some conservatives doubted the reform would be effective. They agreed with The New Republic which argued there was a “ferociously entrenched culture of poverty,” which made the poor incapable of developing a work ethic. The battle over work based welfare reform had only just begun.

Herbert Walker Bush

State governors complained that the waivers Reagan promised were not being approved fast enough by the Bush administration. These complaints drew national attention when one of those governors, Bill Clinton, decided to run against Bush for president in 1992. Bush attempted to placate one of the most vocal governors, Tommy Thompson, of Wisconsin, by granting him a waiver that would for the first time allow a state to cut welfare benefits to women who continued to have children while on welfare. Bush directed the Department of Health and Human Services to speed up consideration of all waiver requests from the states. Welfare reform was not a priority in Bush's first term, and he had no legislative initiatives regarding the matter, but Clinton forced him to

160 Patterson, America's Struggle against Poverty in the Twentieth Century, 224.
make it a priority in the 1992 campaign. Bush used his support of Governor Thompson's welfare reform efforts in Wisconsin as evidence that he supported welfare reform nationally, and Thompson used Bush's praise of his programs to increase support for his reform measures back in Wisconsin.\textsuperscript{161}

Clinton, who was still in a primary battle with former California governor Edmund "Jerry" Brown, had focused his attention on Bush. Clinton accused Bush of grandstanding by all of the sudden supporting state welfare reform waivers "This is basically an administration that, when it does right, it is often reacting. It does not have a purpose, a direction, a sense of mission."\textsuperscript{162} Senator Moynihan joined in the attack by calling Bush's bluff on welfare reform. Moynihan introduced a bill that would quadruple the federal funding for the JOBS program within the Family Support Act. Moynihan said of the proposal, "They [the Bush administration] are saying this is the most important problem facing the country. Let's find out how serious they are."\textsuperscript{163}

Clinton focused on welfare reform and accused Bush and the Republicans of using welfare as the "whipping boy," using the issue in attack ads but not dealing with the policy. Clinton claimed the attack ads would end with him as President, "You vote for me, I'll change welfare as we know it and nobody will run one of those ads again because people will be moving from welfare to work."\textsuperscript{164} When he accepted the Democratic nomination for president Clinton promised a 'New Covenant' with Americans where he

would end welfare as we knew it. He was excited about welfare reform and that excitement helped propel him into office.
Chapter 4: From Robert La Follette to Tommy Thompson

The impact Wisconsin had on national social welfare policy was second to none. Wisconsin, a state that had a rich history of innovation and reform in government which earned it the nickname, "the laboratory of democracy," was also one of the nation's leaders in developing the nation's social welfare system. Beginning with Robert M. La Follette and ending with his sons, the progressive movement in Wisconsin lasted for over 40 years. Among the movement’s goals was eliminating poverty through social welfare legislation. Wisconsin was one of the first states to enact mothers’ pensions and to provide revenue for the program through its state income tax. Wisconsin was the first state to actively propose unemployment insurance and to pass it, which it did in 1932.¹

Throughout the early 20th century, progressives in Wisconsin emphasized the work not welfare ideology. Governor Tommy Thompson tapped into this ideology as well with his demand that employment not welfare checks be the standard of social welfare policy. Thompson even defended his position by invoking the emphasis put on work during the Progressive era, and utilizing the Wisconsin Idea to reform welfare.

Thompson would get credit for replacing welfare, but his predecessors had worked for decades to improve the state's system. Starting in the late 1960s, citizens and legislators began focusing on reforming Wisconsin’s welfare system, but stories about

corruption and welfare cheats and people migrating to Wisconsin for welfare benefits amplified the political environment in which Thompson was elected to both the state assembly and then the governorship. Once governor, Thompson immediately began a campaign of legislation to reform the welfare system utilizing federal waivers to enact experimental the programs. His efforts catapulted Thompson into the national limelight, but his campaigns to reform welfare were neither easy, as Lawrence Mead has contended, nor absolute.

**The Laboratory of Wisconsin**

From Wisconsin's beginning, the state had a reputation among the states as “being a bit queer” in its policies.\(^2\) It was the first territory in the Old Northwest to establish an agency to attract European immigrants, a program which proved so successful that by 1930 Wisconsin was second only to New York in its proportion of foreign born citizens.\(^3\) Additionally, Wisconsin law allowed every male European immigrant the right to vote at the age of twenty-one after meeting a strict one year residency requirement.\(^4\) Politically, Rhinelander Wisconsin is one of the many places claiming to be the birthplace of the Republican party. An anti-slavery stronghold, in July of 1854, the Wisconsin Supreme Court declared the Fugitive Slave Act unconstitutional. Wisconsin was the first and only state to do so.

During the mid and late 19th century, European immigrants were some of the poorest residents of Wisconsin. Some local business owners believed that the ruling capitalists had a responsibility to aid the poor with jobs, and because employment was

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considered the most benevolent form of charity, the poor were offered work before they were offered monetary aid. The immigrant communities themselves had benevolent societies, Catholic and Protestant charities, and ethnic organizations to aid their poor.⁵

The Yankee contingent were mostly puritanical Presbyterians and Methodists while the immigrants were less devout Protestants, Catholics, and freethinkers. Protestant charitable work focused around converting the poor and reforming them into self-sufficient contributors to society through the 'Protestant work ethic.' Catholic charities, sometimes in reaction to Protestant proselytizing, created their own charitable institutions that focused on serving the poor and instilling in them the work ethic that every occupation no matter how meager was necessary and valuable to society and that any job was better than dependency.

Non-denominational and secular relief associations began to develop as well during this time, but they still emphasized the importance of work and self-sufficiency. The Associated Charities, a coalition of private philanthropic groups, was organized in Milwaukee on December 22, 1881. The Associated Charities of Milwaukee shunned government intervention into poverty, and shamed people from seeking government assistance. Charity organizations like their religious counterparts stressed the need to promote, "provident schemes to aid the struggling poor to be self-supporting." ⁶

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By 1895 Milwaukee County subsidized aid to children at a cost of $34,000 per year. Poor immigrant women from Milwaukee’s south side brought to the attention of women’s groups a direct link between poverty and education. Poor parents were too proud to ask for charity to clothe their children so instead they kept their children home from school. In Milwaukee alone an estimated 30 to 40 percent of workers were unemployed. The Milwaukee Populist Party emerged in 1897 as leaders of reform by supporting trust-busting, the abolition of railway passes, income and inheritance taxes, school reforms, and the regulation of railroads; but they did little to counteract poverty. Poverty could be found throughout the state as could the belief that only through maintaining independence could the poor preserve any self-respect. The county poor offices and Associated Charities along with most private and public relief measures stressed self-help through work, but tensions developed when aid to poor immigrants transformed into laws of social control.

Economically, Wisconsin was unique in the fact that agriculture, especially dairying, was more important than in any other Midwestern state. This importance created an abnormally large farm lobby. Western Wisconsin was the stronghold of agriculture, while the eastern lakefront cities of Green Bay and especially Milwaukee were dominated by industry. Industry in Milwaukee provided job opportunities for immigrants but they faced the same problems as other cities. Industrial cities faced increased crime, poverty, and disease, but the immigrant inhabitants of the cities also

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posed political, cultural, and economic threats to the Yankee population which prompted middle class Yankee reformers to focus their attention on the urban poor. Belle Case La Follette, Robert La Follette's wife, became good friends with Jane Adams and Lincoln Steffens and she helped push the governor towards the cause of alleviating poverty in Wisconsin. The task was increasingly daunting. Local charity groups soon realized they did not have the resources to reach all of the poor. They needed government intervention and aid in order to combat poverty. But the reformers emphasized the importance of both private and public charity. As one reformer remarked, "Private citizens always have to lead the way and then turn the task over to the public."

Muckraker Lincoln Steffens described Gilded Age politics in Wisconsin as boss ridden and dominated by corrupt railroad and lumber barons. But it was Steffens who made Robert La Follette a national figure of reform by nicknaming him, "Wisconsin's Little Giant." Wisconsin was known to follow national political trends but to the extreme, which explains how the state could elect both progressive Robert La Follette and decades later arch-conservative Joseph McCarthy. The labor movement in Wisconsin was promoted by Richard T. Ely a professor at the University of Wisconsin who argued for government intervention in 1885, "We regard the state as an agency whose positive assistance is one of the indispensable conditions of human progress," Ely wrote. The economists he was able to recruit to the university were sometimes referred to

as the Wisconsin school of welfare economists, and became national leaders in their field.\textsuperscript{15}

Robert La Follette dominated Wisconsin politics from 1884 to his death in 1925. He was first elected Attorney General of the state as a Republican in 1880 and then to Congress in 1884. After three terms in Congress, La Follette lost his seat in 1890 due to a backlash against Republicans who had supported the McKinley tariff and his support of the Bennett Law which required English-only schooling.\textsuperscript{16} After he lost his seat in Congress he shifted towards an ideology that stressed the importance of government activities to protect its citizens and represent the interests of the community against the interests of business and party machines.\textsuperscript{17} La Follette immediately turned his attention to gaining control of the Republican Party in Wisconsin through advocating reforms like the direct primary. La Follette campaigned for governor on his own record and not as a representative of the Republican machine. At first he called his faction the 'Half-Breeds,' because of their mixture of positions, but due to the negative racial connotations the term elicited, the name was changed to the Progressive party.\textsuperscript{18} Voters considered his direct challenge to the Republican Party bosses to be his greatest political virtue, but it was not enough to win election at first.\textsuperscript{19} When his bid for governor in 1896 failed, La Follette intensified his message with a speech entitled, “The Menace of the Machine” which he delivered in 1897. La Follette focused his attacks on the corruption within his own party.

\textsuperscript{16} Nesbit and Thompson, \textit{Wisconsin}, 362-403.
\textsuperscript{17} James Conant, \textit{Wisconsin Politics and Government}, (Lincoln: University of Nebraska Press, 2006), 2.
\textsuperscript{19} Epstein, \textit{Politics in Wisconsin}, 32.
This ‘retake the party’ strategy finally worked, and in 1900 he won the governorship, where he not only transformed his party but the office of governor from an ornamental position to one of advocacy and progressive reform.

Immediately after his inauguration, La Follette asked the legislature to pass reforms regulating the railroads. When the state legislature refused to act, he retaliated by vetoing a dog licensing bill to which he added a message that the veto was due to the legislature’s inaction and lack of interest in true tax equalization between the farmer, the homeowner, and the railroads.20 La Follette continued to struggle with the legislature, and while he passed a property tax on the railroads during his second term, he was unable to pass legislation creating a state railroad regulatory commission or the direct primary until his third term. The railroad commission and the direct primary made Wisconsin a national leader in progressive reform. During his six-year tenure as governor, La Follette was able to pass regulation of the railroads and utilities, civil service reform for state officials, an anti-lobbying law that required lobbyists to register with the secretary of state and provided details of contacts with legislators, conservation legislation, tax reforms, and the direct primary.21 After La Follette left office, his successors often continued his progressive course.

John R. Commons, one of the "welfare" economists at the University of Wisconsin, helped La Follette and his successors develop much of the progressive

20 Nesbit and Thompson, Wisconsin, 362-412.
legislation passed between 1905 and 1931, including civil service reform, public utility regulation, workmen's compensation, and unemployment compensation.\textsuperscript{22}

Wisconsin was the first state to pass Workmen’s Compensation in 1911.\textsuperscript{23} Justification for Workmen’s Compensation was that in not only benefited workers, but benefited businesses by reducing litigation.\textsuperscript{24} Wisconsin passed additional progressive social welfare reforms in 1917 including mothers’ pensions.\textsuperscript{25} However, Wisconsin's mother's pension law contained a clause which granted Wisconsin judges the authority to order mothers to work for their aid.\textsuperscript{26} The right for mothers stay home and raise their children without working was never guaranteed. Still, Wisconsin was one of only seven states with mothers’ pensions and minimum wage laws for women and children, and it was the only state to extend the aid to grandparents who had custody of young children.

In 1913, Wisconsin was one of the first states to enact Aid to Dependent Children which provided outdoor relief due to overcrowding in institutions. Instead of pulling children out of poor homes with good parents, why not give those parents aid to support their children?\textsuperscript{27} To reinforce the importance of work to one’s character, Wisconsin amended ADC in 1917 to allow judges to force mothers to work for aid.\textsuperscript{28} Work was just as important to the poor as it was the charity organizations and the government. The unemployed in Milwaukee had been demanding that the government provide them jobs,

\begin{itemize}
\item \textsuperscript{22}Altmeyer, "The Wisconsin Idea and Social Security," 23.
\item \textsuperscript{23}Elisabeth Clemens, \textit{The People’s Lobby}, (Chicago: University of Chicago Press, 1997), 76.
\item \textsuperscript{24}McCarthy, \textit{The Wisconsin Idea}, 158.
\item \textsuperscript{25}Clemens, \textit{The People’s Lobby}, 225.
\item \textsuperscript{26}The Administration of the Aid to Dependent Children's Law (Mother's Pension Law), (Wisconsin: State Board of Control, January 1922.), p 9
\item \textsuperscript{28}Handler and Hollingsworth, \textit{The Deserving Poor}, 23.
\end{itemize}
even protesting at City Hall in 1894. In the 1910s Milwaukee began hiring the poor for public works projects such as building parks, libraries, and a new city hall.29

Wisconsin was a leading progressive state in matters of social welfare reform because the citizenry of the state, especially women through their clubs and social reform organizations, demanded change. Women realized the limits of local charity and the necessity of the state and moreover the federal government to fix the root of poverty not just the symptoms as local charity organizations had done. Women demanded the government provide protective labor legislation, pensions for single mothers, and healthcare for mothers and infants.30 Progressive leaders like La Follette and his successors often in collaboration with academics at the University of Wisconsin, came up with innovative responses to those public demands.31

**Phillip La Follette and the Great Depression**

In 1931 Franklin Roosevelt was developing popular programs in New York that would eventually become the New Deal. He promoted his state relief programs as plausible national solutions, but his programs were not entirely original. Roosevelt later admitted that Wisconsin policies provided models for both what he did in New York and the New Deal. This admiration for Wisconsin progressivism led one of Roosevelt’s policy advisors to remark, “If Franklin had not been a Roosevelt I am quite certain he would have liked to be a La Follette.”32 But it was not Robert Sr., but Philip La Follette who enacted Wisconsin's most famous social welfare programs.

During the depression there was great public demand for state aid to the poor, but there was also fear of establishing a "dole." A 1931 study by University of Wisconsin professor Don Lescohier found that a monthly cash payment was the most expensive form of relief but it was also the most discrete. The downfall of this system, he believed, was that children would grow up expecting the government to provide for them. Therefore, Lescohier recommended to Governor Philip La Follette that prolonged cases "should be supported by tax-supported, public agencies and should be in the form of work, not doles."

Wisconsin became one of the first states to assume part of the burden of unemployment from the counties and local governments. In 1932 Wisconsin became the second state, behind New York, to provide general unemployment relief. When Philip La Follette regained the governorship in Wisconsin in 1935, he impressed President Roosevelt with his ideas for public works projects which he called the Wisconsin Works Plan. Roosevelt liked the plan so much he was willing to allow Wisconsin to be the only state exempt from federal supervision of a grant worth $100 million. The federal government would provide a lump sum payment of $100 million for Wisconsin to create the Wisconsin Finance Authority (WFA), a corporation to lend money to businesses and banks to create works programs. The WFA would then issue its own currency to be used as payroll or payment of taxes or state fees. The bank notes would allow the state to track how wages from works projects were spent and would offer a boost to the local economy. The administration of the WFA would be financed by bonds and taxes on dividends, chain stores, and inheritances. The bank notes would be cycled out of use in twenty years. While it would seem to be an extremely roundabout way to inject money into the local economy, Wisconsin was one of the first states to do so.
economy, the creation of the WFA was necessary because the state constitution of Wisconsin prohibited it from borrowing money.

To the amazement of his advisors Harold Ickes and Rexford Tugwell, FDR approved the plan at the federal level. His advisors were nervous that if he granted the waiver for Wisconsin to run its own program Huey Long, the governor of Louisiana, and Eugene Talmadge, the governor of Georgia, might demand the same exemption for their states. Their fears were never realized because La Follette was unable to get the Wisconsin Works Plan through his own state legislature. La Follette fought hard for Wisconsin Works because he truly believed programs that promoted work were more valuable than cash assistance programs. He told the Allegheny County League of Women Voters that relief should only be temporary and works projects were the only way to real recovery. He called cash assistance to the poor, "the awful business of relief for the able-bodied."  

Both Democrats and Republicans in the Wisconsin state legislature were appalled by the idea of raising taxes to fund a corporation run by the governor and that issued its own currency with absolutely no legislative oversight. The legislature viewed this as a power play that would make La Follette the Huey Long of the North. State Senate Democrats, regardless of their reverence for FDR and intense pressure from their constituents, despised La Follette, and defeated his bill twice, although the second time by a very close vote of seventeen to sixteen. The senators claimed they rejected the bill because it gave La Follette dictatorial power over relief and other programs in

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33 Kaparek, Fighting Son, 177-184.
Instead of admitting defeat La Follette used the mass appeal of Wisconsin Works Plan to win re-election in 1936, and to pass a series of reform laws nicknamed the “Little New Deal” in 1937. Wisconsin then passed the Wisconsin Labor Relations Act, the Budget Act, the Wisconsin Development Authority, and the Governmental Reorganization Act. Even though it failed at the state level, the Wisconsin Works Plan served as a model for the Works Progress Administration created in 1935. FDR even told reporters that the Wisconsin Works Plan provided the basis for WPA projects he implemented in Wisconsin.36

La Follette's focus was on providing jobs for the unemployed. He considered the government's role as, "an umpire...without intruding too much in social and economic affairs."37 His convictions on this issue were so strong that he eventually turned on FDR and became a major critic of the WPA. He claimed that the WPA was a redistribution scam that undermined personal responsibility and work ethic. La Follette wanted to maintain all of the able-bodied on the WPA rolls until they found work in the private sector. Even though FDR was also leery of the dole, he was not about to provide jobs to all of the unemployed indefinitely. He told La Follette, "Phil, there have always been poor people, there always will be. Be practical!"38 But La Follette was so dissatisfied with "the dole" that he attempted to run against FDR in 1938. La Follette ran as a third party presidential candidate, the National Progressives of America. Some people referred to his party's symbol as a "circumcised swastika," and his animated speeches reminded

35 Dee Ingold, "LaFollette's $209,000,000 Bill for Wisconsin Works Killed," Chicago Daily Tribune, June 14, 1935.
38 Kaparek, Fighting Son, 204.
voters of a certain German dictator making waves in Europe at the time. After his defeat in 1938, he never ran for public office again, and his brother Bob Jr. lost his Senate seat to Joseph R. McCarthy in 1946 and committed suicide in 1953. A La Follette would not enter Wisconsin politics again until the 1980s but the work not welfare ideology they embraced continued without them.\textsuperscript{39}

**Wisconsin in the Era of Federal Authority**

Even though federal welfare programs took control and the need to innovate away from the states, Wisconsin still attempted to impact social welfare policy initiatives by focusing on alleviating the plight of poor children and the elderly. For instance in 1963 Wisconsin passed the Homestead Tax Credit which reassessed the property taxes of the elderly to help them avoid poverty. The state gave an income tax credit of 50 percent of seniors' property taxes if the property taxes made up more than 5 percent of their income. Persons who qualified received a check for the difference if the credit exceeded the due tax.\textsuperscript{40} The idea of a negative income tax would eventually be expanded in 1975 with the Earned Income Tax Credit for the poor.

In 1969 Wisconsin legislators cut AFDC-U entirely and cut AFDC cash benefits substantially. One legislator argued that the cuts were to, “get able-bodied people off the welfare rolls and back to work.”\textsuperscript{41} The Governor at the time, Republican Warren Knowles was going to introduce a supplementary budget to restore funding to the AFDC programs, but before he could gain support for the measure a welfare rights protest erupted. Father James Groppi, a Catholic priest and leader of the civil rights movement in

\textsuperscript{40} Conant, *Wisconsin Politics and Government*, xx-216.
Milwaukee, led a 90 mile march of welfare mothers from Milwaukee to Madison. Once they arrived they broke into and then occupied the assembly chamber at the state capitol. They remained peacefully, yet illegally, in the chamber for eleven hours. Groppi was arrested for disorderly conduct after the protestors were removed from the assembly chamber and the protest destroyed any support Governor Knowles had for the supplementary budget bill.42

The 1969-71 budget cuts to AFDC were also challenged in federal court. When the cuts were upheld, localities like Milwaukee had to dip into emergency funds to support their welfare case load. Mayor Maier of Milwaukee protested the uneven distribution of tax revenue by the state especially when Milwaukee carried the majority of the AFDC burden.43 The Department of Public Welfare in Madison agreed with Maier that the welfare burden on the counties was far too great.44 In 1969, Governor Lucey supported Nixon’s proposed Family Assistance Plan (FAP) legislation, and a proposed federal takeover of welfare from the states that would have saved the states approximately 8 billion dollars a year.45

In 1973, the Milwaukee Sentinel's ran a series of articles entitled “Welfare Wasteland” that investigated egregious welfare fraud in Milwaukee County. The series revealed corruption and fraud at every level of the welfare system and sparked outrage in the state. Governor Lucey responded by asking the Department of Health and Social Services to put together a comprehensive welfare reform package that would cut down on

43 'Mayor Maier comments at the Have Not Conference’, 1970, Patrick Lucey Collection, Folder 7, Poverty Research, Wisconsin Historical Society.
fraud. He claimed that there were limits on how far Wisconsin’s reforms could go, but Wisconsin would continue to lead until the federal government issued comprehensive reforms to AFDC.46 Lucey said that Wisconsin, “must create a lean, economical, and efficient” welfare system.

In 1973, the state legislature formed a committee to study and submit proposals for welfare reform in Wisconsin for the next budget. GOP members of the legislature created a welfare reform task force in 1975 to propose changes to the state welfare system to investigate welfare fraud through stricter standards that required recertification every six months and picking up checks in person. They also proposed making immediate families contribute to the maintenance of relatives and limiting property and assets of recipients.47 At the 1976 National Governors Conference Lucey endorsed guaranteed income legislation and a reform that would require welfare recipients to apply for work as a condition of aid.48

At the time, Milwaukee, Wisconsin was experimenting with a workfare program called "pay-for-work." Welfare recipients without children could take jobs or perform public services or lose their benefits. The Milwaukee program was challenged in court by the civil service union for being a cheap replacement of civil service workers. The director of the program, Kenneth E. Deal, said it the program was a test of how employable those with personal, mental, and physical problems actually were. "Our intent is not to take care of them but to offer them a chance to work. They are usually people without a stable work history. The one thing we can give them more than anything

else is a current work history." The difference between the Milwaukee program and federal proposals was that Milwaukee was able to pay less than the minimum wage, since it used no federal funds and bypassed interstate commerce. Critics contended it drove out union labor and abused welfare recipients "It's involuntary servitude. They've got those people over a barrel. It's work or no aid. It's inhumane."49

When Lucey resigned the governorship in 1977 to serve as the U.S. Ambassador to Mexico under Jimmy Carter, his successor Martin Schreiber was left to deal with the rising costs and increasing public criticism of Wisconsin’s welfare system. Both Republicans and Democrats acknowledged the urgency to reform welfare but Schreiber asserted that AFDC either needed to be reformed at the federal level or the Department of Health Education and Welfare needed to accept the waivers he requested so that Wisconsin could begin implementing their reform.50 A 1976 Milwaukee Sentinel series “Welfare for the Well Off,” highlighted how people with a significant amount of money in savings collected welfare benefits furthering the perception of rampant fraud in AFDC. Schreiber asked the Carter Administration to grant waivers to allow Wisconsin to control its own job training programs, including public service sector jobs that would give welfare recipients work experience.51 In the 1978 election between Schreiber and Lee Dreyfus, the Milwaukee Journal endorsed Dreyfus because of his ability to bring new ideas to the “persistent problems” of urban unemployment and welfare dependency.52 Dreyfus suggested in a debate that the government might subsidize private employers

who hired the chronically unemployed and those on welfare in order to get them the experience that would make them employable.53

Dreyfus won the 1978 election and in 1979 set up a multi-agency welfare reform task force to address parents who failed to pay child support and to encourage and facilitate reforms that promoted work over welfare. The task force was ordered by the Democratic legislature and was supposed to report back with drafting language to implement by 1981.54 Dreyfus said the goal was sweeping changes in child support enforcement, such as extraditing parents who left the state in order to avoid paying child support. In 1981, Dreyfus submitted a budget that followed in the footsteps of President Reagan nationally, slashing state benefits for Medicaid and AFDC. AFDC would be cut in half from a 400 dollar grant to 200 dollars. This would have left county governments and taxpayers on the hook to make up the difference in payments, which outraged local communities.55

Some legislators supported the governor's cuts more fervently than he would have liked. Representative William Gagin from Eau Claire said he did not support giving welfare to “all the coons in the city of Milwaukee.” Dreyfus demanded Gagin apologize for his racist remark. Gagin did, but with the disclaimer that he had been misquoted. He claimed his remark about African-Americans was not in connection with his remark about Milwaukee. Gagin claimed he said that the government could not free up money for the elderly, “but you sure can turn around and give it to the coons.” Gagin claimed that he made a separate remark about Milwaukee being 60 percent of the state’s welfare

54 Patricia Simms “Dreyfus implements welfare reform task force,” Wisconsin State Journal, September 25, 1979
costs. It was racist outbursts like this that welfare rights activists pointed to that changed the dialogue about welfare from a poor problem to a black problem.

In 1979 the state legislature authorized the Advisory Committee on General Relief to examine problems with AFDC in the state. The head of the Institute for Research on Poverty (IRP) Robert Haveman chaired the committee. The committee recommended changes to work incentives and child support enforcement. One reform the study precipitated was changing the child support system in Wisconsin. The state would replace awards set at the discretion of judges with a fixed standard for awards along with a mandate that child support payments could be garnished from absent parents' paychecks if they failed to pay their child support. Republican Governor Lee Dreyfus supported the committee's findings but the recommendations were more about increasing opportunities and incentives for work than forcing recipients to work.

Dreyfus did not seek reelection and the 1982 election, and Democrat Anthony Earl won in decisive fashion over Republican Terry J. Kohler. Earl promised to utilize bi-partisan leadership to effect change in Wisconsin. His main focus was Wisconsin’s sluggish economy coupled with a growing deficit but he could not ignore calls for welfare reform. Earl strongly supported mandatory wage assignments as a way to ensure child support was paid. During his campaign, Earl promised to support a state takeover of welfare but when the bill reached his desk in 1983 he vetoed it. His veto outraged Milwaukee county officials who were relying on a state takeover of welfare to ease their

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58 'Earl’s position on mandatory wage assignment’, 1983, Anthony Earl Collection, Box 1, Folder 44, Wisconsin Historical Society.
property tax burden.\textsuperscript{59} Earl continued to publicly support an eventual state takeover of welfare, but he waffled on how much it should cost or how long the transition should take to complete. In 1983 Earl signed the Earned Income Credit which was a supplement to the federal Earned Income Tax Credit, and provided a wage subsidy for the working poor. Wisconsin was the first state to enact such a credit but Earl would not be remembered for it. In 1985 the legislature repealed the earned income credit only to reinstate it in 1989 under Governor Thompson who would get undue credit for the reform.\textsuperscript{60}

Just like a welfare issue helped put Earl in office, a welfare issue took him out of office as well. In 1985 the issue of "welfare migration" was brought up by Kenosha representative Joseph Andrea, who claimed Wisconsin’s counties that bordered Illinois were being inundated with people moving from Chicago in order to take advantage of Wisconsin’s generous welfare benefits.\textsuperscript{61} The state's benefits were generous, and between 1970 and 1987, only California and Maine had higher benefits so the concern seemed legitimate.\textsuperscript{62} In 1986 Wisconsin’s cash benefit combined with food stamps and Medicaid produced an income 128 percent above the federal poverty line. But these rising benefits increased the state's AFDC budget by an average of 13 percent per year, and by 1985 almost 16 percent of the state budget the equivalent of $1.6 billion was spent on AFDC. The benefits and a steady rise in welfare rolls in Wisconsin caused legislators and the public to assume that Wisconsin was becoming a "welfare magnet."

\textsuperscript{59} "County officials call veto a betrayal," \textit{Milwaukee Sentinel}, July 1, 1983.
\textsuperscript{60} Rick Olin, ‘Earned Income Tax Credit’ (Wisconsin Legislative Fiscal Bureau, 2011).
\textsuperscript{61} "Senator criticizes Wisconsin as ‘welfare haven,’ urges cuts,” \textit{Milwaukee Sentinel}, April 4, 1985.
The evidence was thin at best. A 1985 state sponsored study performed by the University of Wisconsin Madison found that twice as many people migrated from Illinois to states other than Wisconsin, and of those who ended up in Wisconsin only 13 out of every 1000 migrants to Wisconsin were AFDC eligible.\textsuperscript{63} Regardless of the study's findings, Tommy Thompson latched onto the issues of welfare migration and corruption and championed the need for sweeping welfare reform when he ran against Earl in 1986. Earl was aware that no study at the time supported the "welfare magnet" theory and he refused to act because the theory was not true. But members of the legislature and Earl’s political enemies concluded that benefits needed to be cut to make Wisconsin’s welfare system less enticing to outsiders. But instead of cutting benefits Earl tried to increase AFDC’s budget and the state legislature resisted. The legislature demanded any increase in funding be used to reform Wisconsin’s welfare system not to raise benefits. With the constant bad press AFDC had been getting in Wisconsin since the early 1970s public support for AFDC faded. Reforming Wisconsin’s welfare system became the key issue of the 1986 gubernatorial election and Earl’s opponent, Tommy Thompson, not only made a campaign pledge to radically reform Wisconsin’s welfare system; he laid out exactly how he was going to do it.\textsuperscript{64}

\textbf{Earl vs. Thompson 1986}

Tommy Thompson grew up in Elroy, Wisconsin, where he helped manage his father’s grocery store. His father was both a businessman and a local politician who conducted government business within his grocery store. Thompson attributed his own

\textsuperscript{63} "Data dispel idea that state is a welfare haven," \textit{Milwaukee Journal}, September 24, 1985.

\textsuperscript{64} "Time may be right for welfare reform," \textit{The Milwaukee Sentinel}, October 3, 1986.
political ideology to watching his father solve local government problems. He believed that if a government policy would not work in a small town like Elroy it probably was not good policy. In his memoir, Thompson dismissed charges that he was anti-government. He claimed he supported common-sense government regulation but that what the federal government forced on the states was anything but common sense. He illustrated this point with a story about a federal government policy to protect wolves in northern Wisconsin. Instead of common-sense wildlife protection regulation, Wisconsin was forced to put up signs on a newly expanded highway in northern Wisconsin where wolves could safely cross the roads. Wisconsin was forced to pay the costs for implementing the regulation, and after two years and one million dollars in excess costs to the state it was determined that wolves would not use special highway crossing, because timber wolves could not read. It was experiences like this, Thompson claimed, that drove him as governor to make frequent trips to Washington to fight what he viewed as unnecessary regulation. It was this drive to increase his state’s autonomy that inspired him to request federal waivers for Wisconsin to experiment with welfare.

Thompson promised welfare reform on a much larger scale than governor Earl had attempted. Thompson believed that welfare was a trap. While there were some freeloaders scamming the system, the vast majority of people on welfare were honest citizens who wanted to get off welfare but could not. Whether it was work experience, child care, health care, or the monetary advantages of welfare over a minimum wage salary, welfare kept people trapped in the system. Thompson asserted that welfare was

never meant to be permanent, and that its creator Franklin Roosevelt even claimed welfare was, “the subtle destroyer.” 67 Regardless of how many politicians wanted to completely reform welfare, only small reforms had been implemented. Thompson abandoned traditional Republican rhetoric about corruption in the welfare system and welfare recipients being lazy freeloaders; instead he focused on how the AFDC system was inherently flawed and caught people into a cycle of poverty. Governor Earl claimed that Thompson’s proposals to cut welfare were, “one-third unconstitutional, one-third ideas that he picked up from me, and one-third the new Tommy.” 68 What Earl meant by ‘the new Tommy’ was that Thompson did not have a reputation for change and innovation. In fact, his nickname while he was in the legislature was “Dr. No.” Thompson claimed the nickname reflected a lack of opportunity not a lack of initiative. 69 In order to prove he was more than just a talking head, Thompson had to lay out exactly what his reforms would be and present them to the people on the campaign trail.

In the midst of his campaign for Governor, Thompson put together a task force to develop policy proposals on welfare reform. A combination of state legislators and leaders in the private sector, and chaired by Milwaukee lawyer and former Nixon adviser John MacIver, the task force met every week in Milwaukee. One problem they and Thompson focused on was education. Thompson saw the teen dropout rate as a major contributor to the cycle of poverty. In order to curb the dropout rate, Thompson proposed a program where welfare benefits were contingent on a child staying in school. He named

67 Thompson, Power to the People, 39.
69 Thompson, Power to the People, 40.
this reform Learnfare and promoted it on the campaign trail along with a reduction of
AFDC cash benefits and a promise to fix the (mythical) welfare migration issue. 70

**Thompson as Governor (1987)**

After he was sworn into office in 1987, one of his first priorities besides reducing
the AFDC cash grant, was to enact Learnfare and place stricter requirements on welfare
recipients. 71 In order to accomplish welfare reform Thompson had to get around the
legislature which at the time was controlled by the Democrats. His strategy was to
appoint a Democrat as head of the state Department of Health and Social Services in
order to neutralize opposition to his welfare reform initiatives. He chose the senate
majority leader Democrat Tim Cullen. 72 In his first budget as Governor, Thompson
proposed for the first time in history not only to cut the welfare budget but to cut the
actual welfare cash benefits. 73

Thompson wanted not only to save money on cash aid, but for the first time to cut
it. The legislature gave Thompson a meager one percent cut in cash aid, but he used his
partial-veto power to transform the formula on which AFDC payments were calculated
which then transformed the one percent to six percent. 74 This cut dropped Wisconsin

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70 Thompson, *Power to the People*, 42.
72 Cullen resigned only a year after being appointed in order to become the regional vice president of Blue
Cross Blue Shield of Wisconsin. “Deputy is front-runner to get Cullen’s job,” *The Milwaukee Sentinel*,
73 Thompson, *Power to the People*, 43.
74 The partial-veto in Wisconsin is unique in that governors could veto parts of sentences, words, and even
individual letters to form entirely new words and/or sentences, which was in effect writing new legislation
the legislature did not approve. Thompson’s use/abuse of this power by vetoing individual letters to change
words earned the partial-veto the nickname the Vanna-veto as in Vanna White from Wheel of Fortune. It
took the legislature two amendments to Wisconsin’s constitution to stop both the Vanna-veto and
Frankenstein-veto where governors deleted words and sentences strategically to create entirely different
legislation than was submitted by the legislature. ‘The Frankenstein Veto: The Story of Wisconsin’s Partial
2011
from 5th in cash aid in 1986 to 12th by 1994. Thompson argued he had to use his partial veto power to transform the cut in AFDC benefits so that he could use the savings to fund the Learnfare program.75 Thompson raised cash aid in 1997, only after he had drastically cut the welfare rolls through his Wisconsin-Works reform. Thompson expanded the Work Experience and Job Training program and the Community Work Experience program started under his predecessor Anthony Earl to most of the state including Milwaukee County. Thompson then began working on implementing his own innovative reforms to welfare starting with Learnfare.76 Thompson felt that welfare needed to reflect the real world where there was an expectation of personal responsibility, and where people did not receive raises for having more children.77

In 1987, Tommy Thompson was the only governor to dissent from the National Governors Association's support for welfare reform that rested with the federal government. Thompson had to seek waivers from the Reagan administration for Wisconsin to begin experimenting with welfare reform at the state level. In order to receive a waiver Thompson had to prepare a written proposal and submit it to the federal Department of Health and Human Services (HHS). The proposal required an explanation of proposed changes, and identification of all of the federal regulations the proposed reforms would affect. Each waiver granted required a procedure be established to measure results, and the proposed program could not cost the federal government additional money. Needless to say, the approval process was long and arduous, but

77 Thompson, *Power to the People*, 59.
Thompson would negotiate 172 welfare waivers from the Reagan, Bush, and Clinton administrations, more than any other state.\textsuperscript{78} Ronald Reagan praised Thompson for his “aggressive campaign to get the hard core unemployed off of welfare and into jobs. I happen to believe instead of dependency and handouts we should be offering the less fortunate jobs and opportunity.”\textsuperscript{79} With Reagan’s support for state experimentation Thompson went to work obtaining waivers and restructuring Wisconsin’s welfare system. Between 1989 and 1993 Wisconsin had a caseload decline of 3 percent while the rest of the nation was experiencing an average increase of 35 percent. Thompson’s experiments with welfare reform were major factors in this decline.

“Workfare” Work Experience and Job Training program (WEJT) & Community Work Experience Program (CWEP) 1987

Governor Tony Earl had attempted to reform welfare by adding workfare to Wisconsin’s AFDC program. During his last year in office, the legislature passed the Work Experience and Job Training program (WEJT). The goal of this program and its federal predecessor the Job Training Partnership Act (1982) was to provide more vigilant case management and better education and training services than AFDC provided in order to move people off welfare and into work.\textsuperscript{80} In October of 1985 State Senator Joseph Stohl of Racine introduced legislation that would become WEJT. It covered 18,000 welfare recipients and provided child care and transportation for work. The most controversial part of the program was the Community Work Experience Program

\textsuperscript{78} Thompson, \textit{Power to the People}, 36-37.
(CWEP) that assigned unpaid jobs to clients who were chronically unable to find work in the private sector. The Senate unanimously approved the measure after amendments were added to protect the due process rights of welfare clients, and to ensure it was first a voluntary initiative. The Assembly approved the bill 94-4 in March of 1986 and it was quickly signed into law by Governor Earl. The requirement of work, training, or education in order to keep benefits or as incentive for more benefits was part of workfare, which had been in existence in AFDC since 1967. While the federal government was ending various work incentive programs like WIN and the Comprehensive Employment and Training Act during the Reagan administration, Wisconsin was experimenting with various workfare programs. The pilot program for WEJT was first implemented in five counties under Governor Earl in 1986 and his successor Tommy Thompson expanded it further in 1988. Work was being rewarded, but just as important, non-work was being punished.

In 1988 Congress passed and Reagan signed the Family Support Act, (FSA) which attempted to make AFDC emphasize work, training, and child support. FSA established the Job Opportunities and Basic Skills (JOBS) program which was modeled on Wisconsin’s WEJT program. The federal government set up grants for states to provide job training programs for those on welfare, but there was no requirement that welfare recipients work. Under WEJT, however, even single mothers with children as young as 3 had to work. In 1988 Thompson received a waiver that allowed him to force

83 Mead, Government Matters, 24; Thompson, Power to the People, 44.
mothers with children as young as one to work at least 20 hours per week, and eventually the hourly requirement was extended to 40 hours per week. The JOBS program also extended Medicare and child care benefits for up to a year for those who found work.85 The bill was sponsored by New York Senator Daniel Patrick Moynihan, who claimed the program was, “the most important legislation of its kind and the first legislation of its kind since the welfare system was established in the 1930s.”86 Both Nixon and Carter attempted to get similar reforms passed during their administrations but their proposals died in Congress. The Family Assistance Program only covered about 20 percent of eligible welfare recipients in the nation. The JOBS program allowed flexibility, and Wisconsin was one of only six states to fully fund the program by 1991, which it used to replace both the WEJT and CWE programs. Even though the requirements of the federal program were not as strict as Thompson wanted, he fully funded the program in order to maximize the amount of federal matching funds. Thompson learned from county welfare offices that many of the job training programs did not fit the needs of the communities so Thompson had the programs retooled. He also encouraged and harassed businesses to hire welfare recipients. Thompson believed the best training a person could get was on-the-job experience. Vocational and technical colleges began providing job-based skills training for welfare recipients and the state Labor Department set up job centers throughout the state to connect job seekers with employers using newly developed computer technology.87

87 Thompson, Power to the People, 61.
Learnfare (1987)

Learnfare was Governor Thompson’s first waiver proposal. At first the program was aimed at keeping teenage mothers in school. In return for school attendance the state would pick up child care, transportation, and alternative education costs for the teen-mother. If the teen-mom skipped school her benefits would be cut under the Governor’s plan. The program was eventually extended to all teenagers on AFDC ages 13 to 18 unless the teen was specifically exempted. Some members of the legislature wanted to remove the penalty for skipping school, while others wanted to extend Learnfare to all teens and even elementary students. In 1987, under Wisconsin Act 27, the state was granted the waiver to run Learnfare, but Thompson claimed there was a caveat that the program not cost the federal government additional money. The rules of Learnfare were straightforward; AFDC parents would be required to keep their teens ages 13 through 19 years old in school or their benefits would be reduced. Democratic legislators voted 6-4 along party lines against the rules of Learnfare in the Joint Committee for Review of Administrative Rules because they thought the rules were ambiguous, impossible to implement, and could hurt innocent families. The program was finally implemented on March 1, 1988 and Learnfare sanctions began in May of 1988. Teens were sanctioned if they accumulated more than 10 unexcused absences per semester of school or more than

88 “Less welfare, more training in budget,” *Milwaukee Journal*, February 12, 1987; Legislative Audit Bureau, ‘Evaluation of Learnfare Case Management Services’, Department of Health and Human Services, Box 1, Folder 12, Marquette University.
91 DHSS, ‘Request for Proposals Evaluation of Welfare Reform Waivers’, 1988, Department of Health and Human Services, Box 1, Folder 12, Marquette University.
two unexcused absences per month. Learnfare was mandated state wide but objections to
the program both political and academic continued for over a decade.

Democratic State Senator Gary George from Milwaukee warned that Learnfare
would have devastating effects on families and that it would cut benefits for over 1,900
children. The problems that arose, however, had to do with implementation.92 Dane and
Milwaukee counties found mistakes in record keeping that delayed penalties from being
handed out because innocent welfare recipients were at risk of being penalized.
Thompson’s rush to implement the program revealed a serious lack of planning. The
program lacked sufficient caseworkers and technology to track student absences. Around
650 students in Madison were misidentified as dropouts when they were not. The
secretary of Health and Social Services Tim Cullen delayed penalty enforcement of
Learnfare until the administrative issues could be resolved.93 Governor Thompson later
admitted in his memoir that going statewide immediately with Learnfare was a mistake.
He faced staunch resistance from Milwaukee County social services because both the
schools and the government lacked the resources to accurately track attendance at schools
and monitor AFDC families.94 In Milwaukee County alone the public school system
could not locate the enrollment records for half of the estimated 2,400 students who were
facing Learnfare sanctions. The mismanagement of records led many to question the
validity of Learnfare.95

Various lawsuits developed surrounding the administration and even the
constitutionality of Learnfare. One concerned a welfare recipient who was improperly

94 Mead, Government Matters, 25; Thompson, Power to the People, 49.
sanctioned due to the mismanagement of his attendance records. Legal Action of Wisconsin, a local welfare rights organization, filed a federal lawsuit on behalf of the families in 1990, and Justice Terence Evans put an injunction on the program until the suit was resolved. The injunction was lifted after the state agreed to hire more caseworkers to keep track of records, to notify parents of truancy issues, and to place school districts, not welfare offices, in charge of record keeping. Though not happy with the ruling initially, Thompson conceded that the hiring of extra caseworkers actually improved Learnfare.

**Children First (1990)**

Thompson’s welfare reform task force argued that women and children ended up on welfare because fathers did not pay child support. Thompson once asked Senator Moynihan how to attack chronic welfare dependency and Moynihan responded, “make…the daddies…*pay.*” AFDC did little to enforce child support payments from noncustodial parents and Thompson was convinced something could be done to secure child support payments, which would take more people off of welfare. One major hurdle to this goal was that in 66 percent of all out-of-wedlock pregnancies, the father was not identified and of the 34 percent who were known, only 18 percent of them paid their child support. Children First was a reform that simply required noncustodial parents to participate in the program to pay their child support or face jail time. In 85 percent of child support cases in Wisconsin the noncustodial parent was the father. If the parent did not have a job the program helped them find work, get job training, or perform community service to gain

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the necessary work experience to obtain a job. If the parent refused to participate in the programs or pay support they were remanded to jail.98

Unlike Learnfare, which was mandated state-wide, Children First was initially tested in two counties. Fond du Lac and Racine counties showed the most enthusiasm for the program. Once the program was established in 1990, Thompson applied for and received federal waivers to expand it to nine counties in 1993, and by 1996 twenty-three more counties were added.99 One study showed that 77 percent of dads sent to the Children First program paid their support right away. The program was able to increase the number of fathers who paid support by 83 percent and increase the amount of payments by 237 percent. This allowed Wisconsin to be ranked second in the nation in child support enforcement from 1987 to 1993.100

Thompson sought waivers for more than just punitive measures with the Earned Income Disregard Waiver, he also sought to increase assistance to the working poor. Under AFDC one or more adult members of a family working part-time while on welfare resulted in a reduction in benefits. AFDC allowed welfare recipients to keep the first 30 dollars earned plus one-third of the rest of their earnings for four months. After four months however, any additional earnings reduced the AFDC benefits dollar for dollar. In 1989 Thompson achieved a waiver and reduced the 30 and 1/3 work incentive to 30 and 1/6 and stretched the time it could be received from four months to one year.

The Earned Income Disregard Waiver increased the time limit for wage earning to twelve months, and even though it reduced the amount of income recipients could keep,

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99 Mead, Government Matters, 26; Thompson, Power to the People, 54-56.
100 Mead, Government Matters, 26; Thompson, Power to the People: An American State at Work, 54-56.
the increased time limit allowed people to get the experience necessary to obtain full time jobs. The federal government granted this waiver in 1987.\textsuperscript{101} Thompson raised benefits as he raised requirements by increasing funding for child care, the value of a car the recipient could own, and the limit of assets from $1000 to $10,000 before being penalized. In 1989 Thompson was granted a waiver to extend Medicare coverage for up to one year after recipients left AFDC for employment. Thompson argued that the reforms were meant to make welfare recipients independent and to remove penalties for responsible behavior like working or saving money.\textsuperscript{102} In 1990 AFDC had a 100-Hour Rule regarding two parent households. Only one parent could work up to 100 hours per month, any more and the family would lose their benefits. Thompson claimed this rule was, “a major disincentive to getting off welfare because relatively few recipients can go straight from welfare to a high paying job.”\textsuperscript{103} Thompson achieved a waiver to disregard this rule in 1990.

By the time of his reelection in 1990, almost 69,000 people had been moved off Wisconsin’s welfare rolls. Thompson considered his reelection a referendum on his welfare reforms, and in part it was. His Democratic opponent Tom Loftus called for a complete overhaul of the welfare system and criticized Thompson’s Learnfare program as “a mean-spirited experiment.”\textsuperscript{104} Thompson won reelection handily and in the process became the first Republican statewide candidate to win Milwaukee County since 1946.\textsuperscript{105}

\textsuperscript{101} “Mixed prospects for welfare reform,” \textit{Milwaukee Journal}, September 8, 1987; Thompson, 59
\textsuperscript{102} Thompson, \textit{Power to the People: An American State at Work}, 62.
This was the support Thompson needed to pass bigger and more controversial welfare reform.

**The Parental and Family Responsibility Demonstration Project (1992)**

Thompson was able to extend the 12 month waiver he had received under the Reagan administration to eliminate a time limit all together under the H.W. Bush administration. He was also able to secure a waiver to increase the amount of money recipients were able to keep before benefits were reduced.\(^{106}\) In 1991 Thompson introduced his most controversial reform in an attempt to rebuild the family unit. The Parental and Family Responsibility (PFR) Demonstration Project was called “Bridefare” by detractors and “Make room for Daddy.” It was an attempt to curb out-of-wedlock pregnancies and additional pregnancies while recipients were on welfare.\(^{107}\) Contrary to the nicknames, the program did not require anyone to get married. It simply removed the financial penalty if couples chose to marry. The program strengthened work and training requirements, encouraged two-parent households, and stopped benefit increases for additional children conceived while on welfare. Clients on PFR were given parenting, family planning, and job training.

President H. W. Bush not only signed the waiver but held a signing ceremony for it because of how innovative it was. At the ceremony, after accidentally introducing himself as the president, Thompson told reporters that this was a new chapter of welfare reform in Wisconsin. A Bush administration official commended Thompson’s leadership

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\(^{106}\) Thompson, *Power to the People*, 59.

and claimed Bush hoped this would encourage other states to create innovative reforms like Wisconsin's.\textsuperscript{108}

Not everyone was as enthusiastic about PFR as the White House. Democrats lauded the reform as, “state-sponsored shotgun weddings.” The National Organization of Women and the Milwaukee Catholic Archdiocese found themselves on the same side of an issue when they became two of Bridefare’s most vocal critics. Both claimed Bridefare encouraged troubled teens to enter doomed marriages, and they claimed that children through no fault of their own were being punished by capping AFDC benefits for having children while on welfare.\textsuperscript{109} Democratic legislators even went as far as to point out that Bridefare was hypocritical legislation from a pro-life Governor that actually encouraged women to have abortions.\textsuperscript{110} Thompson had a fierce fight to get his legislation passed. None of Thompson’s welfare reforms ‘sailed through’ the legislative process as Lawrence Mead suggested, and none of them had strong bipartisan support.\textsuperscript{111}

**Studies of Workfare and Learnfare**

In order to receive waivers for welfare experimentation, states were required to conduct studies on the progress of their reforms. In September of 1988, the Department of Health and Social Services put out a request for proposals for the evaluation of Wisconsin’s welfare reform waivers from the previous year. The Employment Training Institute (ETI) of the University of Wisconsin Milwaukee was hired by the state to

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\item \textsuperscript{111} Mead, *Government Matters*, 7.
\end{itemize}
conduct a study of workfare, but the Thompson administration halted the study and attempted to block the release of the results in 1992. The study was critical of Thompson’s workfare program. The Department of Health and Social Services (DHSS) contended that the study was no longer relevant because the programs it focused on were absorbed into the national JOBS program and were no longer experimental. DHSS then informed ETI that if it published anything regarding the study they would not be paid the remaining $60,000 of their $221,000 contract. ETI released the study anyway and Democrats like Gwendolynne Moore used it in the fight against expanding Thompson's welfare reform programs.

ETI had been contracted to evaluate several of Thompson’s welfare reform programs, and the workfare review looked docile compared to the scathing review Learnfare received. Learnfare was evaluated separately from the other welfare waivers Wisconsin received. ETI completed an evaluation of the 1988-89 school year in February of 1992. The study was held up for thirteen months because the Wisconsin Department of Health and Social Services would not turn over state and local records to the evaluators. The evaluation tracked the student records of Learnfare eligible teens in six districts including 50,000 students in Milwaukee County. ETI found that none of the six districts showed attendance improvement that could be linked to Learnfare. After three years of Learnfare only one third of the students showed improvement while over half showed even worse attendance than before the Learnfare experiment began.

113 Legislative Budget Office, ‘Learnfare’, 1994, Gwendolynne Moore Papers, Box 2, Wisconsin Historical Society. 4
114 Learnfare, Wisconsin Legislative Fiscal Bureau. 6
The Department of Health and Social Services responded to the study by saying that ETI did not comply with state and federal standards while conducting the study, therefore, its findings was invalid. ETI had submitted a draft of the report in January and then refused to incorporate any comments from the Department of Health and Social Services before it published its final report in February. In a press release on February 6, 1992, Health and Social Services Secretary Gerald Whitburn said that ETI had come out with a “faulted, biased product. This is a group of liberals who never should have been hired to do this project. Hiring ETI a liberal boutique to do this evaluation is like retaining Ted Kennedy’s staff to draft Pat Buchanan’s campaign announcement.”

ETI maintained that they were hired as an independent evaluator and the "comments and requests" DHSS provided were meant to downplay or erase the evidence in the evaluation. The fight over the $300,000 federally mandated study revealed how divisive the reform was in the state. Democratic legislators latched onto the study as final proof that Thompson's welfare reform was a failure and that Learnfare was not only overly punitive but was an enormous waste of taxpayers’ money. The ETI study was not the first to criticize Learnfare nor the last. The first study in 1989 also noted no improved attendance under Learnfare. Another study in 1990 found that inaccurate administration of the program led to improper sanctions.

ETI was fired by the Thompson administration in the middle of their two-part study on Learnfare. But it was not the last study critical of Thompson’s welfare reforms.

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115 "Press Release: DHSS Criticizes ETI Learnfare Study’, 1992, Department of Health and Human Services, Box 1, Folder 6, Marquette University.
116 John Pawasarat, Director of ETI, “Letter to DHSS about final evaluation,” February 5, 1992 Department of Health and Human Services, Box 1, Folder 6, University of Marquette Archives.
they would publish, nor would it be the last time they were fired by Governor Thompson.

The cancelation of their study and attempts to gag two state-sanctioned studies caused an uproar by Democrats. The Wisconsin press accused Thompson of hiding the facts that proved his welfare reforms were failures. The Legislative Audit Bureau, a non-partisan legislative service agency, was hired by the Thompson administration to finish the two-part study, but their findings were very similar to those of ETI.

When discrediting the ETI study failed, and firing ETI as a research partner half way through their contract backfired, the Thompson administration tried to utilize the findings to promote even harsher Learnfare sanctions. Whitburn suggested revoking the driving privileges of habitual Learnfare offenders. Democrat Rebecca Young, chairwoman of the Assembly Children and Human Services Committee, sarcastically suggested adding “flogging or public stocks and whatever he wants to do to torture these kids to come back to school.” Whitburn and Thompson tried to spin the findings by arguing that the increased efficiency of the Learnfare program, the extra caseworkers, and closer monitoring (all court ordered) revealed that teens with attendance problems established these unsavory attendance patterns in elementary school, thus Learnfare needed to be expanded to include that age group. Despite three studies criticizing the effectiveness of Learnfare, Thompson was able to pass Wisconsin Act 13 of 1993 which expanded Learnfare to include children from the ages of 6 to 12 starting in 1994.

Two-Tiered Welfare

Democrats cut funding to Learnfare and Bridedefare in the state budget, and the Thompson backed two-tiered welfare proposal for new residents of Wisconsin had been rejected by the Democratic legislature entirely since Thompson came to office in 1987.\(^\text{121}\) Thompson’s only hope of getting his toughest welfare reform legislation into law was for Republicans to win majorities in the Assembly and the State Senate, which they did in 1993 for the first time since 1975. As one writer for the *Milwaukee Sentinel* aptly put it, “Being a minority in the legislature is being politically starved… It’s being reduced to crying out publicly in a marble-halled wilderness. It’s political Somalia.”\(^\text{122}\) State Senate Democrats were about to learn this lesson first hand.

When Thompson cut AFDC grants in 1987 he also pledged to end Wisconsin’s (fictional) ‘welfare magnet’ problem. In 1977 a U.S. Representative from Wisconsin, Robert Kasten, claimed that the General Accounting Office determined that Wisconsin’s high AFDC payments, then the third highest in the nation, were attracting welfare recipients to move to the state. The GAO study was not even complete when Kasten made his claim, and the Department of Health and Social Services disagreed with Kasten’s insinuation that people were migrating to Wisconsin solely for higher AFDC benefits.\(^\text{123}\) In 1985 a study was released by the University of Wisconsin Applied Population Laboratory that stated that the ‘welfare magnet’ claim was unsupported. Almost as many of AFDC recipients were leaving the state as were migrating in.

University of Wisconsin professors noted that Illinois provided the most migrants to the state regardless of income. Furthermore, twice as many AFDC recipients from northern Illinois, i.e. Chicago, moved to five other states than chose to move to Wisconsin.\textsuperscript{124}

In 1985 the Wisconsin Expenditure Commission, established by then Governor Earl, put together the Welfare Magnet Study Committee directed to study the issue with special focus placed on Illinois. They approached the IRP to participate in the study. They declined, citing that no matter what the findings they would be politicized because the topic was so inflammatory. The committee issued surveys to try and gauge motivation for migration of the AFDC recipients to Wisconsin. The preliminary findings of the study were that between 7 and 20 percent of AFDC recipients were influenced in part to move to Wisconsin by the higher AFDC rates, and of those 3 percent were primarily motivated by higher benefits. This equated to a mere 50 cases per month. Those cases primarily ended up in Milwaukee County. The report concluded that, ‘The welfare magnet argument is not without support.’ But lowering benefits overall would hurt all AFDC recipients, and a two-tiered approach would raise constitutional issues. The conservative Wisconsin Policy Research Institute (WPRI) was not satisfied with the study so they re-ran the data in 1988, allowing for anyone who even mentioned welfare, even those who said it was unimportant, in their tabulation of those who were motivated to migrate to Wisconsin. Not surprisingly, they came up with a number 5 times higher than the original and thus concluded that the "welfare magnet" was not only real but an epidemic.

The WPRI study made the front page of state newspapers on December 12, 1988.\textsuperscript{125} The


\textsuperscript{125} “Study finds state is welfare magnet,” \textit{Milwaukee Sentinel}, December 12, 1988.
study recommended the state freeze AFDC payments until they were in line with the rest of the country, and to create a residency requirement for welfare. Regardless of their reinterpretation of welfare data, the fact remained that only one percent of AFDC recipients stated their primary motivation for moving to Wisconsin was increased benefits.  

Adding to the "welfare magnet" myth were rumors that welfare officials in Illinois were shipping their poor to Wisconsin to get them off the AFDC rolls of Illinois. The nickname for this alleged scheme was "Greyhound therapy." Most victims of this 'therapy' were the mentally ill and criminals who were given one-way tickets out of state after they were released. Even though there was only one reported incident in Wisconsin of a welfare recipient being a victim of "Greyhound therapy," it further perpetuated the "welfare magnet" theory. In 1989, the legislature planned hearings to discuss the "welfare magnet" theory and whether the increase of crime and unemployment in Milwaukee, Racine, and Kenosha Counties could be attributed to in-migration. The hearings would also examine possible methods to detour in-migration.

In 1995 a state-sponsored study found that 20 percent of new residents listed higher AFDC payments among their many reasons for moving to Wisconsin. Thompson, Whitburn, and others jumped on this statistic as proof of the ‘welfare-magnet’ theory. Senator Gwendolyn Moore and detractors of two-tiered welfare argued that higher AFDC payments were very low on the list of reasons people gave for migrating to the state.

Migrants to the state ranked the following higher than welfare: joining family in the state, better schools, to find jobs, to live in safer communities, and to get away from a bad environment.\(^\text{130}\)

Legislators had debated a two-tier welfare plan since the ‘welfare-magnet’ theory developed. Migrants to the state would receive the same benefit they had from their previous state of residence for their first few months in Wisconsin. While there was no evidence that a two-tiered system would deter migration the plan was still promoted in the legislature. During the hearings, Robert Haveman, an economics professor at the University of Wisconsin, testified that the issue was a red herring and that a two-tiered system would do nothing to deter people from entering the state as they sought to escape poverty elsewhere. Thomas Corbett, a poverty researcher at the University of Wisconsin, also doubted the effectiveness of a two-tiered system and argued that the ‘welfare-magnet’ issue was a distraction for legislators who should have been focusing on ways to replace welfare with work opportunities.\(^\text{131}\) Democrat and Assembly Speaker Tom Loftus criticized the idea as fixing a symptom not the problem and suggested the program would be too expensive to enforce. Instead, Loftus proposed that AFDC be replaced with a system that encouraged work. In 1987 Congress approved a waiver by Loftus to experiment with the Children’s Income Security Supplement, which deducted penalties out of welfare for child support and earned income in order to promote work. Governor

Earl failed to sign the proposal before he left office.\textsuperscript{132} Thompson as governor, pilfered both the two-tiered welfare idea and the workfare replacement for AFDC.

Thompson campaigned on the welfare-magnet issue in 1986, and attempted to insert it into various state budgets. Finally, in 1992, the two-tiered plan barely passed the legislature with support from Democratic legislators from Racine, Kenosha, and Milwaukee Counties. He faced staunch opposition from other Democrats in the legislature, so much so that Republicans lobbied to stop welfare reform proposals from going to the Children and Human Services Committee chaired by Democrat Rebecca Young, whom they considered to be an enemy of reform. She argued that the Thompson administration and Republicans in the legislature were focused on, “punishing the poor for being poor.”\textsuperscript{133} Young was a member of the bipartisan Assembly Special Committee on Welfare Reform and despite her protests, the two-tier welfare passed through her committee and the Assembly with relative ease at a vote of 79-19. The real fight came in the Senate where Democrats split on whether or not to support Thompson’s reforms.\textsuperscript{134}

Eventually the two-tier program passed the legislature, but not before Democrats added amendments to make it less punitive on recipients.\textsuperscript{135} Thompson simply removed these revisions with his partial veto power and applied for and received a waiver from the Bush administration. When Bush visited the state in July of 1992 he praised Wisconsin’s reforms and suggested America should, “watch Wisconsin, because Wisconsin works.”\textsuperscript{136}

The waiver allowed Wisconsin to create a program to test the welfare-magnet theory and


required an evaluation of the results. The two-tiered plan limited new residents' AFDC benefits to their previous state’s benefit level for six months before they were eligible to receive Wisconsin’s AFDC benefit level. Unlike previous programs that were implemented immediately, the two-tiered welfare program had a planning phase of two years and would not be initiated until 1994.137 The Milwaukee Archdiocese spoke out against the two-tiered proposal saying, “It is time that states to stop treating each other’s residents as foreign nationals simply because they are poor.”138 The obsession with Wisconsin being a "welfare magnet" drove the two-tier legislation, yet studies remained highly controversial and inconclusive on the issue.

Legal Action of Wisconsin filed suit in 1994, V.C. v. Whitburn, alleging Wisconsin’s two-tiered program was unconstitutional because it infringed on the freedom of the poor to travel and migrate freely.139 The lawsuit was no surprise since the state Attorney General had sought the state supreme court’s opinion on the legislation in 1992 because two-tier programs in other states had been declared unconstitutional. Legislators in Wisconsin felt the state’s two-tier program passed the test of constitutionality because it not only lowered benefits to match other states but raised benefits as well.140 In 1997, the Clinton Administration originally declined to get involved in the case, which Thompson declared a “cop-out,” but in October of 1994 the administration reversed its

138 Archdiocese of Milwaukee.
decision and said it would help defend Wisconsin’s two-tier program. In 1997, the District court issued a ruling on the case, denying the petition for injunction by the plaintiffs. After three years of waiting for the case to be decided, Judge Curran provided no explanation for the ruling. An explanation was not really necessary because by 1997 the experiment was already over. This was because the focus of Thompson, the sitting president, and Congress had shifted from experimentation with welfare reform to replacing AFDC entirely. They sought to overhaul welfare together, and it was not a quick or collegial journey.


Tommy Thompson claimed that in 1992, inspired by his own successful reelection campaign, he encouraged President Bush to run on the same platform of welfare reform. But it was Bill Clinton who ran for president on a pledge to end welfare, although not his first priority, both he and Republican members of Congress agreed AFDC had to be completely overhauled. Thompson considered Clinton to be weak on welfare reform after serving with him on the Governor’s Council, but this criticism also came after a Larry King interview where Clinton criticized Thompson's Learnfare program as being a failure in detouring teen truancy.1 Regardless of their sentiments toward one another, one of Clinton’s major campaign themes was to “end welfare as we know it.” Thompson and Republicans in Congress wanted to test this campaign pledge. Thompson immediately began working on Wisconsin's welfare to work plan designed to make welfare more like real life by making recipients work for their aid and by putting a time limit on how long one could stay on welfare.2 Clinton said he was going to end welfare and Tommy Thompson was going to hold him to it by ending it in Wisconsin first.

As Thompson and Republicans in Congress went to work on their welfare reform proposals in the mid-1990s, Clinton assembled a taskforce to develop his welfare reform

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1 “State’s reforms iffy with Clinton,” Milwaukee Sentinel, November 9, 1992.
proposal while he focused on passing universal health care. Thompson made frequent trips to Capitol Hill to discuss his Work Not Welfare proposal which Democrats and welfare rights activists attacked for being too harsh. They also claimed his previous reforms were ineffective. Despite criticism from Democrats, the Clinton administration approved Thompson's Work Not Welfare waiver in 1993. Clinton also approved a waiver for Milwaukee Democratic Mayor John Norquist's New Hope project that aimed to utilize public employment and education to end poverty in the city.

Republicans in Congress were united in the desire to replace AFDC with a work-based program but they were divided over time-limits, work requirements, and eligibility requirements. Clinton and Democrats struggled to balance their support for work-based welfare reform while also protecting women and children from losing their safety-net.

When President Clinton invited governors to replace AFDC in their own states in 1993, Governor Thompson immediately went to work creating a program he called Wisconsin Works (W-2). Republicans in Congress took Thompson's advice to make welfare reform a key campaign issue and they won both the House and Senate in 1994. With this Republicans took control of making welfare reform the priority in Congress and forced Clinton to respond to their welfare reform proposals.

1992 "The New Covenant"

In 1992 Bill Clinton, then governor of Arkansas, ran for president as a New Democrat, someone with both moderate social values and moderate fiscal values. In his campaign literature he used the slogan “the New Covenant” to describe his policies. The New Covenant was, “a solemn commitment between the people and their Government,
based not simply on what each of us can take but on what all of us must give to our nation.” The New Covenant promised a, “Government that offers more empowerment and less entitlement.” Governor Clinton’s campaign promise was to get people off of welfare after two years. He wanted more funding for Head Start and public housing. He wanted to radically reform the health care system and create a national service program, which would put 20,000 young people to work in distressed areas. He proposed an extension to the Earned Income Tax Credit for low income workers.

A far cry from liberal Democrats, Governor Clinton embraced welfare reform that stressed mutual obligation and work. He said he envisioned,

An America where we end welfare as we know it. We will say to those on welfare: You will have, and you deserve, the opportunity, through training and education, through child care and medical coverage, to liberate yourself. But then, when you can, you must work, because welfare should be a second chance, not a way of life. That’s what the New Covenant is all about.

Stressing mutual obligation earned Clinton the ire of welfare rights activists and liberals within his own party, but the support of legislators like New York Democratic Senator Daniel Patrick Moynihan. He believed that welfare reform, “could be the most important domestic initiative of the Clinton administration.” Moynihan had no idea that in a span of three years he would go from being one of the president’s biggest cheerleaders to one of his harshest critics.


Clinton’s proposal for welfare reform was outlined in his campaign book, *Putting People First: How We Can All Change America*. Clinton’s plan was to provide job training for two years while recipients collected welfare benefits but after two years recipients would be required to take jobs in the private or public sector.\(^6\) When he was inaugurated in 1993 his Health and Human Services Secretary, Donna Shalala, formerly the head of the Children’s Defense Fund, reiterated the administration’s goal which was that, "everyone who ‘can’ works in this country.” President Clinton knew that reforming welfare would be controversial, and he was willing to put the issue on the backburner in order to focus on other parts of his agenda like health care. The Clinton administration believed that welfare reform could wait for universal health care and the North American Free Trade Act (NAFTA) to pass. In Congress, Democrats on the House Ways and Means subcommittee agreed with the administration that welfare reform was secondary to deficit reduction, stimulating the economy, and reforming the health care system. Republicans in Congress however, wanted to start on welfare reform immediately, and began preparations to introduce a bill in February of 1993. Their bill, just like Clinton’s campaign pledge would only allow people to remain on welfare for two years. Florida Republican Representative Clay Shaw, said welfare reform was “one thing the majority of Republicans are willing to join hands with Clinton on.”\(^7\) Clinton was just hoping they would join hands at a later date.

While Republicans were trying to get a jump on welfare reform in Congress, President Clinton set up a team to develop his own welfare reform proposal. Clinton

\(^7\) William M. Welch, “Fixing the system may have to wait,” *USA Today*, February 2, 1993.
recruited Paul Offner, a former Wisconsin state senator and a top aide to Senator Daniel Patrick Moynihan, to lead the team. The architects of Clinton’s welfare proposal were Harvard professors Mary Jo Bane and David Ellwood. They were tasked with dealing with the concerns of liberals who thought a two-year time limit for benefits was too harsh, and the concerns of moderates and conservatives who worried that the reforms would not be strict enough. The team's mantra for the ideal welfare reform became, ‘Work, family, responsibility.’ Ellwood explained, “We are trying to move away from the notion of income maintenance. We should be in the business of helping people help themselves. No one hates the welfare system more than the people on it.” To help expedite the process of formulating a welfare reform proposal by their target date of 1994, President Clinton appointed a welfare reform task force made up of officials from various agencies involved in welfare. At the same time the nation’s governors and congressmen, who wanted their voices heard, especially when it came to welfare reform, were putting together their own welfare task forces.

Tommy Thompson was named to the bipartisan welfare reform task force formed by the National Governors Association to work with President Clinton on a national welfare reform strategy. Moderate Democrats and Republicans formed their own task force called the Mainstream Forum in an attempt to persuade President Clinton to propose a bill with a two-year limit on welfare benefits, federal enforcement of child support, community service employment, and child and health care benefits for those in need. Made up of 30 members, the Mainstream Forum demanded change. “We cannot

continue to accept the status quo. We need to move beyond the old left-wing and right-wing debate of more of the same or less of the same.” New Hampshire Democratic Representative Dick Swett, suggested that universal health care be tied to welfare reform, as a major incentive to get people off of welfare.\textsuperscript{11}

President Clinton’s welfare reform task force called itself the Working Group on Welfare Reform, and visited several cities where they held public hearings on welfare. In Chicago they heard testimony from welfare mothers, who said that welfare was a degrading and humiliating system which stigmatized mothers and their children. The mothers also described welfare as a trap because minimum wage jobs did not provide enough income to support a family. Others testified about how welfare forced people to live well below the federal poverty line. The overwhelming theme of the testimony to the task force was, while the journey out of poverty did not end with the first job or with graduating from a training program, these things were crucial to successfully beginning the journey.\textsuperscript{12} Another key issue, which single mothers continuously struggled with, was getting child support.

The task force heard about the woes of women who were owed tens of thousands of dollars in child support. Federal government records entered into testimony confirmed it only collected one-fourth of the child support actually owed. Another shocking revelation was that the average caseload of a child support caseworker in the U.S. was 1000 cases. Yet another roadblock to enforcing child support was that only one-third of the one million children born out of wedlock had paternity identified. These along with

\textsuperscript{12} “Welfare task force hears from front line,” \textit{The Capital Times}, August 1, 1993.
a laundry list of administrative failures made the child support system like the welfare system, desperately in need of reform.\textsuperscript{13}

With all of this new found knowledge, the welfare reform task force focused on four key areas of reform. First was making work pay, which simply enough meant that people who work should not be poor. The problem was finding a way to bring all of the working poor out of poverty. To help accomplish this goal they wanted to utilize the Earned Income Tax Credit (EITC) coupled with universal health care and year-round full-day child care. In August of 1993 Clinton accomplished one goal by signing an expansion of EITC, drastically increasing the income supplement for the working poor to include even those without children.\textsuperscript{14} The second area of reform would be improving child support. Only one third of single parents received child support payments, and Shalala estimated tens of billions of dollars were going uncollected. Shalala was considering mandatory paternity tests for single mothers, and utilizing the IRS to garnish wages of fathers who owed support. Finally, the working group proposed expanding education and training for welfare mothers, and limiting welfare to two years. Shalala asserted that, “We can’t have a 1950s idea for welfare mothers when we’re in the 1990s and women are going to work.” Upon hearing the task force’s recommendations Republicans worried about how much these reforms would cost, and promised their program would not require new spending.\textsuperscript{15}

\textsuperscript{13}Christopher Scanian, “Congress and administration ready to act,” The Wisconsin State Journal, March 6, 1994.
\textsuperscript{15}Karen Schneider, “Shalala’s welfare reform includes going to work,” Wisconsin State Journal, August 22, 1993.
In 1993, the Department of Health and Human Services released statistics compiled by the Congressional Research Service showing AFDC costs had grown from $4.1 billion in 1970 to $23 billion in 1993. In 1993 nearly seven out of every ten welfare recipients were children. Nearly 13 percent of all children in the US were on welfare, and from 1970 to 1993, more than half the growth in AFDC payments were for children. The study found that one in six American families in 1993 were headed by a single woman and nearly one in three children were born to unmarried parents. In 1969, 32 percent of AFDC families had four or more children, and in 1990, only 9.9 percent had 4 or more children. Female headed families had median incomes of just below $17,000 in 1990, which was less than half of the income of 2 parent families. Only 31 percent of female-headed families received alimony or child support. While this information may have shocked members of the federal government, states like Wisconsin were witnessing these problems first hand and were attempting to reform their welfare programs in order to do something about it.

**Work Not Welfare 1993**

In preparation for extensive welfare reform, Governor Thompson created the Division of Economic Support (DES) in 1991 to fully implement the reforms. DES took over administering federal and local welfare programs including: AFDC, food stamps, medical assistance, general relief, Relief to Needy Indians, and child support. DES was also in charge of implementing all of the experimental welfare reform programs that were

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transitioning people from welfare to work.\textsuperscript{17} Thompson, like Clinton, assembled a dream-team of welfare reformers with his secretary of Health and Social Services Jerry Whitburn at the helm. They recruited Shannon Christian from the U.S. Department of Labor; John Wagner from the Wisconsin Policy Research Institute; Jason Turner who managed AFDC under President H.W. Bush; and Steve Perales from the GAIN welfare reform program in California. Thompson also brought in welfare scholars to consult, including: David Ellwood, Lawrence M. Mead, Charles Murray, and LaDonna Pavetti. David Ellwood was an expert on child support and Lawrence M. Mead had already been a Work Not Welfare proponent in academia with his books \textit{Beyond Entitlement} and \textit{The New Politics of Poverty}. LaDonna Pavetti was at the Urban Institute researching what happened to people who left welfare, and Charles Murray author of the highly controversial book, \textit{The Bell Curve} (1994) and \textit{Losing Ground: American Social Policy 1950-1980} (1984) and also advocated for welfare reform at the conservative think-tank American Enterprise Institute.\textsuperscript{18}

Thompson’s team came up with a program that partnered the business community with the state to pay people for work, help people find jobs and provide child care and health care for those transitioning from welfare to work. The team was in agreement about those issues, but they could not agree on a time limit for welfare. Some wanted a two-year limit, while others thought time limits were too harsh. A 1990 Department of Health and Social Services study showed that 53 percent of AFDC recipients in the U.S. stayed on the program for two years or less. In Wisconsin 49 percent of AFDC recipients

\textsuperscript{17} ‘Welfare Reform in Wisconsin’, 1991, Gwendolynne Moore Papers, Box 2, Wisconsin Historical Society.
\textsuperscript{18} Thompson, \textit{Power to the People}, 65.
were on the program for two years or less while 28 percent were on the program for five years or longer. Thompson made the final call and theorized that, if given two years, everyone who wanted to work could find a job. He called the reform program Work Not Welfare and announced it publicly in May of 1993 before the Clinton Administration had even approved the waivers for it. Work Not Welfare combined Thompson’s previous reforms with a few major additions. It would be the nation’s first welfare reform to make work a requirement of aid eligibility and to place a time limit on how long an individual could receive benefits.

Democratic representatives who had supported Thompson’s earlier reforms of Workfare and Learnfare turned on him when he proposed Work Not Welfare. Democrat Antonio Riley, who had been a major proponent of welfare reform, called the two year limit “completely repulsive. It is wrong, it is irresponsible.” The AFL-CIO worried not only about the short time limit, but also about subsidizing businesses for hiring welfare recipients, which might push out normal workers in favor of minimum wage welfare labor. The AFL-CIO also noted that according to the Milwaukee Job Service Office the ratio of applicants to jobs was 28 to 1. Flooding the job market with welfare recipients would only make matters worse. In a letter to representatives in the state legislature, the AFL-CIO urged legislators to reject Thompson’s proposal and instead support Gwendolyn Moore’s alternative that provided a guaranteed government jobs program to protect people after the two year time limit on welfare expired.

19 Thompson, *Power to the People*, 66.
Congress also questioned Work Not Welfare legislation during hearings on welfare reform. Work Not Welfare detractors focused their efforts on calling attention to studies that had cast doubt on the effectiveness of Thompson’s previous welfare reforms. Interest groups produced their own studies. The group Wisconsin Council on Children and Families cosponsored a study that showed a continual decline in welfare caseloads since 1987 before most of Thompson’s welfare reforms had even begun. They also noted that most of Thompson’s reforms specifically avoided implementation in Milwaukee County where most of Wisconsin’s welfare recipients lived. Michael Wiseman, a UW-Madison professor in public affairs, contributed to the study and concluded that, "we have no reliable evaluation results for any of them. As a result, we can’t be sure that these initiatives have been a significant factor in reducing the state’s welfare caseload. It takes a long time for the typical welfare initiatives to get under way and an even longer time for evaluation results to be obtained.""22

Interest groups also used the courts to challenge the Work Not Welfare reform legislation. The National Organization of Women, the ACLU, and Legal Services Corporation sued the Department of Health and Human Services challenging ‘Family Cap’ requirements which reduced and then cut off payments for mothers who continued to have children while on AFDC. A district court found that the ‘Family Cap’ did not violate the Constitution’s due process and equal protection clauses.23

Legislators and interest groups urged HHS Secretary Donna Shalala and President Clinton to reject the Work Not Welfare waiver. The arguments against Work Not Welfare

23 C.K. v Shalala 883 F. Supp. 991 (D.N.J. 1995); Clearinghouse Number: 49519
centered on how punitive the program was compared to President Clinton’s welfare reform proposal. The Clinton proposal guaranteed the enrollee a job after two years, whereas Work Not Welfare simply terminated benefits. The Thompson administration defended the two year cut off by saying that if there was a guaranteed job at the end there was no incentive to find work before that point. Critics also accused Thompson's Work Not Welfare program of shirking education by not allowing more than a year for education and training services. Detractors believed that enrollees would be forced into ‘workfare’ positions with no chance for advancement. Furthermore, the state had recently cancelled a study that had found that workfare was ineffective in improving the employment prospects of families. Another charge was that there was no safety net for people when unemployment was high. Senator Moore accused Thompson of consistently promising child care services but never funding them in his budgets. She also said it was cruel to provide temporary training with no hope of permanent employment and then deny the enrollees further benefits. U.S. Senator Russ Feingold, Congresswoman Rebecca Young, State Senator Gwendolyn Moore, the Center for Law and Social Policy, and Legal Action of Wisconsin among others petitioned Donna Shalala and President Clinton to deny the waivers necessary for Work Not Welfare.

Despite the protests from fellow Democrats, President Clinton approved the waiver for Wisconsin to develop the Work Not Welfare program and to implement it in

25 ‘Work Not Welfare Issues and Suggested Responses.’
two counties starting in 1995.\textsuperscript{28} Thompson publicly speculated that Clinton had promised to end welfare and had been trapped between having to approve a state waiver doing exactly that or appeasing liberal interest groups.\textsuperscript{29} The Clinton administration wanted an evaluation process based on a control group, but the Thompson administration wanted a pre-post model to evaluate the success of the program. After weeks of discussion, Thompson prevailed and Wisconsin became the first state allowed to use the pre-post evaluation method. The biggest hurdle was getting the two-year limit approved. After weeks of failed negotiations, Clinton’s Assistant Secretary for the Administration for Children and Families, Mary Jo Bane, flew to Madison to discuss the time limit with Thompson and his staff. Thompson remained steadfast and the two-year time limit was eventually approved by President Clinton. Wisconsin became the first state to have a time-limited welfare program. The New York Times called the plan, “the most radical experiment in the welfare program’s history.”\textsuperscript{30}

Work Not Welfare forced those applying for AFDC aid to sign a contract with the county that they would work in exchange for benefits. If they refused to enter the program, they were only eligible for medical assistance and food stamps. Enrollees agreed to participate in work and training programs in exchange for being able to withdraw from their own “independence account.” The account contained all of their cash benefits for two years and included food stamps. The account also contained one year of extended child care and health benefits called transitional support that had to be

\textsuperscript{29} Thompson, Power to the People, 68; Carol Innerst, “Wisconsin chief challenges Clinton on welfare reform,” Washington Times, May 28, 1993.
\textsuperscript{30} New York Times, Nov 2\textsuperscript{nd} and 8\textsuperscript{th}; as cited in, James T. Patterson, America’s Struggle against Poverty in the Twentieth Century, (Cambridge: Harvard University Press, 2000), 231.
used within a four year period. The purpose of the account was to promote self
sufficiency and to serve as a constant reminder that recipients could only remain on the
program for two years. The county also provided the necessary services as determined by
the enrollee’s employment plan. If the enrollee could not find a job in the private sector
the county had to provide a time limited public job. Withdrawals from the independence
account were earned by working or training for work.

Each participant was assigned a case management team that developed an
employment plan within the enrollee’s first month of eligibility. The team was
responsible for making education, training, work assignments, day care, and other
services available. If administrators were unable to meet their obligation to the enrollee,
the enrollee would receive their cash benefits anyway. If the case management team
determined the participant was immediately employable, the enrollee was assigned to a
job search or job placement. If participants were in need of a high school diploma they
were assigned to a GED program. The necessity of further training and education was
determined on a case by case basis, but education and training assignments were
completed within the first twelve months of eligibility.31

After one year, participants in training had to begin working in a private or public
sector job in exchange for benefits. Child and health care was provided. After two years
the cash benefits would end, but the child and health care would continue for another year
for those who left welfare for work. A community steering committee made up of local
businesses, community organizations, and county government officials acted as the link

between employers and welfare recipients seeking work. They worked with the WNW and CWEP programs to transition enrollees to work. The Community Steering Committee was also responsible for stimulating job creation, helping with child care and transportation, and promote entrepreneurship among enrollees. Self sufficiency was the end goal of Work Not Welfare and Thompson and his staff believed that a minimum wage job combined with the Earned Income Tax Credit was enough to bring a family of three out of poverty.

Work Not Welfare contained two self-sufficiency based reform programs: Work First and Pay for Performance. Work First started in Kenosha in 1989 and required social workers to advise them against welfare and into the JOBS program. This program was expanded state wide in 1996 under the name Self-Sufficiency First. It required applicants to be directed towards alternatives to welfare, but also required applicants to attend work orientation sessions and put in 60 hours looking for work for 30 days prior to going on aid or their applications would be denied. Pay for Performance made Work Not Welfare even stricter on recipients. If recipient participation in assigned training or work activities fell below a quarter of their mandatory hours, they would lose their benefits entirely. Democrats in the state legislature tried to add a safety-net provision guaranteeing a government job after two years, but Thompson argued this took the urgency out of finding a job within the two year time limit. Work Not Welfare built upon Thompson’s earlier reforms. Thompson included a previous-earnings rule that allowed

Thompson, *Power to the People*, 67.

33 ‘Work Not Welfare Replacement Plan,’


recipients to keep the first $30 and 1/6 of their weekly earnings, and he expanded it from one to two years. The rule that penalized recipients for working over 100 hours was set aside, and the benefit cap for women who kept having children while on welfare was finally enacted. Food stamps were cashed out and their value added to the AFDC grant, and child support was given directly to the families instead of to the welfare office. The most drastic reform was that eligible families could stay on Work Not Welfare for only two years in a four year period when they were previously allowed to stay on indefinitely. 36

In December of 1993, in a brazen political move to challenge Thompson’s reelection bid, his Democratic opponent Walter Kunicki added an amendment to Work Not Welfare legislation that required AFDC be replaced entirely by 1999. The legislation passed both houses of the legislature and against the guidance of his closest advisors, Thompson signed the bill. He accepted the challenge to replace welfare by 1999 and he moved the end date for AFDC from 1999 to 1997. 37

In the 1994 election year and not only did Thompson win reelection but Republicans won both houses of the legislature that year. Thirty-seven Democratic assemblymen were defeated, giving Republicans control for the first time since 1954. 38

The new legislature quickly approved the Work Not Welfare experiment which would eventually shape the larger overhaul of Wisconsin’s system in 1996.

38 Thompson, *Power to the People*, 3.
New Hope Project 1993

At the same time Thompson was applying for waivers for the Work Not Welfare program, the mayor of Milwaukee, Democrat John Q. Norquist, was applying for waivers for the New Hope Project, which was a work-based program centered in Milwaukee meant to eventually eliminate welfare entirely. Norquist believed welfare should end immediately and the beginning of the end should be in Milwaukee where most of the welfare cases were. The New Hope pilot program was designed by the Congress for a Working America, a community-based advocacy group for the poor. They created the Greater Milwaukee New Hope task force to plan the experiment in 1990. Norquist believed welfare should end immediately and the beginning of the end should be in Milwaukee where most of the welfare cases were. The New Hope pilot program was designed by the Congress for a Working America, a community-based advocacy group for the poor. They created the Greater Milwaukee New Hope task force to plan the experiment in 1990. The task force was a combination of community and business leaders looking for a way not to reform welfare but to replace it with an equal parts private and public jobs-based program. Mayor Norquist said the major flaw of AFDC was that most of Milwaukee's poor were ineligible for AFDC. The major premise of the New Hope Program was to help all of Milwaukee’s poor find jobs not just those eligible for AFDC. Norquist wanted Milwaukee County included in Thompson's Work Not Welfare experiment because in 1993 Milwaukee County had 47 percent of all AFDC cases in Wisconsin. Thompson refused. Norquist voiced his frustration with Thompson in his testimony before the State Assembly Special Committee on Welfare Reform in 1993. Democratic legislators responded by adding Milwaukee to Work Not Welfare legislation but Thompson vetoed it. Thompson aimed for a gradual end to AFDC and implemented Work Not Welfare

40 “$15.5 million project will offer poor families wages, benefits,” Milwaukee Sentinel, July 10, 1990.
42 John Norquist testimony before Assembly Special Committee on Welfare Reform’, 1993, Gwendolynne Moore Papers, Box 1, Wisconsin Historical Society.
on a smaller scale in order to avoid exposing the state to major financial risk.\textsuperscript{43} Norquist bypassed Thompson and was able to secure his own waiver to begin the program. The New Hope Project was supposed to begin in 1993 with 50 families, but Democrats in Congress sought legislation to expand the program to approximately 600 families who would participate in the three-year experiment.\textsuperscript{44}

In April of 1993 Senators Herb Kohl and Russ Feingold along with Congressmen Gerald Kleczka and Tom Barrett introduced the New Hope Project legislation to Congress.\textsuperscript{45} The legislation originally passed in 1992 but was vetoed by President Bush. It was then attached to Clinton’s budget bill but was removed because of the Byrd rule, which stated that items could not be added to the budget that did not affect the budget. The New Hope waiver was then added to “Byrd droppings,” a collection of items dropped from the budget due to the Byrd rule, but time ran out before Congress recessed for the year. Finally, in 1994 Clinton granted the New Hope Project a $1 million grant, and after some political jockeying the legislation was finally passed by Congress.\textsuperscript{46} The expansion of the New Hope Project was slated to start in the summer of 1994. The Democrats’ plan was to give the able-bodied poor guaranteed jobs and the working poor a wage subsidy if their income was below the poverty line. The enrollees would also receive health insurance and child care. Norquist argued that the New Hope Project could

\textsuperscript{44} “Mayor seeks waiver from welfare rules,” \textit{Milwaukee Journal}, July 28, 1993.
be the basis for Clinton’s welfare reform and that, “Milwaukee could be their pilot program.”

Norquist and Thompson were competing for funding and legislative support of their welfare reforms. In 1993 federal AFDC statistics showed that Wisconsin had lowered its welfare rolls by over 17 percent between 1987 and 1993, when most other states saw an increase in their welfare rolls. Iowa had the second largest decline of almost 9 percent. Thompson’s administration credited his welfare reform programs for the steep decline, and he followed this declaration by signing legislation to completely replace AFDC by 1999. While the ideas that would form Wisconsin’s landmark welfare reform legislation would be bipartisan, Thompson would take the attention and the credit for replacing AFDC in Wisconsin.

Early Steps Toward National Reform

In 1993 President Clinton announced he would allow states to experiment with welfare reform even if he disagreed with the programs, as long as the states ended programs that proved ineffective. Speaking in front of the National Governors Association, Clinton asserted that most welfare recipients were, “aching for the chance to move from dependency to dignity, but either could not find work or could not afford to lose the health care provided to their children while on welfare.” As Clinton was encouraging governors to experiment he was beginning to formulate his own proposal for welfare reform at the federal level. His proposal included education, training, and job

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placement services, but recipients had to be working after two years either in the private or public sector. After Clinton approved Wisconsin’s ground breaking Work Not Welfare waiver, other states followed suit. In 1993, Vermont under Governor Howard Dean began an experiment that cut benefits after two years. Governor Dean was excited to begin the experiment which let welfare recipients keep Medicaid coverage for three years after coming off welfare. Michigan, New Jersey, and Georgia also followed Wisconsin’s lead in Workfare, and required welfare recipients to work or risk losing their benefits. Welfare experimentation became so popular at the state level that researchers at the University of Wisconsin, Madison, estimated that by the end of 1994 all but four states would have waivers to experiment with welfare reform. But the waiver system was tedious and governors like Thompson demanded welfare reform not only come from the state level but from the federal level as well.

In November of 1993, Republicans in the House of Representatives introduced the first of many welfare reform packages. Texas Republican Representative Tom Delay, the co-chairmen of the Republican Welfare Reform Task Force, claimed that they were moving in the same direction as President Clinton regarding welfare reform. The GOP proposal contained a two-year time limit for welfare, and public service ‘workfare’ after a recipient’s eligibility had expired. They also proposed mandatory paternity testing for welfare mothers, and stricter child support enforcement. To save the government an estimated $19.5 billion over five years the Republican plan eliminated welfare for immigrants. The Center on Budget and Policy Priorities, a think tank specializing in

welfare policy, called this provision and others, “stunning in their harshness and cruelty.” President Clinton might have easily countered with his own proposal, but he did not have one because in 1993 federal welfare reform was not his top priority.

Even with a Republican proposal on the table, the Clinton Administration was not ready to move on welfare reform. Bruce Reed, a White House advisor on welfare said, “No decision has been made as to the timing of the legislation because the president still has a number of decisions to make. There’s a general agreement that we don’t want anything to overshadow health reform.” Unfortunately for the president even Democrats in Congress were sick of shelving welfare reform and warned that if the White House continued to delay they would have no choice but to entertain GOP proposals. The GOP went a step further and warned it would start attaching welfare reform to other pieces of legislation. Pennsylvania Republican Senator Rick Santorum accused the Clinton administration of delaying on purpose. “My view is the White House is floating these ideas around now to signal to everybody they haven’t forgotten about it, and then they’re going to promptly forget about it.” Santorum was right, and the Clinton administration shelved plans to reveal its own welfare reform proposal during the State of the Union address in 1994, because it would take attention away from their first priority which was health care reform.

During his 1994 State of the Union address, President Clinton pledged to make welfare, “a second chance not a way of life.” He announced that teens who had babies out

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of wedlock would no longer be able to set up separate households, they would be required to stay with their families. The President wanted welfare overhauled to enforce work, family, and personal responsibility. But he had mentioned all of these goals before in his first State of the Union address, in his campaign book, and during his acceptance speech at the Democratic National Convention in 1992. While he detailed what he wanted welfare to look like he failed to release a plan on how to get there. Clinton’s task force however was hard at work trying to develop this plan.

Clinton’s task force had four major initiatives: reduce teen pregnancy, establish paternity in order to get child support, make work pay by supplementing the EITC credit and food stamps, provide housing allowance and other benefits to lift people out of poverty, and impose a two-year time limit on benefits. The problem was funding all of these initiatives since President Clinton claimed his welfare reform would be deficit neutral. Another problem Clinton faced was the sharp division within the Democratic Party regarding welfare reform. Moderates wanted comprehensive welfare reform with time limits and work requirements, while liberals wanted spending increases on unemployment, minimum wage, child care, and expanded EITC credits, and no time limits or work requirements. Complicating this issue was the fact that all 435 members of the House and 34 members of the Senate were up for reelection in November of 1994, and Clinton’s stalling on welfare was giving the GOP powerful ammunition during the election season.

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President Clinton was expecting attacks from the GOP, but he was not expecting that Democratic Senator from New York, Daniel Patrick Moynihan, would hold hostage Clinton’s highest priority, his health care reform bill, unless he released his welfare reform proposal. “We don’t have a health care crisis in this country. We do have a welfare crisis. And we can do both,” he said. When administration officials said they would not have time for welfare reform until health care was passed Moynihan retorted, “That won’t work. We promised in that last presidential campaign that we would address the issue of welfare.” When asked on Meet the Press whether his threat to block health care reform until the administration released their welfare proposal would work, Moynihan responded, “I think we have their attention.”

In coming up with his own welfare reform proposal, President Clinton was forced to reject a plan by liberal Democrats to increase taxes in order to pay for increases to child and health care benefits. Instead, his plan only paid for child care for welfare recipients who engaged in training and work. At the same time, a study released by the National Commission for Employment Policy (employment and training advisors to the president and Congress) showed that if a two-year limit on welfare was to work, employment and training opportunities had to be expanded and had to be tailored to each recipient’s needs. The Commission also concluded that support services such as transportation and child care had to be provided for recipients. Vice President Al Gore promoted a plan with broad yet vague principles including community empowerment,

results-oriented and customer-driven programs, profit-making enterprises, and a decentralized, market based approach to problems.\textsuperscript{60}

In April of 1994, a faction of the GOP led by former Secretary of Education Bill Bennett called for a welfare system that denied benefits to unwed mothers, and immigrants. At first single mothers under the age of 21 would be denied benefits and eventually this rule would extend to un-wed mothers up to the age of 26. Bennett said at a press conference on Capitol Hill that “illegitimacy is what’s causing a lot of the social disintegration that we’re seeing in America today.”\textsuperscript{61} Bennett, joined by former Congressmen Jack Kemp and Vin Weber, called the Talent-Faircloth proposal by moderate Republicans “tepid.” They argued that “it would be irresponsible and politically unwise for Republicans to assist the president in perpetuating fraudulent welfare reform.” Pushing what they called “The Real Welfare Reform Act of 1994,” Bennett’s group focused on illegitimacy, which Charles Murray of the American Enterprise Institute called, “the single most important social problem of our time…more important than crime, drugs, poverty, illiteracy, welfare or homelessness because it drives everything else.”

Moderates Rick Santorum and Tom Delay defended their Talent-Faircloth plan against the attacks of Kemp and Bennett. “The problem with conservatives is that once they see they’re in a position to win, they do something to ensure they lose,” Santorum

\textsuperscript{60} Dave McCurdy, “An invitation to work; Welfare reform, writes Rep. Dave McCurdy, gives Democrats a chance to return to FDR’s skepticism about public assistance while making it possible to create jobs, not handouts,” \textit{Roll Call}, February 7, 1994.

said. "Our plan is in the political mainstream…and we don’t have the luxury of sitting out there and throwing spaghetti against the refrigerator to see if it sticks.”  

At the same time the GOP was splitting over welfare reform Democratic Senator from Wisconsin Herb Kohl and Republican Senator from Iowa Charles Grassley unveiled a bi-partisan plan to replace AFDC with block grants to states. The block grants would allow states to create programs that encouraged work and provided job training. Under this plan AFDC would be abolished and food stamps would be restricted to the elderly and the disabled. Federal funds would be relinquished in block grants to the states to implement their own programs with the requirement that they move people from welfare to work. The Department of Health and Human Services would be able to review each state’s program and give final approval.

In June of 1994, under pressure from Congress, President Clinton announced his $9.3 billion welfare reform proposal which would have allowed welfare recipients to receive cash benefits for two years before looking for work or doing job training. Health care reform looked to be stalled in Congress. Rick Santorum speculated that, “they’re going to need something to grab onto and this is an issue where there is broad consensus. I can see this as an opportunity for the administration to pull one out of the fire.” Clinton’s task force recommended a plan that would have cost $15 billion over five years, but to avoid tax increases Clinton scaled back a plan for 1.5 million public sector jobs to 400,000 jobs to be paid for by cuts in other programs like Supplemental

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Security Income spending.\(^{66}\) His plan also allowed welfare recipients to stay on welfare for a maximum of two years in their lifetime. Thompson claimed it did not require work nor did it provide a time limit, but in reality the program did allow states to kick people out of the program who failed to look for work.\(^{67}\)

Health and Human Services Secretary Donna Shalala testified about Clinton’s proposed reform before the House Ways and Means Committee and the Senate Finance Committee in July of 1994. Her testimony in the Senate was uneventful, but the House Ways and Means Committee contained all of the authors of the GOP welfare reform bill. They challenged her on the cost and effectiveness of a plan that spent $9 billion to get less than 3 percent of welfare recipients into work by 1999. Democrats in the House complained that the plan did nothing to create meaningful jobs for meaningful wages and was far too punitive. When asked if parts of the bill could be enacted separately Shalala responded, “Well, we’d like the whole ball of wax. If we are going to change both the government’s behavior and the people’s behavior and their sense of responsibility, we ought to do the whole thing.” When pressed further about whether welfare reform could get done without health care reform Shalala was firm in her response, “Our conclusion would be no, that health care must come first, that health care is inextricably tied to welfare reform.”\(^{68}\)

By this time in 1994 the prospect of passing health care reform looked grim and Democrats in Congress were eager to pass welfare reform to have something to

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show before the November elections. The Clinton Administration was insistent that welfare reform not be acted upon until health care reform was passed.

Week-long hearings in July of 1994 detailed all of the welfare reform bills proposed by both parties. The rhetoric on both sides became more heated. Liberal Democrats challenged both Republican welfare reform proposals and Clinton’s proposal as, “talking about kicking people in the rear ends, instead of helping to build stronger families.” The GOP welfare reform pledge was in the top three items in their Contract with America election year pledge. The GOP’s welfare reform plan and President Clinton’s plan differed in that the GOP wanted to move eligible recipients to work faster without requiring education or training. One major issue the parties differed on was teen pregnancy. Clinton wanted to force teen moms to live with their parents in order to receive benefits. The GOP wanted to give states the option to deny benefits to mothers under 21 and to use funds that would have gone to teen moms to set up orphanages or groups homes for teen mothers and their children. Governor Howard Dean put the differences this way: “It’s a carrot and stick approach, and I am afraid that the federal government will forget the carrot.” Liberals like Robert Matsui from California wanted to remove any time limits from welfare reform. When Shalala described what was in the Clinton proposal Matsui asked, “Can you discuss this in a way that I’ll be confident these people will not be screwed?”

Some conservative interest groups like the Family Research Council asserted that out of wedlock births were against God’s law and wanted all welfare programs

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transferred to churches and other community groups. Everyone seemed to have an opinion on welfare reform. Robert Rector of the Heritage Foundation said that Clinton’s welfare proposal was, “stuffed chicken on the highway. It’s going to get creamed. The more people understand the seriousness of the welfare problem, the more the debate moves to the right.”

The Clinton administration found itself on the defensive regarding welfare reform. GOP groups like Empower America led by Jack Kemp and William Bennett ran advertisements denouncing Clinton’s welfare reform plan as “cynical and deceptive.” The debate shifted from being about the best way to get recipients off welfare and into work into a debate about government support of out-of-wedlock pregnancy. Newt Gingrich complained, “The president is brilliant at describing a Ferrari, but his staff continues to produce a Yugo.”

The Clinton administration was quick to respond to its critics. Donna Shalala called the GOP plan to end benefits to unwed mothers under 21 “un-American.” Such a proposal would, “create a generation of children who will grow up on the streets. They are seriously proposing that the best way to deal with temporary dependency is to render people permanently destitute.” She addressed Empower America directly calling the GOP proposal the 1994 version of Jonathan Swift’s “A Modest Proposal,” which argued that food shortages and overpopulation could easily be dealt with by eating the children of the poor. Empower America responded by called Shalala’s statements “hysterical.

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72 Marsha Mercer, “President Clinton just can’t win,” *South Bend Tribune*, June 21, 1994.
ranting,” and “reckless and shrill statements from an administration that’s losing its grip and its popularity.”

The Governor of Wisconsin got into the fray as well. Thompson wanted even more autonomy for state reforms. On November 20th, 1994, Thompson used an appearance on Meet the Press to offer a simple message; the Federal government needed to get out of the way and let the states take control of welfare reform. Whereas Thompson believed the federal government was inherently the problem, Clinton asserted, “There is a role for government in modern society.”

At the same time Clinton was battling Congress over national welfare reform Governor Thompson was being accused of stealing Wisconsin Works in both name and idea from Democrats in the state legislature. Democrats in the Assembly had been working on a welfare replacement program since 1992, when they introduced a welfare reform proposal called Wisconsin Works. Wisconsin Works was a ten-year phase out of AFDC, food stamps, and Medicaid, replacing them with work and benefits for adults 18 to 65 who were deemed fit to work. Social Security or the creation of a new state disability program would provide a safety net for those unable to work. Those declared eligible for work would have to take jobs in the private or public sectors or they would be assigned to the Community Service Corps if they were unable to find work. Community service jobs would only be available for 30 hours per week for six months at minimum wage. Day care services would be available on a sliding fee basis. Democrats promoted the program by saying that the proposal "offers hope instead of handouts. It

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offers jobs instead of joblessness, and it offers compassion.” Unlike previous welfare reform pilot programs in Wisconsin, the Wisconsin Works program was proposed to begin in Milwaukee, Kenosha, and Rock counties, the three counties with the largest welfare rolls. 

In March of 1992, an Assembly panel made up of six Democrats and four Republicans met to discuss 53 welfare reform items. Democratic Speaker Walter Kunicki formed the panel in order to discuss welfare reform proposals from both parties. Governor Thompson was proposing an expansion of his previous reforms in addition to a two-tiered welfare system. One of the many issues the panel discussed was the proposed expansion of Learnfare, the punitive stay-in-school program which Democrats like Rebecca Young vehemently opposed. Wisconsin Works was also discussed along with a two-tiered welfare system for current and new residents of Wisconsin. The panel decided to take Wisconsin Works out of their final package of recommendations in order to propose it as a separate bill. The final package included an expansion of Learnfare, a two-tiered welfare program, and pilot programs to study the effectiveness of teen pregnancy prevention programs that featured pro-life versus pro-choice themes. The package also included incentive payments for counties that increased child support payments and also to counties that replaced reduced their welfare caseloads by forcing single mothers under 18 years old to live with their parents or with adult supervision, and providing emergency relief for families in danger of becoming homeless. The heavily Republican legislature voted down the Democrats' Wisconsin Works program, and

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passed the assembly panel's reform package because it contained stricter requirements. In August, after successfully passing most of his proposed reforms Governor Thompson gave a speech at the Republican National Convention. He touted Wisconsin’s welfare reforms and claimed that what Wisconsin had done could be repeated all over the nation. It was here that Thompson and his supporters started utilizing the Democrats' title Wisconsin Works as the name for Wisconsin and the nation's first welfare replacement program.80

Democrat Shirley Krug, creator of the original Wisconsin Works legislation said of Thompson’s proposal, “Well, the governor knows a good plan when he steals one.” Speaker of the Assembly Walter J. Kunicki said, “What he [Thompson] did was take our plan after he shot holes in it when we proposed it, put his own letterhead on it and called it his own.” Governor Thompson and Gerald Whitburn argued that the Democratic version of Wisconsin Works was shot down because it contained dead-end government positions that did not lead to self-sufficiency. The dead-end they were referring to was a safety net of government jobs Democrats put in place in the event that recipients could not find work in the private sector.

Thompson’s Wisconsin Works proposal incorporated much of the Work Not Welfare program, which had been approved by the Clinton administration in November of 1993. Work Not Welfare cut off cash benefits after two years with only health care and child care available after the two-year limit which the Democratic version of Wisconsin Works did not include.81 The Clinton administration forced Thompson to include a clause

in Work Not Welfare that allowed assistance to continue past the two-year time limit if jobs were not available.\textsuperscript{82} The Children’s Defense Fund claimed children would be hurt by Work Not Welfare and called on groups to file lawsuits against its enforcement.\textsuperscript{83} Welfare was such a contentious issue that state newspapers outlined both candidates’ stances on welfare reform as one of the top three issues of the campaign for governor in 1994.\textsuperscript{84}

In 1994 The \textit{Village Voice} and the \textit{New York Times} both published stories which were highly critical of Wisconsin’s welfare reforms. Thompson’s challenger in the 1994 election, Chuck Chvala, utilized this criticism to promote his own platform of reforms which included Wisconsin Works and would provide more government assistance in health care, transportation, and day care in order to ensure that work paid.\textsuperscript{85}

During the 1994 campaign, Thompson touted his record and took credit for the number of people on AFDC being the lowest it had been since 1980.\textsuperscript{86} Thompson’s critics, however, subscribed to the adage, "there are lies, damned lies, and then there are statistics," Much of the criticism surrounding Thompson’s re-election was about the cost and the actual effectiveness of his reforms. Critics continuously cited studies that showed the welfare magnet issue had no basis in fact.\textsuperscript{87} Others claimed caseloads began declining due to the improving economy, not because of Thompson’s welfare reforms, which had

not even gone into effect in most counties. Of the 15 counties in which Workfare had taken effect, AFDC caseloads declined in only one.\textsuperscript{88}

Thompson received significant bad press when he fired ETI for producing two studies that were critical of his welfare reforms. His attempt to replace ETI with the Legislative Audit Bureau (LAB) bought him more time, but produced only slightly more positive results. The LAB report concluded that Learnfare had increased the attendance of teens not enrolled in school before Learnfare, teen mothers, and teens 18 and 19 years of age. LAB concluded, just like ETI, that Learnfare was ineffective in Milwaukee County and had no effect on teenagers as a whole.\textsuperscript{89} Wisconsin’s Catholic bishops criticized Thompson’s welfare reforms for focusing on unemployed parents and neglecting children. They believed real reform would help recipients get jobs and support their children.\textsuperscript{90} Thompson acknowledged that Learnfare only worked 36 percent of the time, but he retorted, “..if I was batting .360 in the majors I would get a $6 million a year contract.” \textsuperscript{91} The Thompson administration countered the criticism by citing studies done by Lawrence Mead at Princeton University arguing that Wisconsin’s declining welfare rolls were directly correlated to requiring work.\textsuperscript{92} Regardless of the negative press his reforms were starting to attract, Thompson easily won reelection for a third term and launched headlong into developing a program to replace AFDC by 1997.

\textsuperscript{89} ‘Second Semester Effects of The Wisconsin Learnfare Program,’ Legislative Audit Bureau, December 11, 1995.
In September of 1994, Michael Wiseman, a professor of public policy and a scholar at the Institute for Research on Poverty, testified before the U.S. House Human Resources and Intergovernmental Relations Subcommittee about waiver-based welfare demonstrations. He remarked that Work Not Welfare was not slated to be reviewed until 2006, a full 10 years after the experiment was put in place. He testified that:

We are interested in net effects of demonstrations on welfare outcomes such as rates of receipt, earnings, and childbearing. But there is a major discrepancy between what really happens to recipients in the course of a demonstration and what is described by authorities to be the case. The result is we wait a long time for outcomes, but even when we get them we’re not sure what really happened to bring such effects about. In welfare experimentation, process is every bit as important as outcome. If we do not understand process, we may never be able to replicate programs that work or assure that we avoid repeating mistakes in the future.\textsuperscript{93}

During the same committee hearing Mark Greenberg, senior staff attorney for the Center for Law and Social Policy, an advocacy group for the poor, testified that the approval of the Work Not Welfare waiver was unprecedented in cutting off federal protections for the poor. He argued that Wisconsin’s ability to cut off aid to a family simply because a parent could not find a job within a specified time frame was too extreme, but that the federal government removing itself from protecting citizens against egregious state laws violated the checks and balances that existed between the state and federal government.\textsuperscript{94}

In November of 1994 the Thompson administration began work on their proposal to replace AFDC in Wisconsin which they entitled, *Wisconsin Works/W-2.*\(^95\) Thompson promised the new system would include a time limit on benefits and a partnership with private employers for training and job placement.\(^96\) Thompson and his DHSS chief Gerald Whitburn assembled a bipartisan group of legislators to work on the welfare replacement program but Gwendolyn Moore, the state senator who was the most vocal opponent of his reforms, was initially excluded from the committee. Moore was not surprised by the exclusion since she called Whitburn a “deadbeat dad” after he referred to himself as a father figure to all children receiving welfare.\(^97\) After an outcry by the Democratic Party, Milwaukee community leaders, and newspaper editorials, Moore was added to the committee as the voice of those who would be affected most by the legislation, the poor.\(^98\)

A major contributor to Thompson’s Wisconsin Works legislation was the Hudson Institute, a conservative think tank from Indianapolis. The president of the Hudson Institute, Les Lenkowsky, was later appointed by George W. Bush to head the Corporation for National and Community Service. He set up a Wisconsin office in Madison headed by Andy Bush, who also later served in the Bush administration as Director of the Office of Family Assistance in the Administration for Children & Families part of the U.S. Department of Health & Human Services. Together with Thompson’s dream-team and the bipartisan legislative committee, the Hudson Institute

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\(^{97}\) Steven Walters, “Won’t get nod, Moore says,” *Milwaukee Sentinel.*

began work on Wisconsin’s alternative to AFDC which they named Wisconsin Works (W-2). Democrats were leery of the Hudson Institute. Gwendolynne Moore received a note from the Secretary Treasurer of the Wisconsin AFL-CIO warning her about the relationship between Thompson and the Hudson Institute. “This connection is dangerous and needs to be exposed and should be a campaign issue” he wrote, but he did not elaborate on why the connection was troublesome. 99 Wisconsin Works combined a plethora of welfare reform legislation Thompson had touted since 1987. 100 The focus of W-2 was to move people to the private sector as fast as possible.

In the lead up to the Congressional election of 1994, Tommy Thompson pressed Congressional Republicans to steal the issue of welfare reform away from Clinton and the Democrats just as Clinton had done to George Bush in the 1992 election.

“Republicans should be out there espousing reform on welfare. Nothing you are going to do will hurt the current system, it’s broken. Don’t delay or tarry until the Democrats decide to do something. This is our issue.” 101 However it was not just Republicans demanding welfare reform. The issue brought Pat Buchanan and Angela Davis together. Both despised AFDC and demanded it be dismantled and replaced. 102 GOP Congressional candidates were doing a better job of latching onto welfare reform as a key election issue, and so too were gubernatorial candidates George W. Bush in Texas and Jeb Bush in Florida. Jeb Bush argued, “We’ve treated welfare almost as if it was a

100 Thompson, Power to the People, 77.
constitutional right. We haven’t attached any responsibility to it. The key is to link benefits with responsibility.” George W. Bush’s campaign advisor Karl Rove announced that Bush would lay out a comprehensive welfare reform package that would save taxpayer money. The Bush brothers claimed they would do more than “tinkler around the edges” of welfare reform and both went on to win their respective gubernatorial elections. The Republican candidates for Congress had even greater success in November.

As the November elections neared it became clear that welfare reform would not get passed in 1994. When asked about the possibility of welfare reform passing before the fall recess Rick Santorum responded, “It’s slim to none, and slim just left town.” Moderate and conservative Democrats felt Clinton cost them not only a bipartisan bill but the chance of winning the November elections by failing to introduce his plan until late in the year. Both Republicans and Democrats increased their emphasis on welfare reform while campaigning. Republicans focused on creating a work based welfare system and dealing with teen pregnancy as outlined in their ‘Contract With America.’ Democrats found themselves campaigning to reform welfare while at the same time defending welfare recipients they saw being made scapegoats. Democrats feared heavy losses in the November elections and those fears were realized in dramatic fashion. The Democrats lost the Senate by nine seats and lost 54 seats in the House giving Republicans

a majority for the first time in 62 years. The GOP immediately went to work pushing their welfare reform agenda.

Because Republicans took both the House and Senate in the 1994 elections, President Clinton had to come up with a strategy for dealing with a heavily Republican Congress. The attempt by Republicans to steal welfare reform from Clinton during the midterm elections by making it one of their key issues in the “Contract with America,” put Clinton and the Republicans in Congress on a collision course.  

Republicans utilized control of the House Ways and Means Committee to push the ‘Contract With America.’ The GOP introduced a new welfare reform bill called the “Personal Responsibility Act,” which denied AFDC to unwed mothers under 17 years old. It required states to impose ‘family caps’ like Wisconsin’s so that mothers were not given an increase in benefits for having more children while on welfare. Their proposal gave block grants to states to run work-related programs. It set minimal work requirements and capped the growth of AFDC, Supplemental Security Income, and public housing. The bill also condensed ten major nutrition programs into a single program, and denied AFDC to immigrants who were not yet citizens.

Republicans expected President Clinton to jump on board with their reforms. Senate Majority Leader Bob Dole said, “The American people are ready for real welfare reform. We’ll do it very quickly. We’re both on the same wavelength. He [Clinton] may not want to go far enough. If that’s the case we’ll have to give him a choice to veto a

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Congressional Republicans looked to states like Wisconsin for blueprints for effective welfare reform. The focus of state reforms had been getting people working and as Doug Besharov of the American Enterprise Institute pointed out, Republican governors like Tommy Thompson consistently got reelected because they were seriously addressing the issue of welfare. The GOP plan would end at least 100 federal welfare programs and instead would have given that money directly to the states. This proposal was met with cautious optimism from governors like Thompson. “If they said we’ll give you a block grant equivalent to what we gave you last year, I’d take it in a minute. What I’m worried about now is that Congress will give us a block grant at 80% and at the same time tie our hands so we can’t develop our own program and be efficient.” Thompson wanted state control of welfare so that individual state needs could be addressed.

Some GOP proposals were more extreme than any state reform had been willing to go. The proposal to force teen mothers off of welfare and in return fund orphanages in case the teens could not support their babies, drew the ire of both Democrats and Republicans. Speaker of the House Newt Gingrich defended the idea of orphanages saying that opponents should watch the 1938 movie "Boys Town" to understand that orphanages were better than leaving children to “brutalization and degradation.”

Democrats were quick to jump on the Speaker’s comments. Robert Matsui, attacked Gingrich, “To say "Boys Town" is reflective of life in orphanages is like comparing Hogan’s Heroes to life in Nazi prison camps. There is just no correlation with reality.”

Under the rule at least five million children would be affected. Not only did critics attack the ethics of such a plan but they also focused on how much more it would cost to raise children in orphanages instead of on welfare. 111 Democrats needed the President to release his welfare reform proposal to give Americans an alternative to the GOP proposals. Democrats, however, were not prepared for the concessions Clinton would make in order to pass welfare reform.

Chapter 6: Clinton, Thompson, "The End of Welfare as We Know It," 1995-1997

The National Governors Association led by Tommy Thompson, and Republicans in Congress worked with the Clinton administration to formulate a welfare reform plan they could all agree on but consensus was nearly impossible. All parties agreed that work needed to be a requirement of welfare, but they could not agree on child care and health care provisions or on how strict to make eligibility requirements and time limits. When Clinton showed willingness to compromise with Republicans over time limits and eligibility requirements, liberals in Congress were quick to attack him for abandoning the poor.

Clinton attacked GOP proposals first for not doing enough to reform welfare and then for being too punitive. Senator Moynihan proposed welfare reform that spent more money on job training, education, child care, and employment, but Republicans wanted more done to address illegitimacy, teen pregnancy, child caps. While Democratic bills were shot down in Congress, Republican bills were being vetoed by the President.

Governor Thompson had a similar welfare reform fight in Wisconsin over W-2, where Democrats and welfare advocates fought hard to protect the poor from what they saw as attacks on the poor. The stalemate of welfare reform at the national level effected Wisconsin's welfare debate because legislators were unsure what type of funding the government block grants would provide. Thompson signed W-2 legislation in April of 1996 and then went back to Capitol Hill not only to help move national reform along but
to demand the Clinton Administration approve the necessary waivers to implement W-2, which they delayed doing until a national welfare reform law was passed.

In August of 1996, after three years of hard fought debate, and two presidential vetoes, Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act replacing AFDC with a work-based welfare system Temporary Assistance for Needy Families. After a significant struggle, Clinton also approved Wisconsin's W-2 waivers but did not allow Thompson to limit Medicaid eligibility for the poor.

1995

In an attempt to create bi-partisan reform, President Clinton announced that in January of 1995 he would bring congressional leaders, governors, and mayors to the White House to try and find common ground in welfare reform. The President called on Governor Thompson, a champion of reform, to be a part of the group.1 Thompson was happy to participate in the conference but he warned that he and the other GOP governors would, “push very hard for the states to have the opportunity to take over welfare,” which was something he thought Clinton was open to. Everything would be on the table for discussion, from welfare time limits to Medicaid, to denying benefits to mothers under 18 years old.2 The House Ways and Means Committee held hearings on welfare reform at the same time as the President’s conference. Republican governors and congressmen were working on replacing federal programs with block grants for states. The governors testified that the waiver process hindered reform because the process took several

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1 “President Clinton to Thompson”, January 18, 1995, Tommy Thompson Collection, Box 3, Wisconsin Historical Society.
months. They wanted to bypass federal bureaucracy and transfer the block grants directly to the states.³

President Clinton’s bipartisan conference was supposed to last a few days but was cut down to one day at the end of January. He warned, “We should require work and responsibility, but we shouldn’t cut people off just because they’re poor or young or unmarried.”⁴ Acknowledging that the November elections put the Republicans in control of welfare reform, the president attempted to assume a new role as mediator and centrist. Republican Representative from Florida, Clay Shaw, said he appreciated that Clinton was trying to work with Congressional Republicans who had taken the lead on this issue.⁵ At the National Governor’s Association meeting, which took place right after the conference, Democratic governors expressed concern that welfare reform that gave states more flexibility might also provide less federal money, and that time limits for welfare could do more harm than good by leaving people helpless if they were unable to find work.⁶

Congressional Democrats introduced a proposal that would require new welfare recipients to start applying for work immediately when they applied for welfare benefits. Their plan, however, did not provide a time limit for benefits. House Minority Leader Democrat Dick Gephardt from Missouri said, “We’re here today because the proposal that the Republicans are passing off as welfare reform…the proposal that they say will

⁵ “GOP to ‘control’ welfare reform; Clinton will offer no plan and will act as consensus builder between parties,” Bismarck Tribune, January 29, 1995.
replace welfare with work…does absolutely nothing to accomplish that goal.” The Democratic plan would not deny benefits to teen moms, immigrants, alcoholics or drug addicts, nor would it allow states to kick people off unless they refused to participate in training or take a job offered to them. Republicans responded by claiming Democrats had forty years to correct welfare and never did it, which was why the people placed control of the issue in the hands of Republicans in November.\(^7\)

The House Ways and Means Committee approved a bill in February of 1995 that required states to have at least four percent of their one-parent families and 50 percent of their two-parent families in work or work-related programs within the first year. After five years that percentage would increase to 17 and 90 percent respectively. The bill would also require sponsors of immigrants to sign an affidavit that would require them to support immigrants until they became citizens. It also aimed to remove barriers to interethnic adoption by removing laws that hindered the process. Federal agencies would not be allowed to consider race, color, or national origin in adoption or foster care proceedings. The bill also had children receiving SSI reevaluated at 18 years old. The bill softened from earlier GOP proposals by allowing immigrants who were military veterans to receive welfare and by allowing teen mothers to apply for welfare when they turned 18.\(^8\)

In March, demonstrators protested the GOP welfare reform bill and President Clinton encouraged them by suggesting that the bill did not do enough to help welfare recipients find work. He called the bill, “too tough on children and too weak on work and

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\(^7\) Elizabeth Shogren, “Democrats offer welfare alternative; Job skills for new recipients key to reform,” *Chicago Sun-Times*, February 11, 1995.

responsibility.” He recommended cutting the provision that denied aid to teenage mothers and instead add a provision to increase child support enforcement. Clinton also said he wanted to abolish the waiver system so states like Wisconsin could experiment without seeking Washington’s approval. Democrats offered 158 amendments to the legislation, 21 of those amendments amended how immigrants were treated in the bill. Democratic legislators believed the provisions about immigrants would ultimately decide how they voted.

Before Congress came back in session in April President Clinton implied that he would not sign the GOP’s welfare reform bill as it stood because it was just too punitive against teenage mothers and immigrants. He said the plan should not, “ punish children for their parents’ mistakes. We can and must work together to pass a welfare reform bill that I can sign into law this year.” President Clinton threw a challenge to Senate Majority Leader Bob Dole to deliver a compromise welfare reform bill by the Fourth of July. After a remark about giving people independence on Independence Day, Clinton grew more threatening in tone. “I was not elected to produce a pile of vetoes and the Congress was not elected to produce a pile of political issues for the next election.” As for how he could control the situation, “The constitution gives me relevance. The power of our ideas gives me relevance. The president is relevant here, especially an activist

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11 “Clinton targets welfare reform his ‘must list’ includes tax and spending cuts. He wants to offer an alternative to GOP plans,” The Philadelphia Inquirer, April 16, 1995.
president.” This was yet another warning that unless the GOP compromised he would veto their legislation.\textsuperscript{12}

State governors like Thompson weighed in on the debate, claiming they were years ahead of Congress in regards to reform. They also complained that “excessive ‘prescriptiveness’” was a problem with the House legislation. The governors wanted states to be able to decide who would be eligible for benefits. One thing the governors all agreed on was the need to scrap the waiver system. Tommy Thompson claimed it took 172 waivers to set up Wisconsin’s welfare reforms.\textsuperscript{13}

Sociologist Charles Murray testified in front of the Senate Finance Committee in favor of heavy-handed work-based GOP reforms. “Every meaningful reform, including the ones I favor, will cause some children to suffer. So will the continuation of the status quo. Relying on jobs as a solution to welfare is a triumph of hope over experience.” Sociologist Richard P. Nathan was appalled by Murray’s, “brutal calculation that if people see many children suffering, maybe they’ll stop having children.” Instead, he suggested that the money was in the wrong places, and that block grants could fix this issue. The consensus among the Senators on the panel was that if they went the route of block grants, federal input would still be necessary.\textsuperscript{14}

In May of 1995 J. Jean Rogers, secretary of Wisconsin’s Department of Health and Social Services, testified before the Senate Agriculture, Nutrition and Forestry Committee. She testified about the effect of Work Not Welfare on the food stamp

program. The cashed out food stamp program gave people the flexibility to spend benefits as they needed them. Although studies showed families with cashed out benefits spent less on food, the overall nutrition level did not change significantly. She also cited a reduction in fraud and trafficking. A sting in Milwaukee in 1994 recovered $37,767 in food stamps that had been exchanged for cash for as little as 30 cents on the dollar. Providing cash instead of coupons promoted personal responsibility and control and avoided fraud.15

Four Republican senators told the Senate Finance Committee Chairman they would vote against the welfare reform plan if it did not contain measures addressing illegitimacy. Senator Moynihan offered a proposal that called for more spending on job training, employment, and child care. It also required teen mothers to live with their parents and attend school or attend job training in order to keep their aid. The Republican senators responded by demanding restrictions on funds for teen mothers, a family cap on mothers, block grant funding adjustments based on an illegitimacy ratio, and work requirements.16

In June, freshman Senator John Ashcroft proposed a $500 tax credit to people who volunteered for charity for at least fifty hours a year. He also proposed allowing states to contract services to the poor directly with religious based charities. Both would be funded with block grants without oversight from HUD, HHS, or any other federal agency. The only stipulation would be that work had to be a requirement of the state

welfare program. After the Senate Finance Committee approved a plan that Clinton considered an ‘unfunded mandate’ he called both the House and Senate Republican welfare reform proposals, “…a race to the bottom. The reason the Senate bill failed on the standard of work seems to me is clear. It takes away the tools that states now use to move people from welfare to work, child care, job training, greater incentives for job placement.” The unfunded mandate comment derived from the bill would cost states $10 billion a year by the year 2000. “Now, I was governor long enough to remember what an unfunded mandate is.” Newt Gingrich responded by accusing the President of negativism, “He attacks, attacks, attacks. Wouldn’t it be nice if he did something that was positive?” The president might not have offered an alternative but Senate Democrats did.

Just days after Clinton lambasted the GOP welfare reform bills, Senate Democrats offered their own welfare proposal, because as Senate Minority Leader Tom Daschle put it, “The Republican plan is not about reforming welfare at all…it’s about cutting the budget, removing the federal government from welfare and dumping responsibility onto the states.” The Democratic bill was called Work First and intended to help welfare recipients obtain and retain employment. The bill contained “conditional, limited welfare benefits, guaranteed child-care assistance, a safety net for children, gets fathers involved in the family…and costs no new money,” The Democrats offered this plan the day after President Clinton issued his first ever veto, of a spending cuts bill in 1995. Work First would eliminate AFDC and create a Temporary Employment Assistance (TEA) block

grant program. It would require recipients to sign “parent empowerment contracts” to look for work in two years, and after two years require nonworking recipients to enter community service or state-subsidized workfare. It set a five year lifetime limit for TEA benefits and consolidated four child care programs into a block grant. It retained current guarantees in food stamps, federal nutrition, and child welfare programs. The bill also eliminated JOBS and replace it with a Work First Employment Block Grant, which set work participation rates, beginning at 30 percent of TEA caseload and rising to 50 percent after five years. States would be allowed to design their own work programs, but only employment, not education and skills training, would be counted as work.19 It was becoming clear that the majority of Republicans and Democrats wanted work-based welfare reform.

In June of 1995 a confidential draft of Thompson’s Wisconsin Works plan was distributed to legislators in Madison. The key to the 99-page reform stated “only work should pay.” Applicants for aid would discuss with a financial planner options including job searches, loans, trial or subsidized jobs, and temporary assistance from charity. In the applicant were given a loan, it would be a no-interest loan that equaled three months of AFDC payments to be repaid in cash or voluntary work activities. The reasoning behind the loan was that it provided aid but also promoted dignity through self reliance. Private companies would be able to bid for work contracts with the state, something detractors called Welfare Inc. Two of the companies interested in such contracts were Manpower, Inc. and Goodwill Industries. The contracts stated that, “The W-2 agency will receive a fixed amount per enrollee regardless of how much it costs to serve that individual.”

These contracts encouraged providers to lower the cost of serving each client as much as possible.

Under W-2, teen mothers were required to live with their parents or adult supervision and the supervising adults were expected to provide child care so that the teen mother could attend school. In cases where the teen mother was without family support, W-2 also provided for the establishment of group homes. Health care was bid out to HMOs. The benefit would be less than Medicaid to provide an incentive to find a private sector job which offered better benefits. Child care for working adults would be expanded, co-pays for that child care would be higher and subsidized child care would be phased out sooner. There would be a two-year lifetime maximum for W-2 assistance.\(^{20}\)

With most of the details already known, the biggest unknown was how much this plan would cost Wisconsin, something the Thompson administration worried about because federal grants allowed for experimentation that cut costs, while the initial costs of W-2 were slated to be higher than the current system.\(^{21}\)

With multiple GOP bills and a Democratic bill proposed in Congress, welfare reform faced an ideological and regional war within factions of the Republican Party. Along with a debate about how to address teenage pregnancy and illegitimacy, Republicans found themselves trapped in a debate about how to divide up welfare money among the states.\(^{22}\) The formula for block grants previously provided wealthier states like

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Wisconsin three times more money than poorer states like Mississippi. If this funding stayed the same it would be nearly impossible for poorer states to implement significant welfare reforms. When the formula issue was addressed in the Senate to equalize funding to all states, Governor Thompson protested to Senator Moynihan how unfair this change would be.

It has come to my attention that a few Senators have proposed a change in the funding formula in the Senate Finance Committee’s welfare reform package. An attempt to change the way the base year is calculated will only delay a crucial piece of legislation and may in fact prevent its consideration entirely.23

Moynihan’s response was filled with annoyance and sarcasm:

I have your letter with the mysterious opening sentence, “It has come to my attention that a few Senators…” By “few” I assume you mean 30…I believe you were one of the first supporters of the proposal to abolish the State-Federal cost sharing for Aid to Families with Dependent Children. You may yet regret it, as will we all in our part of the country. In the Senate, the South always wins formula fights. Something I should have thought widely known, but perhaps not.24

When it appeared in June that a GOP consensus might be impossible, President Clinton considered an executive order requiring states to put people to work after two years. As his advisor Ellwood pointed out, welfare politics had turned ugly and it was uncertain if a compromise could be reached.25 The House had passed their welfare reform bill quickly, but everything collapsed in the Senate, “It’s all screwed up,” said Governor Thompson who was losing the formula battle to Senator Kay Bailey Hutchison

of Texas. Senator Rick Santorum did not see the need for panic; instead he saw an opportunity to slow down and piece together comprehensive reform, “then the little problems will go away. This isn’t a fire sale that we have to run to the floor next week.”

It was clear the Senate bill would not come to the floor by Clinton’s July 4th deadline and the summer recess. It did however, come up for debate before then. Sort of.

*US News & World Report* sponsored a welfare reform debate between Democrats, Senator Daniel Patrick Moynihan, HHS Secretary Donna Shalala, Vermont Governor Howard Dean, and Republicans Representative E. Clay Shaw, Virginia Secretary of Health and Human Resources Kay Coles James, and Michigan Governor John Engler.

The Democrats emphasized how limited lump sum funding would hurt states and poor families, especially in economic downturns. Republicans said that the AFDC open-ended entitlement system created an ‘indefensible’ status quo, and that block grants were essential to reform. All of the parties present believed President Clinton would sign the reform.27

Senate Republicans found themselves in a heated debate about whether or not the base bill for welfare reform could contain measures to deal with illegitimate births, without increasing abortions, or whether that issue should be left to the states. The House bill contained a clause that forbade states from giving teen mothers welfare and also contained the family cap. Conservative Republicans latched onto data from the National Center for Health Statistics that showed there were 1.2 million out of wedlock births in 1992, which was a 54 percent increase since 1980. The National Right to Life

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Committee, came out against the family cap, teen mother rules, illegitimacy ratios and state goals to reduce out of wedlock pregnancy because they believed all of these measures would increase abortions. They supported John Ashcroft’s bill that contained block grants and very few mandates, none of which addressed illegitimate births. Democratic Senators Tom Daschle, John Breaux, and Barbra Mikulski offered an alternative bill that required teen moms live at home, required states to submit strategies to curb teen pregnancy, encouraged states to sanction teen moms who skipped school and reward those who attended regularly, and gave block grants for teen pregnancy prevention programs.28

In July Republicans in the Senate came up with a compromise. Senators Phil Gramm, John Ashcroft, and Rick Santorum crafted the bill that earned the support of Christian groups like the Family Research Council, Traditional Values Coalition, and Concerned Women for America. The Christian Coalition said it would not support welfare reform unless it discouraged illegitimate births. The revised bill required teen moms live at home in order to receive welfare. It allowed but did not require states to deny cash assistance to unwed teen moms and to mothers who continued to have children while on welfare.29 Clinton responded to the extremity of the legislation by making it clear it was bound for veto “The threat of the senators to take this extreme position and block this welfare reform effort is just wrong. Let’s settle our differences on welfare reform without resorting to legislative trench warfare designed to stop real reform at any

cost. A small minority shouldn’t be able to get away with ‘just say no’ politics.”  

But at the same time the Clinton administration was holding up block grants, Thompson needed to implement W-2 in Wisconsin. Wisconsin’s W-2 program became one of the most contentious issues in the debate.

During the August congressional recess Senators campaigned in their home states to gain support for their competing plans. The Hudson Institute weighed in on the debate because it was currently working on welfare reform in Wisconsin. The head of the Hudson Institute, Les Lenkowsky, supported any compromise that would produce a block grant and reduce waiting times for waivers or eliminate them entirely. He also said the family cap and teen mother provisions demanded by conservatives was merely symbolic. Lenkowsky noted that states like Wisconsin had already started welfare reforms of their own and federal reform would serve to clarify issues and regulations. To Lenkowsky the biggest challenge for welfare reform was not in Congress but in the state houses and the courts.  

Tommy Thompson found that out first hand with the Wisconsin Legislature.

Thompson’s version of Wisconsin Works was announced publicly on August 3rd 1995. “Everybody will earn some of their wage,” he pledged. Under W-2 all of Wisconsin’s eligible welfare recipients would have to get jobs according to their placement on a “self-sufficiency ladder.” One change was that Thompson now wanted W-2 recipients to contribute to child and health care benefits as soon as they started to

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earn money. This would help pay for the rising child and health care costs the program would incur. Also, three levels of subsidized employment were created and recipients were placed at a level equivalent with their employability. Recipients earned more as they gained experience and moved up the employability levels to the top level, called trial jobs. The catch was that W-2 would never pay as much as a private sector job. This pay discrepancy was designed to motivate recipients to move out into the private sector. Recipients could not stay at a subsidized job for more than two years and there was a two year total limit after which they were no longer eligible for assistance. Michael Wiseman, a policy expert at the University of Wisconsin Madison, noted that while AFDC caseloads were down in most of the state, the major reform programs did not exist in Milwaukee County where AFDC caseloads actually increased slightly since Thompson took office in 1987. W-2 would be that county’s first real test of welfare reform. “In a sense, Wisconsin is just now getting to the hard part: poverty in the urban core.”

Both the New Republic and the National Journal ran articles on W-2 in September, describing how it differed from any other state’s welfare reform proposal. The New Republic article highlighted the successes of Work Not Welfare in Fond du Lac County where in only a year AFDC cases dropped by 40 percent. It also suggested that it would have an immediate effect on the, “culture of ghetto poverty” by limiting the time a recipient could stay on welfare. The author questioned how Thompson would pay for such a program if block-grants from the federal government were reduced under Republican welfare reform proposals. Thompson and the Republicans in Congress were also at odds over the Earned Income Tax Credit (EITC). Thompson wanted to expand it

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to promote work over welfare, but Republicans in Congress were looking to cut EITC. The article also questioned what would happen to people if they could not find work in the private sector. Would there be a safety net? The article was cautiously optimistic that W-2 was a tough-but-expensive approach that could solidify the case for block-grants in national reform.\(^{34}\) The *National Journal* article warned about the pitfalls W-2 could encounter in childcare, unemployment, and the expense of the program in a bad economy. Both articles, however, ended with endorsements of W-2, claiming that while it may have had its flaws W-2 needed a chance to work. They urged Congress to act on national welfare reform.\(^{35}\) Lawrence M. Mead, a consultant of Governor Thompson’s, praised Thompson’s efforts: “Wisconsin attempts to blend assistance to the poor with specific directions aimed at helping them avoid dependency. They help the needy, but they also confront adults with their responsibilities.” Not everyone shared Mead’s enthusiasm for Thompson’s work not welfare ideology.\(^{36}\)

Critics immediately lambasted W-2 legislation for being unrealistic. The Institute for Research on Poverty (IRP), created during the Great Society at the University of Wisconsin Madison to study poverty, released a study in October of 1995 that not only focused on the barriers single mothers faced in finding work, but revealed a telling statistic about women in the workforce. The study found that three-quarters of women in Wisconsin worked, but only 41 percent worked full time all year round.\(^{37}\) This challenged the demand that welfare mothers be forced to work to support their families, but it did deter lawmakers from that goal. Others questioned how the state planned to pay for W-2.

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Richard Phelps, the executive of Dane County, complained that the state law said the counties had to pay for W-2, but when the federal government increased aid for this purpose, the state took all of the money giving none of it to the counties. The IRP study found that more than 40 percent of welfare recipients would face child-care expenses amounting to more than half their earnings even if they made $6 per hour. W-2 allowed for participants with children under 10 to receive a partial child care subsidy.

Welfare rights groups, like the Wisconsin Children’s Audit Bureau, Reality Plus One, and the Wisconsin Women’s Network complained W-2 was advancing so quickly through the Legislature that the public was left out of the debate. Some even planned demonstrations at the state capitol before they formally testified against the bill on September 30th. Over 300 people attended the hearing on W-2 and of those who testified, Mary Bills the Milwaukee School Board president, said that the W-2 legislation, would make "child neglect the official policy of the state.”

A coalition of advocacy groups petitioned the legislature to amend W-2 to do more to protect children and families. The coalition was made up of eight organizations: Briarpatch, Wisconsin Coalition Against Domestic Violence, Lutheran Office for Public Policy, Gray Panthers of Wisconsin, League of Women Voters, Labor Strategies, Center for Public Representation, and the Council on Children and Families. They saw the reduction in benefits, work requirements, and co-pays as attacks on the poor. The coalition wanted child care and health care coverage provided with minimal co-pays.

They wanted workers guaranteed at least minimum wage and the EITC, plus a monthly supplement for the working poor to bring all families within 90 percent of the federal poverty level. They wanted W-2 workers to be eligible for unemployment compensation, and the proposed ‘bridge loans’ turned into grants. They wanted single parents with children under two years old to be able to stay home, and both members of two-parent households allowed to stay home if the child was under 12 weeks old. The coalition also wanted Learnfare repealed and education and training programs to continue for those already enrolled. They argued that many poor families would be paying an additional sales tax to fund a new stadium for the Milwaukee Brewers professional baseball team.

“Now that we’ve taken care of the Brewers, it’s time to turn our attention to the children of Wisconsin who will be impacted by the governor’s Wisconsin Works welfare reform plan.”

The W-2 program banked on the assumption that any federal welfare reform program would maintain state funding. When Congress began considering cutting federal welfare aid by 30 percent, Wisconsin politicians took notice. Dane County Executive Rick Phelps said, “We should slow down. We should at least find out what the federal government is going to do before we charge ahead. We need to know what we’re working with.” Furthermore, Governor Thompson still had not provided the state with estimates for how much W-2 would cost, only that it would not be paid for by raising taxes. The Legislative Fiscal Bureau was far from completing its paper on the proposal and some legislators wanted to slow down and carefully examine the proposal before voting on it. The Assembly’s Welfare Reform Committee heard testimony from people

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who objected to all or part of W-2. Nan Brien, the director of the Wisconsin Council on Children and Families asked, “How can the Legislature possibly debate the plan without knowing what the measures will cost?” Democratic Representative from Milwaukee, Barbara Notestein asked “And what if it costs more than they think? What gets cut?” She also worried about how Milwaukee was suddenly going to find 20,000 jobs and the state 70,000 jobs for all of the people forced off welfare and into work. In a stunt to show how hard it would be on women and children if mothers were forced into the workplace, Harriet Brown, a free-lance writer from Madison, breast fed her 11-month old daughter while testifying in front of the committee.43

About one-hundred Hmong refugees from Southeast Asia protested the work requirements in W-2 at the Wisconsin Senate Committee on Health, Human Services and Aging. The Hmong argued that W-2 did not support those seeking higher education as AFDC did, but instead pushed people into low-paying jobs with no chance for advancement without education. An economic support specialist with the La Crosse County Department of Social Services countered the education argument by claiming welfare was never designed to support those attending college.44

A group of Protestant church leaders and members of the Wisconsin Conference of Churches joined in a letter of protest regarding W-2, because they feared church social services would be completely overwhelmed by the poor who lost state aid. Protestant leaders warned that their church services were already, “operating at full capacity.” They

43 Mike Flaherty, “Welfare next on lawmaker’s agenda; most lawmakers agree with the idea of replacing welfare with jobs and are expected to approve the Governor’s plan to scrap some handouts. But dozens of people at a hearing Monday argued the current proposal is fraught with problems.” Wisconsin State Journal, October 10, 1995.
said transition jobs that paid less than minimum wage were inadequate to support families and worried, that inadequate support services would be provided. Reverend Susan Ruehle said, “In Milwaukee where I live, I am told that recent statistics gathered by the University Employment and Training Center have identified a shortage of child care for 22,000 children in just two low-income communities. What will this cost us as a human community?” The letter was signed by leaders of the Lutheran, Presbyterian, Baptist, Methodist, Episcopal, Church of the Brethren, Moravian, Christian Reformed, and United Church of Christ. The letter was sent to all of the Wisconsin state legislators.45

Francis Payne Adler, a Jewish poet and professor at the University of Wisconsin La Crosse attended a hearing on W-2 in La Crosse and wrote a poem as she was listening to the hearing. Her conclusion was:

I believe you’re selling an illusion, it’s been done before, it’s been done to my people, brought to a concentration camp, the words above the door, arbeit macht fri, work makes you free, it’s been done before…in our country, in this state, we do it differently, we do it politely, we smile and say aren’t we nice Americans.46

Her argument that W-2 would provide a slave labor class for industry was echoed by the advocacy group Welfare Warriors who consistently spoke of W-2 being the return of indentured servitude and slavery to Wisconsin. When W-2 was eventually passed in March of 1996, Pat Gowens, the director of the Welfare Warriors proclaimed, “the European American Republicans and Democrats, males and females of the Wisconsin Senate voted for the reinstatement of slavery in the northern state of Wisconsin.”47

In October a national study by Harold Hodgkinson of the Center for Demographic Policy at the educational advocacy group Institute for Educational Leadership, found that Wisconsin ranked worst in the nation in the gap between poor minorities and poor whites. The study found that fifty-two percent of blacks were below the poverty line in Wisconsin compared to seven percent of whites. Louisiana and Mississippi came in second and third respectively. Critics of W-2 immediately latched onto the study as proof that welfare reform in Wisconsin was not working and that further reform would only cause more damage.\footnote{Paul Norton, “Wisconsin’s Race Poverty gap leads the nation,” \textit{The Capital Times}, October 11, 1995.}
The National Black Caucus of State Legislators led by Gwendolynne Moore sent out a press release that included statistics of the Hodgkinson study and added to it with statistics from other studies that showed in 1995 Milwaukee was fourth in the nation in poverty and that between 1985 and 1995, poverty among African-American children in Milwaukee grew by 84 percent.\footnote{“The National Black Caucus of State Legislators”, February 13, 1996, Gwendolynne Moore Papers, Box 2, Wisconsin Historical Society.}
The AFL-CIO said that the W-2 plan to force aid recipients into subminimum wage jobs would be a, “windfall for employers,” and a disaster for people already in the job market. “At \$4.25 an hour for 40 hours, the employer gets free labor from an AFDC recipient for nine days per month. What regular worker can compete with that? AFDC recipients will be a captive labor force unfairly pitted against regular workers and used to perpetuate low-wage jobs.”\footnote{David Callender, “Norquist, unions rip W-2 plan,” \textit{Capital Times}, November 28, 1995.} Milwaukee Mayor John Norquist attacked W-2 as perpetuating yet another giant welfare system. He said the legislation did not do enough to find able-bodied adults true jobs, not just workfare.
Manpower Demonstration Research Corporation released a study in October of 1995 that examined time-limited benefits imposed on welfare recipients under Wisconsin’s Work Not Welfare pilot program. Under the program parents could receive AFDC for a maximum of two years in a four-year period. State officials acknowledged to researchers that the initial start-up costs of such a program would be more than the previous cash benefit program but that it would generate long term savings. The researchers agreed. The study found that programs to assist clients in job searches had to be in place immediately and an efficient information system also had to be in place in order to enforce the time limit on clients. The study concluded that if these two things were not ready the program would encounter significant public opposition.51

Because of all of the concerns being raised at town-halls and hearings, the chairman of the Assembly’s Welfare Reform Committee decided to slow the bill down in order to ensure the bill obtained maximum Assembly and Senate support. They were still waiting for the Legislative Fiscal Bureau's cost estimate, and they wanted to wait for national welfare reform legislation which was being considered at the same time. The bill was still likely to leave committee in November but it would not actually pass both houses of the Legislature until sometime in 1996.

The Legislative Fiscal Bureau eventually released cost estimates for W-2 and found that the program would initially cost $39 million more than AFDC’s budget for 1997-1998. Officials at DHSS downplayed the estimate by saying, “In a $1 billion program, $39 million is a small, small percentage. The Thompson administration claimed that at least $20 million of the $39 million was simple inflation and that the costs would

be offset by declines in overall caseloads.\textsuperscript{52} The Welfare Reform Committee approved the W-2 legislation by a vote of 8-4, and it was sent on to the Joint Finance Committee in December.\textsuperscript{53} Republicans amended the plan to provide child care subsidies for families with children under 13 years old, and to allow more types of job training. They also added a $300 per-month subsidy to companies that hired women on W-2, and removed a clause that allowed trial jobs to pay 80 percent of the minimum wage. Only two of 21 amendments offered by Democrats were accepted. Their top priority, getting rid of time limits for W-2, was rejected by Republicans on the panel. Committee Chairman Republican John Gard argued, “You cannot end welfare as we know it if you don’t end welfare as we know it. We are making a conscious decision that five years of taxpayer assistance is enough. That is a reasonable time limit.”\textsuperscript{54} Even in defeat Democratic Representatives Antonio Riley and Rebecca Young were optimistic and felt the plan could still be improved upon as it moved through the Legislature.\textsuperscript{55}

Interest groups were present at every step of the approval process warning of the dire consequences of W-2 and offering alternatives to the program. The Policy Group on Welfare Reform, a group of religious and social service organizations, offered a list of amendments to W-2 to remove, “land mines” they perceived existed for women and children in the legislation. First, it recommended removing a clause in W-2 that eliminated welfare as an entitlement. They argued everyone who was eligible for W-2 should receive services. The Wisconsin Catholic Conference wanted women with children to only have to work part time until their youngest child was six months old, and

\textsuperscript{53} “Reform committee OKs welfare reform,” \textit{Telegraph Herald} (Dubuque, IA), November 29, 1995.
if no state subsidized child care was available, mothers should not be required to work. They also wanted all participants in W-2 paid the minimum wage and be eligible for EITC.\textsuperscript{56}

The Wisconsin Council on Children and Welfare, an advocacy group started in 1881 as the Wisconsin Conference on Charities and Corrections, released a study that a mother of two would actually be economically worse off as she moved up W-2’s wage scale. At $6 per hour she was still eligible for food stamps, subsidized child care, and homestead tax relief, but at $8 per hour she would lose all of it. In order to make up for the benefits lost at $8 per hour the worker would have to earn an average of $14 per hour. The study concluded that, “workers making $8 and $10 per hour will not have enough take-home pay to meet their expenses; the situation is particularly desperate for families with high-cost child care.”\textsuperscript{57} The group made it clear they supported of welfare reform and work-based reform, but that two-thirds of the people on welfare were children who would be forced into unregulated day care and substandard health care because their parents could not afford insurance premiums.\textsuperscript{58}

In December of 1995, Sharon F. Schulz, the executive director of the New Hope Project, Mayor Norquist's employment program for the poor in Milwaukee, testified in front of the House Ways and Means Subcommittee on Human Resources. New Hope was the only welfare reform demonstration project operating in Milwaukee County at the time and had 661 participants. The project was able to move 30 percent of their case load to full employment since August of 1994, and worked not just with families but with

childless participants as well. She testified that New Hope had been providing guidance
to the state on developing its W-2 alternative. She stressed the necessity of four things in
order for W-2 to be successful: demonstrations which aided the development of
appropriate and effective public policy, child and health care as basic necessities of
reform so that people could start and maintain work, community service jobs which
emphasize work, and EITC and tax systems so that workers can contribute to Social
Security, Medicare, and income tax.59

1996

In January of 1996 Governor Thompson announced that the welfare rolls in
Wisconsin dropped by 1,800 cases between October and November and the state had
almost 34,000 fewer welfare cases since he took office in 1987. He said he planned to
use the savings to provide more child care and family development opportunities under
W-2.60 The W-2 bill was going to the legislature later in January and Thompson wanted
to alleviate major concerns about the program. Democrats, unions, and advocacy groups
still had reservations about the program, David Travis, a Madison Democrat responded
to Thompson’s announcement by saying, “It’s good the caseload is down and they’re
saving money because they’re going to need it. The program is going to be more
expensive than advocates think because it is going to make people poorer than they are
now.”61 The Salvation Army warned that it would not be in a position to be able to
provide the ‘safety net’ to the poor if they lose their assistance under W-2, other charities

59 Sharon F. Schulz, “Testimony before the House Ways and Means subcommittee on Human Resources,”
61 Mike Flaherty, “Fewer families are on welfare; drop of 1,800 cases in December,” Wisconsin State
echoed this sentiment. The Wisconsin Catholic Conference estimated that W-2 would cause a $738 million gap in state funding for basic family assistance, and stated Thompson's idea that private charities could supplement that gap was preposterous. If the churches were dealing with state funding gaps alone, each of Wisconsin’s 4,000 churches would have had to raise $30,750 extra per year. If the proposed federal welfare cuts were added into the mix each church would have had to raise an additional $225,100 a year when nearly sixty percent of those churches had operating budgets of less than $250,000 and half had budgets less than $100,000. “Churches can provide a meal. We can’t provide families with long-term food subsidies. We can provide a poor family with a car battery…We can’t provide affordable housing in the suburbs.” Charities and welfare rights groups organized the poor for a rally in Madison before an Assembly hearing on W-2 in January of 1996.

On January 4th, at least 500 people arrived from Milwaukee to protest W-2 before they attended a hearing of the Legislature’s Joint Finance Committee on the issue. State Senator Gwendolyn Moore helped to organize the rally with the Milwaukee Coalition to Save Our Children, a welfare rights organization. Some of the protesters were welfare recipients, others were public employees who feared losing their union jobs to welfare recipients forced to work. Other groups participating in the rally were the Milwaukee Inner City Congregations Allied for Hope (community advocates), Milwaukee County Labor Council (AFL-CIO), Child Abuse Prevention, and the Wisconsin Council on Children and Families (poverty advocates), and the American Federation of State, County

and Municipal Employees (public workers union). The crowd was so large that the hearing had to be delayed an hour so it could be moved to the Assembly chamber to accommodate the number of participants. In response to a Legislative Audit Bureau study that found that many of the poor would lose their guaranteed health insurance, protesters hung a white sheet printed with the message: “Tommy, if your wife’s insurance was replaced with a placebo where would your dream be?”, referring to Thompson’s wife, a breast cancer survivor. Another banner said, “W-2 = slave labor for Wisconsin Corporations.” Once the hearing began most of the protesters were already gone because they had to catch charter busses back to Milwaukee. Assembly Speaker, Republican David Prosser of Appleton, said that although there might be, “some modifications if there are legitimate concerns that haven’t been addressed. A handful of people is not going to stop welfare reform.” The entire time W-2 was being mulled over in the legislature Wisconsin religious, labor, and community leaders sat in front of the capitol’s sixteen pillars in silent protest. Thompson did not address the protests inside the capitol; instead he focused his attention on what he believed was a Clinton conspiracy.

When Dane County Executive Rick Phelps expressed concern that counties would be left holding the bill for W-2 and would in turn have to raise taxes, Governor Thompson grew irate. He told reporters that, “President Clinton tells him what to do and he does it. He is a partisan activist who’ll do anything to help stop what I want to change.” Phelps in turn called the governor “paranoid” and elaborated on why counties

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64 Pamela Cotant, “500 Bused in to blast Gov’s welfare plan,” *Capital Times*, January 4, 1996.
would have to raise taxes, “The state doesn’t operate welfare programs. The counties operate welfare programs.”

When the W-2 debate was delayed in the Assembly because both Democrats and Republicans had major problems with the bill, Thompson again lashed out, but only at Democrats, “Now what Democrats are doing is opposing anything I’m trying to do. To my mind, they haven’t offered anything other than criticism. I think they like inaction.” Representative Barbra Notestein, a Milwaukee Democrat, responded sarcastically that she and others were really looking forward to working with the governor to solve W-2’s problems, and she added, “Sometimes I think he [Thompson] just needs someone to blame for problems.” Some even speculated that Thompson’s inability to accept any delay in the W-2 legislative process was because he was eager to enter the Republican presidential primary in Wisconsin in March, having ended welfare in the state.

The Republican caucus admitted it was differences within their own party in the Assembly and Senate that caused the delay of W-2, not the Democrats, as Thompson had claimed. The bill was held up in the Republican-controlled Joint Finance Committee, but when Assembly and Senate Republicans met with Governor Thompson to discuss their problems with W-2, Democrats were closed out of the meeting. Democrats offered to meet with Republicans to discuss possible changes to W-2, but Republicans refused, citing the Democrats’ inability to find ways to pay for their proposed changes.

Even though the bill was delayed Thompson went along with his welfare-replacement-transition plan he called "Operation Transition." Thompson already obtained federal waivers for Operation Transition which would be coordinated by the Department of Industry, Labor and Human Resources. The program initiated elements of W-2 like the opening of 62 job centers. Starting in March, all of those who applied for welfare would have to meet with a financial planner who would advise them on how to obtain work or use alternate means of temporary support like family and friends. All individuals eligible for a jobs program would have to participate a certain number of hours in order to receive a check.  

The Republican caucus negotiated a plan with Governor Thompson to allow counties to administer W-2 instead of private contractors. The issue was a source of contention among counties and unionized workers when Thompson announced plans to allow private contractors to complete for the job. The lawmakers also wanted to insert a health care plan like the one endorsed by National Governors Association plan in Congress, something Thompson and his secretary of DHSS Joseph Leean seemed open to. The program provided health coverage for working pregnant women and those with children up to 6 years old and with household incomes up to 185 percent of the federal poverty level.

State Senator Gwendolyn Moore was quick to point out that it was Tommy Thompson who crafted both W-2 and the National Governors Association plan and that his plan for the nation was much more generous than his plan for his own state. In a press

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conference in Washington D.C. Moore joined other leaders of the National Black Caucus of State Legislators in condemning both proposals. After detailing the plight of the African-American community in Wisconsin and especially Milwaukee, Moore’s message was direct and unforgiving, “Tommy has catapulted himself into the national limelight on the backs of Wisconsin’s poor children.” Representative Antonio Riley, a Milwaukee Democrat, cited a Legislative Fiscal Bureau analysis to show that W-2 would force up to 13,175 students out of college and vocational schools and into low-paying jobs. Republicans defended the educational subsidy cuts because they claimed it was unfair to offer subsidies to people on welfare and not to the working poor who worked and paid taxes. A job training program was added to W-2 called the Employment Skills and Advancement Program which grandfathered in students enrolled in school under AFDC to continue but it would also make funding available for low-income people not on welfare. Democrats Barbara Notestein and Rebecca Young argued this program did not go far enough because most people on welfare did not have a high school diploma, required by most employers.

Republican leaders also agreed to substantially lower the co-pays parents would have to pay for child care under W-2. Republicans claimed they lowered the amount by 300 percent because, “We realize that child care is central to putting people back to work.” Under the agreement parents earning 75 percent or less of the poverty level would have their co-pay for child care reduced from 10 percent to 7.5 percent. Those parents

76 “The National Black Caucus of State Legislators.”
78 “Lawmakers add job training program to W-2 plan,” Telegraph Herald (Dubuque, IA), February 20 1996.
earning 95 percent of the poverty level would pay 10 percent. As negotiations were making progress in Wisconsin, Congress was at a standstill facing the possibility of not being able to pass welfare reform before the presidential election in 1996.

Nationally, the Senate shot down the Democratic proposal for welfare reform and began debate on Republican Bob Dole’s compromise bill. Senator Dole warned that if the bill could not be worked out by September 13th he would roll welfare reform into a budget bill to limit debate. Dole was also contending with Texas Senator Phil Gramm who was competing with him for the GOP presidential nomination. Gramm had been attacking Dole’s welfare reform plan all summer as being weak and not conservative at all. Gramm wanted provisions to address illegitimate births, institute a family cap, and deny illegal immigrants welfare. More than 100 amendments were offered to Dole’s bill and Dole, like Gramm, wanted to provide bonuses to states that reduced illegitimate births, but Dole also included a requirement that states spend at least 75 percent of what they would have on AFDC on welfare, work, and child care programs for three years. Dole also wanted to allow states to provide work exemptions and determine the qualifications for those exemptions. Clinton praised the Senate for working towards an overhaul of AFDC. He warned that ideological extremists threatened to derail reform and encouraged the Senate to continue showing “wisdom and courage” in rejecting measures that punished teen mothers and immigrants, and applied family caps. Senator

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Moynihan, however, called the Senate bill too harsh and threatened not to support Clinton’s reelection unless he vetoed the bill. 83

On September 20th the Senate approved Dole’s bill 87-12. Republicans claimed victory for reforming welfare but Democrats also claimed victory by forcing Dole to increase child care funding and forcing states to continue to help fund welfare. President Clinton praised the compromise bill saying, “If welfare reform remains a bipartisan effort…we will have welfare reform this year and it will be a very great thing. But if this Congress gives in to extremist pressure and walks away from this bipartisan American common ground, they will kill welfare reform.” Senators Moynihan and Kennedy came out strongly against the welfare bill. “After more than 60 years of maintaining a good faith national commitment to protect all needy children, the Senate is on the brink of committing child abuse,” Kennedy said. "This bill is not welfare reform – it is welfare fraud.” The House bill was even stricter than the Senate version with family caps and measures against giving welfare to teen mothers. But the bills shared basic points: Limit welfare to five years, deny benefits to legal immigrants, cut income supplements for the disabled, cut the Food Stamps program and set new work requirements. 84

The National Governors Association, under the direction of Tommy Thompson, wrote a letter to Congress urging the removal of the ban on aid for teen mothers. They also requested that Congress grant them the highest possible level of funding for child care and additional aid during tough economic times. They preempted negotiations between the House and Senate with the letter and HHS Secretary added that the President

83 “Clinton praises Senate version of welfare reform,” St. Louis Post-Dispatch, September 17, 1995.
was fine with continuing welfare reform through waivers until the House and Senate came up with an acceptable bill for him to sign. In a letter to Congress Clinton said, “If Congress walks away from this bipartisan common ground and sends me a bill that is weak on work and tough on children, it will kill welfare reform, and I will be forced to continue to end welfare through the waiver process, one state at a time, until Congress gets it right.” Tommy Thompson was outraged by the letter and called the waiver process, “as big a failure as the current welfare program. To have to go to Washington on bended knee and kiss somebody’s ring in the Department of Health and Human Services and the White House to get a waiver to reform welfare is to me a recipe for disaster.”

While most governors echoed Thompson’s sentiment, Governor Howard Dean backed the president and the waiver system. “Our experience with the waiver process has been great, so the best thing possible for us would be for President Clinton to continue the present system.”

Both the House and Senate welfare reform bills were sent to a 41 member congressional conference panel. Senate Democrats were able to remove 46 items from the Senate plan because they supposedly violated the Byrd rule. Among the items axed were time limits, abstinence education, and the elimination of federal jobs in obsolete programs. All of these could be reinserted by the conference panel but if their compromise was unable to pass both chambers of the Congress they could vote to insert it into budget legislation. Tommy Thompson urged Congress to pass welfare reform as

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a separate bill and force Clinton to sign it. Thompson saw the insertion of welfare reform into the budget reconciliation bill as an opportunity for Clinton to veto it.  

President Clinton faced significant push back from liberals in Congress who questioned his support of the Senate bill. Those liberals demanded he order a study by the Office of Management and Budget into the effects of the Senate bill on child poverty. Senator Moynihan and others had accused the president of suppressing an earlier study by the OMB that showed that more than one million additional children would be pushed into poverty under the Senate bill. When the new study was released confirming the claim about child poverty, not all Senate Democrats supported the findings. Senators John B. Breaux of Louisiana and Joseph Lieberman of Connecticut represented the over 30 senators who supported the Senate bill, and they said the study assumed reforms would fail. Instead of rejecting the bill outright, the moderate Democrats saw this as an opportunity to fix the bill. GOP Senator Rick Santorum had even harsher criticism of the report. “This is Senator Moynihan and the ultra-left wingers in the White House trying to sabotage their own president. This is blatant, unfounded scare tactics.”  

When the conference committee bill was resubmitted to Congress the vote was much closer in the Senate, where the 52-47 vote went down party lines with only two Republicans and one Democrat breaking ranks. The conference bill ended federal guarantees of welfare, and gave states more authority over designing their own systems. Moderate Republicans voted for the bill even though they knew it would be vetoed. “In  

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88 Joe Nichols, “Tough talking Tommy touts welfare reform ; Tommy: Don’t let Clinton duck on welfare; Gov talks tough to GOP senators,” *Capital Times*, November 21, 1995.  
the next round their [Republican] expectation will be that these issues will be addressed,” the moderates wanted, “a better package that isn’t so harsh on legal immigrants, doesn’t sever the link between Medicaid and welfare and does a better job protecting children.” Advocacy groups finally made their presence known with news conferences, vigils, and advertisements against the legislation.  

Clinton vetoed the budget bill on December 6, 1995. Clinton vetoed the second welfare reform bill submitted by Congress on January 9, 1996 because it did not do enough to move people into work and did not provide health care or child care. Both of the vetoed bills arrived on Clinton’s desk as budget cutting bills, and as David Ellwood pointed out, pioneers of welfare reform like Tommy Thompson had to spend more, not less, on job training and child care in order to move people from welfare to work.  

Senator Dole reacted to the President’s veto by saying, “…he [Clinton] bears total responsibility for the continuation of that failed welfare system.” Democrats claimed that the President’s veto was a message to Republicans to address significant deficiencies in the bill and actually work with Democrats to fix them.  

The National Governors Association showed how bipartisanship could work by reaching a unanimous tentative agreement on Medicaid and welfare reforms they hoped both congressional Republicans and the President could embrace. The governors retained a basic guarantee of Medicaid eligibility for all poor pregnant women and children ages 6

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or younger. It also provided a framework for state flexibility in reforming welfare.\textsuperscript{94} Thompson said the governors knew they did not, “have the luxury of not doing something.” The governors’ proposal upped child care funding to $22 billion, a contingency plan for states that experience high unemployment that would boost funding by $1 billion, and foster care, adoption assistance and food stamps should be guaranteed for all who are eligible. It gave states the right to exempt themselves from the family cap. Clinton endorsed the plan by saying it addressed the child care issue he cited as the reason for his previous vetoes.\textsuperscript{95} Republican Rick Santorum was quick to endorse the proposal and suggested it quickly be submitted to Congress.

But not everyone in the GOP was enthusiastic about the governors’ proposal. Republican Representative from Missouri James M. Talent called the proposal “simply unacceptable,” because it did not contain his federal ban on aid to teenage mothers nor did it demand the states adopt a family cap. Obsessed with illegitimacy, Talent claimed the governors’ proposal, “completely misses the point of what real welfare reform is all about.” The Christian Coalition, Concerned Women for America, the Eagle Forum, the Family Research Council and the Traditional Values Coalition sent a letter to Congress opposing the governors’ proposal because it provided more services for illegitimate children and unwed mothers. They wanted the punitive measures against teen mothers brought back into the bill or they would not support it.\textsuperscript{96}

\textsuperscript{94} “Budget break/nation’s governors may help Clinton, GOP meet in the middle with agreement on medicare, framework for welfare reform,” \textit{Akron Beacon Journal}, February 6, 1996.

\textsuperscript{95} Cheryl Wetzstein, “Governors laud their own bipartisan welfare plan; GOP lawmakers seek quick action.” \textit{The Washington Times}, February 7, 1996.

\textsuperscript{96} Tim Poor, “Rep. Talent speaks out against welfare offer; Says governors’ plan ‘simply unacceptable,’” \textit{St. Louis Post-Dispatch}, February 15, 1996.
Despite protests from some in the GOP, hearings were immediately set up on the governors’ proposals. Child advocacy groups and pro-life groups did not want a family cap because they believed it encouraged abortions, but they found themselves at odds with others in the conservative wing of the GOP who endorsed the plan. Neither party was united on this issue. The Department of Health and Human Services found that while the birth rate among welfare mothers in New Jersey went down by about 12 percent since their instillation of a family cap in 1993, the rate of Medicaid-paid abortions went up slightly. This information inflamed the debate surrounding the family cap.97

Governor Thompson testified before the House Ways and Means subcommittee on human resources about the necessity of passing welfare reform quickly because failure to do so would cause fiscal problems in states currently experimenting with welfare reforms. Thompson, along with other members of the National Governors Association, testified about their bipartisan proposal for national welfare reform. Thompson testified that the biggest obstacles stopping people from transitioning from welfare to work were childcare, health care, and transportation. He was commended on how his program Work Not Welfare was able reduce the caseload in Fond du Lac County from 689 cases to 350, a 50 percent decline in two years. But Representative Herald Ford Jr., a Tennessee Democrat, questioned how that program would translate to his state that had double digit unemployment in some cities. Thompson replied that it would not translate. This was the federal government’s problem, since it was trying to make a one-size-fits-all reform when

the states needed to be in control without mandates from the federal government.

Representative Pete Stark, a California Democrat, followed up Ford’s comments:

Governor, I was in Wisconsin long before they [other committee members] were born, and I’ll tell you, Pierce County isn’t as big as the smallest city in my district. Fond du Lac County isn’t as big as the larger cities in my district, and what did you do? You had 191 single parents on the welfare role in Pierce County. Big Deal. And you dropped it by 74. I could do that in two weekends in Wisconsin just using the want ads. And you have no evidence that those 74 people even went to work. They probably moved from Pierce County to Eau Claire where they could get benefits. And you only knocked a hundred or so people in Fond Du Lac County. Big Deal. How do you suppose that would work in Chicago? You wouldn’t go into Milwaukee.

Thompson attempted to respond but before he could Stark launched into a tirade about how the Catholic Church opposed Thompson’s W-2 proposal and his previous reforms as well because they hurt children. Thompson attempted to respond to the Congressman but Stark kept cutting him off demanding he respond to the Catholic Church. Thompson, flustered, said, “I’d rather respond to you because you are absolutely wrong.” Unmoved, Stark kept demanding Thompson answer to the Church and then cut him off every time he started to respond. “What do you say to the Catholic Church, Governor?” Fed up, Thompson finally answered, “I say the Catholic Church is wrong just like you’re wrong.” “Ok. That’s all I wanted. Thank you very much.” responded Stark. Thompson was able to give his full response to the accusation that reducing the welfare caseloads in two small counties was insignificant:

I’m Catholic too. The truth of the matter is, Congressman Stark, is that you picked two counties. Take a look. If you want to pick on Wisconsin, that’s fine. But you want to take a look, and look at the total thing we’ve done in welfare. We have been able to reduce our caseload by over 33 percent. That’s more than any other state anywhere. Those individuals are working. They’re not working for minimum wage. And we have a
Cadillac program in Wisconsin for Medicaid which you should really endorse. We have some good programs on moving children off of welfare and their parents off welfare. We also are doing it in every county, not just the rural counties, the urban counties. Every county has gone down. You can pick two isolated incidents. And that was not what we wanted to do to pick those two counties. It’s what your waiver system under HCFA, under Health and Social Services, and what the White House would allow us to do. We wanted to go into the urban areas and we wanted to expand our Work Not Welfare, and our W-2 program that we’re working on right now is going to do that. It’s going to go statewide. It’s going to go into Milwaukee County. And so it’s nice for you to sit out here and say that we can’t do this and we’ve got to keep the system as it is. Give us a chance. If you are so afraid that we’re going to do something bad, put some general standards that we have to meet. And then have Tom Carper and myself and John Engler and other people to come back. And we’ll come back on bended knee and say how we’re doing, and show you, and kiss your ring. But give us the opportunity during the period of time, and allow us the flexibility to set up a program that actually does work. And that’s all we’re asking for.  

This was the beginning of Thompson’s battle with the federal government and the Catholic Church over welfare reform in Wisconsin.

David Ellwood, one of Clinton’s top advisers on welfare reform wanted Congress to delay taking action on the governors’ proposals in order to ensure a better bill. The head of Catholic Charities USA, Sharon M. Daly and Deborah Weinstein of the Children’s Defense Fund argued that the governors’ proposal would allow states to reduce their spending on welfare and in turn hurt the poor. Even members of Ronald Reagan's administration got into the debate. One of Reagan's former advisors, Robert Carleson, in a letter to Speaker Gingrich, said the governors’ proposal would, “achieve at least 90 percent,” of President Reagan’s welfare reform goals. He also claimed it was Robert Rector head of the Heritage Foundation, not President Clinton that was holding up

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welfare reform. It was Rector who was advocating for federal enforcement of a family cap and ending welfare for teen mothers. When compromise bills developed that allowed states to decide these issues Rector attacked the bills claimed they, “refuse to acknowledge or mention the collapse of marriage and the rise of illegitimacy.” Carleson called Rector’s claims “outright falsehoods.” All of the bills proposed not only acknowledged the problem of illegitimacy but claimed one of the primary objectives as being the reduction of out-of-wedlock pregnancies.  

House Republicans chose to adopt the method of the governors by introducing a bill for both welfare and Medicaid reform. Governor Thompson insisted the two issues were inseparable that they were, “joined at the hip, at the elbow, at the neck and at the head.” The Medicaid reforms were designed to reduce costs which were rising every year. Welfare and Medicaid consumed nearly 30 percent of state budgets.  

Bob Dole introduced their revamped welfare bill in May.  

In June, a bipartisan effort led by Republican Arlen Specter and Democrat Joe Biden in the Senate and Republican Mike Castle and Democrat John Tanner in the House produced a bill introduced in both Houses that would give $16.3 billion in block grants to states along with more funding for work and child care programs. The bill incorporated family cap and limited cash welfare demands of Republicans with demands of Democrats for more funding for child care and work programs. There was a five year lifetime limit for welfare with an option for states to reduce the time limit to two years. There was a significant turnaround in the U.S. economy and along with that prosperity the GOP

leadership now had a few legislative options on the table. There was the governors’ consensus bill that combined welfare and Medicaid reform with a $500 per child tax credit as promised in the ‘Contract with America, which risked a presidential veto. They could pass welfare and Medicaid reform without the tax credit which would still risk a veto. They could pass welfare reform only, as the President and moderates of both parties wanted. The last option was to table welfare reform in order to use the issue against the president in the November elections.\(^{103}\) In Wisconsin Thompson and Republicans refused to table W-2 legislation.

The Legislature’s Joint Committee on Finance began debate on W-2 on Friday, March 1\(^{st}\). The committee was greeted by protesters who had chained themselves together, protesting the legislation as a return to slavery. Two African-American members of the committee called W-2 racist and cruel. Senator Gary George, who proposed putting off a vote on W-2 indefinitely, saying the message of the legislation was, “We can’t spend money on no-good lazy black people.” While African-Americans composed just four percent of the state’s population they were 41 percent of the AFDC caseload. George also argued that the legislature spent more time considering the welfare of farm animals than the poor affected by W-2. His motion to delay was defeated 11-4 with all Republicans voting against him.\(^{104}\)

At the same time the debate in the legislature was happening, a discussion was also being held on the UW-Madison campus. Institute for Research on Poverty analysts had gathered to analyze W-2. Economist Robert Haveman called W-2 both, “a grand...
experiment,” and “a true leap in the dark.” The speakers concluded that the true cost of W-2 could not be known. The program made assumptions about how people will react and how many would enroll in each aspect of it without actually knowing. Another unknown was how easily people would find jobs or whether or not businesses would agree to employ W-2 workers. While Haveman was cautiously optimistic that the program could work, Maria Cancian of the La Follette Institute for Public Affairs said the demands on workers with children would be too great for the program to succeed.105

No legislative debate could be complete without a discussion of abortion, so enter the Wisconsin Right to Life movement, who demanded anti-abortion language be added to the W-2 bill by extending the provisions in the federal Medicaid law which did not fund abortions in Wisconsin. The director of Planned Parenthood, Dick Withers, argued the provision would not allow the purchase of health insurance by counties, municipal governments and other local agencies if the insurance covered abortions.106 The abortion provision that extended existing state law which banned the use of taxpayer money to finance abortions under Medicaid was approved 12-3.107

The debate over W-2 lasted ten hours. It featured supporters of the legislation being likened to the Nazis. Johnnie Morris-Tatum, a Milwaukee Democrat, dressed in what she referred to as the traditional African dress for mourning and made references to Nazi trials at Nuremberg, “What are you going to do about the walking dead you are creating? What are you going to do with the bodies? How are you going to effectively and efficiently get rid of these people? This bill is implicitly racist, sexist, and child-

hating.” Others argued that W-2 would not provide enough educational opportunities for people to advance out of minimum wage labor. Speaker John Gard, a Republican from Peshtigo, responded by saying, “Welfare is not a scholarship program.” The vote came down 73-25 with 22 Democrats voting for the legislation and no Republicans voting against it.108

The debate in the state Senate lasted fifteen hours but the bill passed 27-6. Even though they knew it was going to pass Democrats vowed not to go silently in defeat. Gwendolyn Moore offered many of the one hundred and twenty amendments Democrats attempted to add to the bill. She also dominated much of the debate, “This bill is racist, this bill is sexist and this bill hurts children. You have declared war on children. You’re messing with the most precious thing that we have.” Gary George, a Milwaukee Democrat, added, “This bill says if you don’t do what we say, we’ll starve your children.”109

After Wisconsin Works passed, with a few Democratic amendments, it sat on Thompson’s desk for a month during which Thompson utilized his unique partial veto power to alter 27 parts of the legislation.110 He changed the September 1, 1997 deadline to implement W-2 to give the state more time. He partially vetoed the 60-month “clock” regulating participation in order to make it stricter. The clock could only be stopped for women who were pregnant before they got into W-2 or if they were raped. He also used

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109 Mike Flaherty, “Democratic senators get behind W-2; Senate OK’s W-2 welfare reform plan, opponents speak for hours.” Wisconsin State Journal, March 14, 1996.
the veto to bar non-custodial parents from getting taxpayer-subsidized jobs. One of his most egregious vetoes removed legislative oversight of W-2 implementation. The provision required hearings and approval of rules by the Legislature, something Thompson said would take too much work. Republican Representative from Dodgeville, Steve Freese, defended the governor’s veto, “It’s not the Legislature’s job to oversee every detail of government.”

Governor Thompson signed the Wisconsin Works bill into law on April 25, 1996. When Thompson signed the W-2 legislation he declared:

“We can change our state forever to one where those who are able to work do so, and where those who are not are given the incentives and supports they need to enable them to do so. We will be a state where all citizens are educated and trained to work and expected to do so, where communities work together to provide help to those who need it, and where the government of the state acts to enable persons to work, instead of simply providing cash to individuals who are not working.”

The Wisconsin Works bill in its final form contained the following provisions:

State welfare offices were changed into employment offices. The maximum time a family could stay on welfare was five years. Cash, food stamps, and other assistance were only available in return for work-related activity. The government was responsible for helping job-ready applicants work in the private sector and help inexperienced applicants find subsidized jobs or community service jobs. It required 40 hour work weeks for recipients

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114 Tommy G. Thompson, "Letter to members of the Assembly," April 25, 1996, Wisconsin State Historical Society Archives, Tommy Thompson Papers.

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and teen parents were required to finish high school and live with supervising adults. No increases in monthly cash stipends would be issued for additional children born while the parent was on welfare. Recipients would be required to pay co-pays for health and child care services. Non-custodial parents could join W-2 if they had child support orders against them in order to make payments to their families. The W-2 battle was far from over, because Thompson still had to gain waiver approval from President Clinton in order to start the program and national welfare reform legislation had still not been approved.

Welfare reform at the national level had been stalled by intense partisanship that pitted Tommy Thompson, a potential running mate of Senator Bob Dole, and the Republicans against President Clinton. Thompson complained about the waiver process, “So now we have to go back on bended knee and beg: ‘Mother may I try this wonderful program?’”115 Thompson had been bashing Clinton all year in the press over national welfare reform, so it remained uncertain whether the president would support his waivers. There were two points of contention experts like Michael Wiseman saw in the waivers for W-2. One was charging co-pays for Medicaid, and the other was ending welfare as an entitlement.116

Almost immediately after Thompson signed W-2, welfare rights groups, Democratic legislators, and interest groups began petitioning President Clinton and DHSS Secretary Donna Shalala to deny the waivers needed to implement the program. The American Federation of State, County and Municipal Employees opposed "Wisconsin’s rejection of entitlement to services and benefits in W-2. In the absence of

federal law eliminating an entitlement, HHS must uphold this most basic feature of the current system.”

The Wisconsin Catholic Conference and Legal Aid of Wisconsin also sent letters in opposition to the W-2 waivers. Thompson knew the issue of waivers would be moot if the National Governors Association version of federal welfare reform was passed but Clinton had already vetoed Republican welfare reform legislation twice by the time Thompson submitted the waivers for W-2.

Thompson remarked when he signed W-2 that, “The only person standing in the way of welfare’s demise is Bill Clinton.” He submitted the waiver requests for W-2 to the Clinton administration on May 3rd. Clinton issued high praise for W-2 in his weekly radio address calling it a “solid, bold welfare reform plan.” He implied he was going to sign the W-2 waivers by encouraging other states to follow Wisconsin’s lead, “So the states can keep on sending me strong welfare reform proposals, and I’ll keep on signing them. I’ll keep on doing everything I can as President to reform welfare state by state, if that’s what it takes.”

After the radio address Thompson, the media, and Capitol Hill were all expecting Clinton to sign off on the 693 page application with 88 waivers immediately. Clinton’s radio endorsement of W-2 was political posturing because Bob Dole, the Republican nominee for president, was slated to endorse W-2 and welfare reform in a campaign speech in Wisconsin only days later. The deputy White House

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120 “Wisconsin to end welfare payments,” *Facts on File World News Digest*, May 9, 1996.
121 “Clinton Radio Address”, May 18, 1996, Gwendolynne Moore Papers, Box 1, Wisconsin Historical Society.
chief of staff, Harold Ickes, acknowledged that Clinton had not actually read the W-2 plan yet. “All of us have only a rudimentary understanding of what this plan is. I don’t know if we have problems or not.”123 Once they actually read the proposal they did, indeed, have problems.

Two days after his radio address, the Clinton administration qualified the president’s praise of W-2. An HHS official said Clinton would not be immediately signing any waivers for W-2 to be implemented in Wisconsin. This inaction enraged governors of states who sought waivers for their welfare reform programs. Minnesota governor Arne H. Carlson actually threatened the president, “If we are not granted this waiver, I will consider the possibility of implementing these reforms without your approval. I would like to avoid that contingency, but we have few other options.” The governor of Massachusetts William F. Weld cited Clinton’s praise of W-2 which contained time limited welfare as the reason he was resubmitting his waiver for a time limited welfare system which the Department of Health and Human Services had rejected previously.124

Angered by Clinton’s hesitance to sign the waivers, Thompson personally delivered the 693 page waiver application to the White House on May 30th. On June 1st, tired of waiting for two whole days, two Republican Wisconsin Congressmen Mark Neumann and Scott Klug said they would push the W-2 waivers through Congress in order to bypass the White House. Klug said, “The bill will essentially grant all of the waivers [W-2] needs.” Michael Kharfen, a spokesman for the Department of Health and

123 Steven Thomma and Vanessa Gallman, “Dole speech will try to reclaim welfare reform as GOP issue,” The Philadelphia Inquirer, May 21, 1996.
Human Services responded to complaints the administration was not acting quickly enough, “Our intention is to do this as quickly as possible, I have a stack of about 500 pages and I haven’t gone through them all.” Governor Thompson was quite comfortable taking his waivers to Congress.

Governor Thompson was no stranger to Congress. During his three terms as governor he testified before committees numerous times regarding Wisconsin’s various welfare reforms. He had also testified in protest of what he saw as unnecessary federal regulations and intervention into state laws. On January 12, 1995, Thompson testified in front of the Senate Labor Committee on the need to overhaul federal job training programs and was praised by Senator Edward Kennedy for his job training reforms in Wisconsin. Also in 1995, Thompson submitted to the House Budget Committee a list of more than two hundred unnecessary federal regulations forced on Wisconsin. Many regulations were unfunded, requiring states to set up and provide enforcement without any federal funding to do so. Thompson claimed unfunded federal regulations cost Wisconsin more than $270 million each year which was more than welfare cost or the entire operating budget of the Department of Natural Resources. Thompson was willing not only to fight Congress but to use Congress to fight the President.

House Republicans issued an ultimatum to the President: sign the waivers or Congress would. House leaders in a letter to the president wrote, “It has been 48 hours. There should be no reason for you to negotiate, study or otherwise delay.” House Democrats called the proposed action a political stunt and representatives of the Health

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126 Thompson, *Power to the People*, 2-11
and Human Services Department noted there was a 30-day comment period for waiver requests put in place by the previous Bush administration.\textsuperscript{127} Ironically after complaining it should not take longer than 48 hours to read a 600 page document both Klug and Neumann who introduced the legislation to the House, later admitted they too failed to read the near 600 page waiver proposal.\textsuperscript{128} Thompson’s W-2 measure passed the House by a vote of 289-136 but had no chance in the Senate. Democratic Representatives from Wisconsin who voted against the bill accused the Republicans of political posturing. Representative Tom Barrett, a Wisconsin Democrat, said, “Welcome to presidential politics Wisconsin style. They want to take an olive branch (the president) has handed them, break it in half and shove it in his eye.”\textsuperscript{129} Bringing the Wisconsin’s welfare reform to Congress was not a total loss because it prompted Representative John Tanner from Tennessee to comment, “If we are going to spend time on the floor discussing welfare, we ought to be discussing a national welfare bill.”\textsuperscript{130}

In the Republican response to the President’s weekly radio address on June 8\textsuperscript{th} Representative Mark Neumann, a Wisconsin Republican, announced that the House of Representatives had passed the Wisconsin Works bill because, “the American people will no longer sit by and allow the Washington bureaucrats have the final word on every American policy, whether it be welfare reform or another imitative in your state.”\textsuperscript{131} The bureaucrats Neumann was referring to were working in the Department of Health and

\textsuperscript{129} Robert Granader, “House OKs state welfare plan; But waiver for W-2 is unlikely to clear Senate,” \textit{Wisconsin State Journal}, June 7, 1996.
\textsuperscript{130} Thompson, \textit{Power to the People}, 78-82.
Social Services, evaluating the Wisconsin waiver request and discovering critical errors throughout the massive document.

While Republicans were publicly demanding the W-2 waivers be signed by the President and welfare reform be passed by Congress, opponents of W-2 were petitioning the Clinton administration about specific waivers they wanted denied. Dane County Executive Rick Phelps asked the president to deny W-2 the ability to end medical coverage for children, he also wanted the waivers to be conditional on a three year effectiveness study conducted by an independent body.\(^{132}\) Democrats in the Wisconsin State Assembly urged the president to add the Democratic amendments to W-2 as a condition of the waivers.\(^{133}\) Archbishop Rembert Weakland wrote an open letter to the president in the *Washington Post* calling W-2, “patently unjust.” He took issue with a W-2 provision that would allow benefits to be severed to women and children even if they complied with W-2. He said of the anti-entitlement measure, “Such a message may be attractive in an election year; it is not morally justifiable.”\(^{134}\) Thompson lashed out at the archbishop claiming, “He wants to lock people into poverty, he wants to lock people into welfare dependence.” And what of the Christian doctrine Weakland accused Thompson of betraying? Thompson suggested the archbishop, “come back to Wisconsin and read his Bible”\(^{135}\) Thompson contended that Christ taught personal responsibility and then he joked that Jesus turning water into wine was not an act of charity but the act of a true entrepreneur.\(^{136}\)

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\(^{133}\) “Wisconsin State Assembly letter to Clinton on W-2”, June 27, 1996.


As Thompson was engaging in verbal throw downs with the Catholic Church, the White House and DHSS were tackling errors in Thompson’s W-2 waiver applications. Instead of submitting W-2 legislation verbatim Thompson submitted summary applications for waivers which contained errors. One of the errors would allow the state to place W-2 recipients in jobs that reduced the hours of existing employees, violated union contracts of union employees, and reduced existing employees chances for promotion. Thompson admitted that was completely an error, “that was never the intention. We will never do that.” Egregious errors like these slowed the approval process even further. As Senator Russ Feingold pointed out, “Maybe the Thompson administration ought to scrub the entire waiver documents…and make sure it’s what the Legislature intended. Apparently there’s some distance between the two that needs to be resolved and I hope it is.”

As the Thompson administration reviewed and resubmitted the waiver requests, Congress was actually making progress on national welfare reform legislation.

Late in June, Speaker Gingrich announced that welfare and Medicaid reform would remain joined in one bill as they went through Congress. Ari Fleischer, a Republican spokesman, predicted that if Clinton actually signed welfare reform he would be divided from his base. “The left will fight him tooth and nail if he signs it. It will be a Civil War. It will split the heart of the Democratic Party and will be completely unsustainable for the president. It’s akin to George Bush signing a major tax increase a few months before an election.” Republican Representative from Ohio John Kasich

wanted Republicans to seize the moment, “This is a very good chance to show the American people, some of whom may not be aware of our accomplishments, what the Republican Congress has done.”\textsuperscript{138} In order to emphasize that fact the bills had to be purely sponsored by Republicans, no matter how many Democratic proposals they contained.

In July, President Clinton praised Congress for being close to genuine welfare reform. “We are close to replacing a broken welfare system with one that requires work, offers opportunity, and demands responsibility.” But he also warned against tampering with Medicaid, “I am determined to make welfare reform the law of the land, but I’ve also made it clear that I will not allow Medicaid to be destroyed, and I don’t care what bill it’s attached to.” He gave his support for both the bi-partisan legislation offered in the House and Senate and the purely Republican draft as well.\textsuperscript{139} He then upped the ante by ordering the Health and Human Services Department impose a requirement on the states that a minimum of 15 percent of welfare recipients in the JOBS program take a job. He did this in order to challenge Congress to make sure there was a work requirement in their welfare reform “I prefer a bill passed by Congress. So let’s agree, one way or another we will make work and responsibility the law of the land, but we want a good welfare reform bill.” Tommy Thompson blew off the President’s action as being, “not very sincere. He could have done it four years ago.”\textsuperscript{140}

The Senate rejected the Work First welfare reform plan 53-46 on July 20\textsuperscript{th}. They also failed to pass the bi-partisan bill by Senators Specter and Biden 61-37. They

\textsuperscript{139} “Clinton: Breakthrough seen for welfare reform,” \textit{The Record}, July 14, 1996.
\textsuperscript{140} Paul Bedard, “Clinton issues welfare option; Won’t be needed if Congress acts,” \textit{The Washington Times}, July 17, 1996.
removed a Democratic amendment to give welfare vouchers to children whose parents were dropped from welfare. Republicans also had some of their amendments blocked. A proposal by John Ashcroft to allow random drug testing and sanctions of welfare recipients who test positive was defeated along with a proposal to not provide cash assistance to minors living with other welfare recipients.  

The bills the House and Senate passed in late July were much closer than the ones from the previous year. Both limited lifetime welfare benefits to five years and required welfare recipients to work after two years. Democrats split 23 for and 23 against the bill with Moynihan being one of the detractors stating, “I cannot conceive that the party of Social Security and Civil Rights could support this legislation that commences to undermine both.” The president responded to the Senate bill by stating, “You can put wings on a pig, but you don’t make it an eagle.” He was afraid the bill did not do enough to protect children. The bill still had to go to conference committee where it would combine with the even tougher House bill, both bills were the ones solely sponsored by Republicans.

The House and Senate bills submitted to conference committee gave states federal funding to design and run their own welfare programs and both required state programs to mandate work after two years. Both bills allowed teen mothers could receive welfare if they stayed in school and lived with an adult, but they gave states the option of cutting off benefits to all unmarried teen moms. Both bills made welfare unavailable to immigrants who were not U.S. citizens. The bills differed in their treatment of food stamps. The

142 Cheryl Wetzstein, “Senate passes welfare overhaul; President could get final bill next week,” The Washington Times, July 24, 1996.
House bill allowed states to receive food stamps as block grants, allowing the state to decide eligibility requirements and benefit levels. This provision was axed in the Senate version and President Clinton was absolutely opposed to the measure because it would interfere with the federal government’s ability to provide aid during natural disasters and economic recessions. The House bill had steeper reductions in funding for food stamps, while the Senate had higher reductions in the Earned Income Tax Credit program. The House bill had more restrictions in the level of welfare assistance that would be available.

The President liked the Senate version of the bill better because of its guarantee that the poor continue to receive Medicaid and food stamps, but he wanted more protections for children. It was not clear until Congress passed the final bill if President Clinton would sign it. When he confirmed he would sign the legislation, GOP presidential candidate, Senator Bob Dole, immediately took credit for the bill. “The first 100 days of the Dole Administration have begun 97 days before the election. I’m pleased that the President has finally decided to support the Dole welfare reform proposal.” After the Congressional recess the president signed the bill on August 22, 1996.

After four years and two vetoes, Congress was finally able to come up with a plan the majority would support and the president would sign. Republicans made concessions on Medicare, food stamps, child care, school lunch programs, and aid to disabled children. Democrats and President Clinton made concessions on food stamps and aid for immigrants, but Clinton was able to get more funding for child care and several other provisions he and Democrats wanted. While the bill was Republican in sponsorship, it

was bi-partisan in content. The House vote was 328 to 101 with only two Republicans voting against it and Democrats splitting 98 to 98. Democratic Representative from Wisconsin, Tom Barrett, voted against the bill because he claimed it took away a safety net for children. “My fear is this will create another race to the bottom.” Democrat John Lewis from Georgia called the legislation “mean, it is base, it is downright lowdown.” Perhaps the harshest criticism came from Senator Moynihan who called the legislation, “the most brutal act of social policy since Reconstruction.” President Clinton was disappointed with parts of the bill and even vowed to try and change two major provisions. One part of the bill cut aid to nutrition programs like food stamps, and the provision he disliked the most, and was part of the two bills he vetoed previously, banned most welfare benefits for immigrants. This provision was softened since his veto by allowing exemptions for health and extenuating circumstances. Still, it did not sit well with Clinton:

It is just wrong, to say to people, ‘We’ll let you work here, you’re helping out country, you’ll pay taxes, you serve in our military, you may get killed defending America, but if somebody mugs you on a street corner, or you get cancer, or you get hit by a car, or the same thing happens to your children, we’re not going to give you assistance anymore.’

In the same breath, Clinton urged states to use their new powers under the PRWORA legislation to follow Wisconsin’s example and take steps to move welfare recipients to work. This should have made Governor Thompson proud, but he was upset.

that Republicans in Congress removed a provision in the legislation that would have allowed the working poor in Wisconsin to buy into Medicaid.¹⁴⁷

In signing the legislation Clinton proclaimed, “Today, we are taking a historic chance to make welfare what it was meant to be, a second chance, not a way of life.” Clinton hoped it would end partisan politics regarding the issue. “The two parties cannot attack each other over it. Politicians cannot attack poor people over it. There are no encrusted habits, systems, and failures that can be laid at the foot of someone else.” He reemphasized how the idea of putting people to work was not a neo-con issue. He quoted Robert F. Kennedy, “Work is the meaning of what this country is all about. We need it as individuals. We need to sense it in our fellow citizens, and we need it as a society and a people.”¹⁴⁸

Clinton was harshly criticized by liberals, welfare rights organizations, and women’s rights groups like the National Organization of Women, who organized a 300 person march along Michigan Avenue during the signing. Even though Clinton vowed to fix parts of the bill like the food stamp and immigrant provisions, signing the bill at all was unacceptable to some. The head of the Children’s Defense Fund, Deborah Weinstein argued,

The President knows this bill hurts children. He knows this bill hurts working families and he is signing it anyway. He had a choice to stand up for what was right or do what was wrong, and he did what was wrong. What crystal ball does he have that he knows he can fix it? If he knew there were problems why did he sign it?¹⁴⁹

¹⁴⁷ “Clinton says he’ll sign historic reform measure,” Milwaukee Journal Sentinel, August 1, 1996.
The president of the National Organization of Women, Patricia Ireland had even harsher criticism for Clinton, “While some of us may hold our noses and vote for President Clinton, many of us will refuse to lift a finger or contribute a penny toward his reelection.”\footnote{150 “Clinton Signs Welfare Bill Amid Division,” Washington Post, August 23 1996.} White House spokesman Mike McCurry answered NOW’s threat, “If the president has to live without the support of the National Organization of Women in the coming election, he’ll just have to pay that price.” With an election three months away Clinton could not veto a third welfare reform bill when he had promised to end AFDC when he campaigned for president in 1992. As his presidential rival Bob Dole put it bluntly, “President Clinton knew he couldn’t afford a third strike.”\footnote{151 Warren P. Strobel and Cheryl Wetzstein, “Clinton signs welfare into law; NOW leads protest outside White House,” The Washington Times, August 23, 1996.}

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, was set to take effect July 1, 1997. It abolished AFDC and replaced it with Temporary Assistance for Needy Families (TANF) which were block grants for states of $16.8 billion per year for five years between 1997 and 2002. States were expected to supplement these grants with 75 percent of the amount they were spending on AFDC. The stated goal of the reform was to move families from welfare to work. A maximum of five years was set for a lifetime on TANF but the legislation allowed states to set even stricter limits. Able bodied heads of families were expected to be working within two years of being on TANF or lose aid. States could provide hardship exemptions for up to 20% of recipients. It eliminated benefits for most immigrants with a provision for health and emergency situations. It extended Medicaid for one year after recipients left welfare and reduced food stamp eligibility for adults without dependents. It barred states from
giving grant money to mothers under 18 years of age unless they lived with an adult, and penalized mothers who did not assist in establishing paternity of illegitimate children. It also denied welfare benefits and food stamps to anyone convicted of felony drug charges with the exception of pregnant women and dependents.  

The immediate fallout from signing the welfare bill was the resignations of three members of Clinton’s Health and Human Services Department. Wendell Primus the deputy assistant secretary in the office of HHS Health Policy, resigned before Clinton signed the law. Mary Jo Bane, assistant secretary of HHS and head of the HHS division on children and families and co-architect of Clinton’s welfare proposal, and Peter Edelman, the assistant secretary for HHS planning and evaluation, announced their resignations a few days after the PRWORA signing. All three directly cited the welfare bill as the cause for their resignations. Liberal groups like the Children’s Defense Fund and NOW found their position with the president strained while moderate Democrats in the Democratic Leadership Council who supported the president and PRWORA found their status improve with the president and the party. First Lady Hillary Clinton, perhaps seeking redemption with the party for the failure of health care reform, sought a formal role in welfare reform by tracking how welfare reform was being implemented throughout the nation. Republican governors like Tommy Thomson were not keen on that idea, “If we want welfare reform to be successful let the governors do it… We’ve finally got the chance to move people off welfare, and we really don’t need the tender loving

The governors were gearing up for the next battle in welfare reform, actually implementing it.

National welfare legislation overshadowed the battle for W-2 waivers. Rep John Boehner, an Ohio Republican, asked, “If welfare reform is so important to this president, then why can’t he do both, approve Wisconsin’s waiver and sign the congressional welfare reform plan?” White House press secretary Mike McCurry responded, “Remember, the legislation itself would render moot the whole waiver process that states use currently, and would make it possible in the case of Wisconsin to implement welfare reform earlier than would otherwise be the case.” Governor Thompson seemed perplexed, “Our heads are spinning. One day he is for waivers, the next day he is promoting a bill even though he has twice vetoed welfare reform bills.”

Welfare rights advocates, Wisconsin Council on Children and Families, made one final plea with Clinton in August to reject W-2 or at least reject the limitations it placed on Medicaid.

House Speaker Newt Gingrich, a Georgia Republican, called out the president at the Republican press conference following the president’s announcement he would sign the PRWORA national welfare reform legislation. Gingrich wanted the president to sign the W-2 waivers first:

The president has the option if he wants to of signing the Wisconsin waivers today before the bill (PRWORA) gets here. He’s now several weeks late on signing the Wisconsin waivers for the Wisconsin Works plan and I might point out that as recently as yesterday, we were being

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told by the White House that they would veto the bill if we included the Wisconsin Works waiver in the bill.\textsuperscript{158}

Clinton eventually approved the waivers for the welfare portion of Wisconsin’s W-2 program on September 30\textsuperscript{th} 1996, but Clinton rejected the waivers for changing Medicaid because it violated the Federal guarantee of health care to low income families.\textsuperscript{159} The administration liked the plan to expand Medicaid to low-income, uninsured persons, and encouraged them to resubmit the waiver without the punitive aspect.\textsuperscript{160} Thompson eventually resubmitted the Medicaid proposal as BadgerCare, a waiver that allowed Wisconsin to expand Medicaid to a broader population including all W-2 participants who lacked employer insurance and allowed families with incomes above the poverty line to also participate at the cost of three percent of their income.\textsuperscript{161}

After the success of getting W-2 passed the chief architects of Wisconsin’s reform, the Hudson Institute, was contracted to help do the same in New Mexico, West Virginia, New Jersey, Oklahoma, and Texas. Interest in the institute started to grow when W-2 was announced, but their services were in high demand after PRWORA was signed into law forcing states to completely revamp their welfare systems. The utilization of think tanks and policy institutes like the Hudson Institute in Wisconsin and the Heritage Foundation in Washington came with the increasing complexity of public policy issues. While some warned of the ideological tilts that could make them propaganda

\textsuperscript{158} Newt Gingrich, “House Speaker Newt Gingrich (R-GA) and other Republicans news conference Re: Clinton Announcement on Welfare Reform Bill,” Federal News Service, July 31, 1996.

\textsuperscript{159} “DHSS Letter from President Clinton”, January 9, 1997, Tommy Thompson Collection, Box 3, Wisconsin Historical Society.

\textsuperscript{160} “Clinton green-lights welfare programs,” Telegraph Herald (Dubuque, IA), October 2, 1996.

machines, others viewed their participation as true independent actors that helped build consensus between ideologies.  While the Hudson institute helped develop the W-2 legislation they were not the ones who had to implement it. That work was left for Thompson and the Wisconsin state government.

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Chapter 7: After PRWORA

Policy experts who were studying TANF believed the long-term effects of the program would not be known until a recession, but the early data seemed promising. While there were some states that needed federal assistance to automate their welfare systems and come into compliance with TANF regulations, most states had already begun experimenting with new programs and were already seeing results. Welfare advocates worried how the poor would be informed of changes to the welfare system, and they also wanted assurance that the increased role of religious institutions in welfare services would not lead to discrimination.

TANF gave control over welfare programs back to the states and although there was federal government oversight, the states controlled eligibility requirements and the amount of grants. The federal government, advocacy groups, and NGOs were constantly conducting studies of welfare reform through the country. Of particular concern was whether or not adequate child care was being provided in order to enable welfare recipients to work. Private industries were given welfare to work contracts for employment, and the federal government encouraged those employers to provide child care services for their clients. Studies showed most states had significantly lowered their welfare caseloads and were left with surpluses of TANF funds. How to use the left over funds was a contentious debate between those who wanted to reinvest in the TANF
programs and provide more services to the poor and others who wanted to use the funds for other government matters like lowering property taxes. Studies showed that welfare caseloads were seeing double digit declines in every state and that recipients were getting jobs but that those jobs were extremely low paying, provided little opportunity for advancement, and left people poorer than they were on AFDC.

In 2002 President Bush proposed the work requirements for TANF be raised from 30 hours to 40 hours per week but also included what he called pro-family proposals to focus on abstinence only education and responsible fatherhood programs. TANF reauthorization was a struggle that lasted two years and required 45 percent of all TANF recipients in work related activities which with the reduced caseloads provided a greater challenge to the states. Ten years after the passage of TANF both overall welfare caseloads and poverty declined, but those who entered the workforce on average became the working poor and still had to rely on government programs to survive.

1996-1999

Daniel Patrick Moynihan predicted that PRWORA would lead to, “children sleeping on grates and scenes of social trauma such as we haven’t known since the cholera epidemics.”\[^1\] Immediately, state experts began contemplating what PRWORA and TANF would mean for their states. Would there be enough jobs for the thousands of adults in each state who were on welfare? Would education count towards the work requirement?\[^2\] States had to decide whether or not to provide food stamps and SSI for

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\[^2\] Truong Phuoc Khanh, “Grief, fear follow welfare briefing 150 attend MJC forum outlining reforms,” *Modesto Bee*, September 28, 1996; Newspapers from across the country ran similar stories about what PWORA and TANF would mean for their states.
legal immigrants because TANF no longer provided these things. Mark Greenburg from the Center for Law and Social Policy, a non-partisan advocacy group for the poor, stated that the impact of the transition from AFDC to TANF might not be immediately known since “many states are beginning with higher federal funding levels, we may not feel the effects of the shift until the next recession.”

Each state was mandated to come up with a replacement for AFDC by July 1st, 1997. Cash aid would to be limited to a five-year lifetime maximum and half of adult recipients of TANF had to be working within two years. Legal immigrants were only eligible for federal aid after working for five years and refugees, people under political asylum, veterans, and legal immigrants had to work for 10 years before qualifying for the full five years of aid. States had to use at least 80 percent of their TANF grant in order to keep the full grant, but many states were left with surpluses. Florida announced that surplus TANF funds would be used for job training. Wisconsin chose to spend its surplus on child care. North Dakota chose to put its surplus into food stamps and heating assistance, but they also focused their TANF program on individual assessment and designed their program around uncovering factors in people’s lives that prevented long-term employment, such as drug abuse, child care issues, domestic violence, disabilities, and lack of education. While some states started reforming their welfare systems long before PRWORA, others waited for the federal reform to pass before they acted. The

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5 Don Davis, “North Dakota’s version of welfare reform should be in operation next year,” Bismarck Tribune, January 17, 1997.
states that waited had the hardest time implementing PRWORA and required federal assistance to do so.

The National Governors Association (NGA) sponsored a conference in late August of 1996 to assist over 500 state officials in implementing PRWORA. The concerns raised by state policy makers were then brought by the NGA to the House Ways and Means Subcommittee on State Implementation of Welfare Reform on September 17th. Of particular concern to the NGA were federal regulations issued after states had already implemented reform. They also wanted the secretary of HHS to work with states to make sure their interpretations of the federal regulations were correct. State governments were concerned about how to update their information systems in order to comply with the tracking and monitoring requirements of TANF. They requested that the federal government assist them not only in developing the system but in sharing the cost for the new technology as well. The NGA also wanted more flexibility to transfer TANF block grant funds to child care and wanted PRWORA amended to allow a two-parent household where one parent was incapacitated to be counted as a single-parent household.6 States were required to submit their TANF program proposals by July 1, 1997, but advocates for the poor worried that welfare recipients were not being adequately informed of changes in state welfare systems, especially time limits. Other advocates worried about the possibilities of discrimination under the new system.7

In September, the U.S. Commission on Civil Rights wrote to President Clinton about how to protect civil rights under PRWORA. Of particular concern was the

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Charitable Choice provision which allowed religious organizations to receive TANF block grant funding to provide welfare to work services. The commission supported religious institutions being able to participate, but wanted welfare recipients protected from discrimination by the organizations because of “religion, religious belief, or refusal to actively participate in religious practice.” The commission argued that previous administrations did not enforce Title VI of the Civil Rights Act diligently enough under AFDC. The commission claimed to have found, “evidence that laws prohibiting discrimination on the basis of sex, age, and disability were, likewise, not being enforced.” The Commission concluded that, it along with its state advisory committees, would closely monitor the implementation of TANF and urged the administration to ensure the Department of Justice and the Department of Health and Human Services were also monitoring agencies for civil rights violations.8

With deadlines looming for the implementation of state welfare reform programs, senators urged President Clinton to support a six-month moratorium on penalties regarding the automation deadline for the Child Support Enforcement System that was ordered not by the 1997 PRWORA legislation, but by the 1988 Family Support Act. The deadline required all states to have a child support enforcement automation plan ready and certified by the Department of Health and Human Services by October 1, 1997 as a condition of AFDC. The deadline was picked up by the PRWORA legislation and was a condition of TANF. Only 16 states would be ready by the October 1st deadline and it would result in 34 states losing all of their TANF and federal child support funds if a

moratorium was not issued by President Clinton.\textsuperscript{9} If states lost their TANF funds, the poor would have their services severely reduced if they were able to get them at all.

At the same time senators asked the president for a moratorium on state child support programs, the federal government announced a new record in federally collected child support. Donna Shalala, HHS Secretary, announced that $1.1 billion in delinquent child support had been collected by the federal government from federal income tax refunds in 1996. The amount was 10 percent higher than 1995 and 66 percent higher than 1992.\textsuperscript{10}

By 1998 Wisconsin received the highest TANF grant in the nation at $21,600 per case. Wisconsin used the money for job training, child care, community service jobs, and they even began assisting the working poor with health care and wage supplements.\textsuperscript{11} But unlike Social Security, where every state had to follow the same guidelines and state and local governments had no control over determining eligibility, AFDC and TANF varied widely from state to state. States decided who was eligible for TANF and how much the eligible recipients would get. The benefits had very little to do with a state’s cost of living.\textsuperscript{12} Because of the disparity between state benefits, the annual income of former TANF recipients went down from $8,100 on welfare to $7,700 at minimum wage. Nationally the median wage of all former welfare recipients was 20 percent less than that of all hourly workers.

\textsuperscript{11} James T. Patterson, \textit{America's Struggle against Poverty in the Twentieth Century}, (Cambridge: Harvard University Press, 2000), 239.
In January of 1998 the Department of Health and Human Services announced a new initiative to supplement the Children’s Health Insurance Program (CHIP). The new initiative was meant to help states enroll three million children into state health insurance programs. The proposal included efforts to increase outreach and informing people of their eligibility. Another initiative was to simplify state access to the TANF outreach fund to provide Medicaid assistance to children. Along with state access to the fund, the proposal would eliminate the sunset date of the fund that was set at the year 2000, and would add $25 million to the fund.\(^\text{13}\) At the same time HHS was developing programs to supplement Medicaid, Congress was looking for ways to cut costs and proposed restricting federal reimbursements to states for administering food stamp and Medicaid programs. The NGA immediately wrote a letter to Secretary Shalala protesting the Congressional proposal because it did not assess each state individually, instead the proposal called for blanket cuts.\(^\text{14}\) Governor Thompson also protested a requirement of TANF which forced states to submit data to HHS for evaluation. Thompson complained that this would limit state flexibility and would waste valuable state resources performing an audit when that money could go to the poor.\(^\text{15}\) While states fought federal efforts to audit their welfare programs, both federal agencies and NGOs were constantly studying the effects of welfare reform throughout the country.


\(^\text{14}\) "National Governor’s Association letter to Donna Shalala”, January 30, 1998, Tommy Thompson Collection, Box 3, Wisconsin Historical Society.
\(^\text{15}\) Tommy Thompson, “Thompson Letter to Donna Shalala”, February 18, 1998, Tommy Thompson Collection, Box 3, Wisconsin Historical Society.
The report focused on the efforts of seven states: California, Connecticut, Louisiana, Maryland, Oregon, Texas, and Wisconsin. The GAO chose those particular seven states due to their diversity in socioeconomic conditions, geographic locations, and welfare reform initiatives. The study showed that each state tried to address the increased demand for child care by expanding both the supply of providers and by providing incentives for businesses to expand or provide child care services. States also provided initiatives to increase early childhood development and education programs such as Head Start and Pre-K programs. The study concluded that federal subsidies for child care were critical to states’ overall welfare reform efforts. It also found that child care efforts were aided by declining welfare caseloads and it was uncertain how effective the state programs would be over the long term if there was an economic downturn. This vindicated Democrats in congress who fought for increased child care to be included in PRWORA, and they would use this information the debate for its renewal.

In March of 1998, the GAO released a report on the effect welfare reform had on Medicaid. PRWORA gave states more flexibility to change eligibility for Medicaid and nine states were evaluated for how state welfare reform efforts impacted each state’s Medicaid program. The nine states chosen were California, Connecticut, Florida, Georgia, Iowa, New Jersey, New York, Texas, and Wisconsin. Of particular concern was how states dealt with the PRWORA rule that made immigrants ineligible for aid. The GAO expected states to take advantage of the ability to reduce the number of people eligible for Medicaid, but instead found that states kept Medicaid benefits intact for immigrants. However, the GAO also found that there were errors with Medicaid

16 “Welfare Reform-States' Efforts to Expand Child Care Programs,” GAO Reports, February 13, 1998. 241
programs incorrectly identifying people as ineligible. The report concluded that educating and enrolling people into Medicaid would be a challenge for states because the automatic link between welfare and Medicaid no longer existed. States had to find ways to educate the populous about both their eligibility for welfare and Medicaid. Just like the states had to iron out problems, the federal government had to fix issues in the national PRWORA program. Many people, including the president, disagreed with the rule that denied immigrants welfare and Medicaid. The Balanced Budget Act of 1997 reinstated Medicaid eligibility for many immigrants and disabled children.\(^17\)

In May, the White House released a report that documented the change in welfare caseloads between 1996 and 1998. The report showed that caseloads declined by 27 percent nationwide. The states with the largest decline were Idaho with an 80 percent reduction, Wyoming with a 74 percent reduction and Wisconsin with a 68 percent reduction. Nebraska had the least improvement with a zero percent reduction.\(^18\)

President Clinton also announced in May that the Department of Labor would issue $186 million in competitive Welfare-to-Work grants in 1998 and 1999. An estimated 70 percent of the grants would go to urban areas with high concentrations of poverty while the remaining 30 percent would go to projects in rural areas. Community groups, faith-based groups, workforce development organizations, private for-profit and non-profit employers, educational institutions, and local governments could apply for the grants. During the first round of grants, four of the five grants went to private industry.

\(^17\) “Medicaid- Early Implications of Welfare Reform for Beneficiaries and States,” GAO Reports, March 27, 1998.
councils. Private industries like Lockheed Martin IMS began providing welfare services throughout the country. In 1998 the city of Dallas announced that 100 percent of welfare clients referred to Lockheed Martin in 1997 were placed in jobs and were off of welfare. Lockheed Martin’s success was rewarded with 14 additional welfare-to-work contracts in four states. Companies like T.J. Maxx and Marshalls partnered with the federal government to provide work for welfare recipients. By 1999 these retailers reported that 90 percent of former welfare recipients they employed retained employment and 20 percent had been promoted.

In June the GAO released a report on how seven states were restructuring their welfare programs to reduce welfare dependence. The seven states chosen were: California, Connecticut, Louisiana, Maryland, Oregon, Texas, and Wisconsin. The report stated that 42 states had changed their policies to allow recipients to keep more of their earnings than AFDC previously allowed. States varied in their time limited welfare with 19 states choosing limits less than five years. The report showed that states were helping families avoid welfare altogether by providing a range of services to support work efforts such as Medicaid and child care. The GAO, however, warned that the prospects of those families achieving economic stability remained in doubt in light of studies that showed those who entered low wage jobs saw very little increase in their income over time. The report also concluded that while state reforms were successful in reducing the welfare caseload in a prosperous economy, a “comprehensive perspective,” could not be obtained.

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21 Patterson, America's Struggle against Poverty in the Twentieth Century, 234.
until it was known how the state programs performed in a weak economy as well. It was also unclear how states would handle a caseload increase when faced with fixed federal TANF funding.\(^{22}\)

In January of 1999, HHS Secretary Donna Shalala announced that the federal government had broken yet another record in Child Support Enforcement collecting over $14.4 billion in delinquent child support from federal income tax refunds for 1998. This was an increase of 7 percent from 1997 and an increase of 80 percent since 1992. Shalala said of the record, “Each year that we break child support records, more children get the help they need and deserve.” She also announced the creation of task forces in 17 states to pursue chronic delinquent parents who owed large sums of child support.\(^{23}\) Child support was necessary to help supplement the mother's income and partially relieve the economic burden on both the family and the state.

The GAO released a study on states’ experiences providing employment assistance to TANF clients. Of particular concern was how states were providing employment and training services to clients and how the states were funding these programs. The study showed that while the TANF block grants provided greater flexibility for states to design their own welfare programs, in return, the states had more accountability for outcomes. In fourteen states TANF recipients received employment and training services through institutions that only served welfare clients. Seventeen states primarily used their local workforce development offices to provide services to clients, and the rest used a combination of both but kept their workforce development and

\(^{22}\) “Welfare Reform- States are Restructuring Programs to Reduce Welfare Dependence,” GAO Reports, June 18, 1998.

welfare structures as separate entities. Along with collecting program information for all 50 states, the study focused in on five states: Ohio, Wisconsin, Michigan, Massachusetts, and Arizona, which were the only states at that time attempting to combine their workforce development and welfare structures. All five states provided employment and training services that mostly dealt with job readiness not gaining new vocational skills. Two of the five states focused services on individual client needs, two states focused on giving all clients the same services regardless of need, and only Ohio used both approaches varying them by county. Nationwide TANF caseloads had dropped by 34 percent since 1996, and only Wisconsin had had fully integrated its welfare and workforce development systems. The GAO concluded that outcome and impact studies would be needed to determine which, if any, approach worked the best.²⁴

A study published by the National Center for the Study of Adult Learning and Literacy at Harvard University in June of 1999 raised concerns that not enough unskilled jobs would be available to employ all of the recipients of TANF. The study estimated that depending on location between 9 and 27 percent more unskilled positions would have to be created to employ most welfare recipients. The study compared the basic skills of welfare recipients across the U.S. with employment prospects. The authors of the study concluded, “There is a very large gap between the skills that most TANF recipients have and the skills that most employers require. Because of the low literacy levels of TANF mothers, it is unrealistic to assume that they easily will find full-time, full-year jobs.

There is a very large gap between the skills that most TANF recipients have and the skills that most employers require.”

In July of 1999, President Clinton announced he would try to ensure families had access to food stamps through a series of executive actions. The President said he would allow states to reform rules in order to allow families to own a car and still be eligible for food stamps. He also wanted to simplify food stamp reporting rules to reduce bureaucratic red tape and encourage work. Lastly he proposed launching a nationwide public education campaign and a hot-line to educate people about their eligibility for food stamps.

The Council of Economic Advisers (CEA) issued a report on the causes behind the drop in welfare caseloads nationwide. The CEA noted that there were 14.1 million people on welfare in 1993 and only 7.3 million people on the rolls in 1999. Since President Clinton took office 31 states saw their caseloads cut in half, and every state experienced a double digit decline. For 22 states the decline was bigger between 1998 and 1999 than it was between 1997 and 1998. Additionally, the percentage of welfare recipients working tripled between 1992 and 1997. An estimated 1.5 million adults were working by 1998. The CEA concluded that the PRWORA legislation was the major factor in the welfare caseload declines and claimed the results were independent of the strong economy. The CEA said that between 1993 and 1996, most of the welfare declines were due to the economy, but between 1996 and 1998, one third of the decline was

directly correlated with TANF since overall unemployment was static. Federal and state governments pointed to this research as proof welfare reform was working.

While federal and state governments were releasing statistics showing dramatic declines in welfare caseloads, welfare rights advocates and community groups refuted the statistics with their own research. Loyola University released a study in cooperation with the Policy Research Action Group, the Organization of the North East, and Howard Area Community Center. Their study argued that the statistic showing large numbers of people coming off of the welfare rolls in Illinois was misleading because many people were taken off temporarily by mistake or for violations of welfare rules. The Chicago Urban League and the coalition Work, Welfare, and Families released a similar study claiming that many families who moved from welfare to work remained in poverty. They surveyed 2,166 clients in Illinois and found that almost 63 percent of former TANF recipients could not afford to buy groceries even though they were working; almost 41 percent could not pay rent or other bills; almost 29 percent could not afford health care; and almost 24 percent could not afford child care. This study along with the Loyola study reported that former TANF recipients were incorrectly being cut off from food stamps and Medicaid.

In September, the Labor, Health and Human Services, and Education appropriations bill for 2000 called for $3 billion in cuts to TANF. The NGA attacked the

cuts, and Congress, accusing legislators of breaking the commitment they had made to the 1996 PRWORA legislation. In a letter to members of Congress the NGA wrote:

> In exchange for over $50 billion in federal savings from converting welfare from an entitlement to a block grant program, Congress committed to governors to guarantee TANF funding for five years. The changes adopted last week by the subcommittee undercut this solemn commitment. Regardless of how the accounting is explained, the proposed changes would affect valuable programs to assist families for which states have already committed funds. Further, the cut would undermine the states’ ability to continue to move families from welfare toward self-sufficiency and economic security.

The governors insisted they were not seeking an increase in funding but to maintain the existing level of funding.\(^{30}\) House leaders claimed that the states had been spending about $3 billion less on welfare than allotted, so the money would not even be missed. Earlier in the year the Senate had proposed using $350 million for farm aid and hurricane relief, but the NGA, state legislators, and House members rejected the measure.\(^{31}\)

In October Democratic Senator from Minnesota Paul Wellstone offered a resolution to the Labor HHS Appropriations bill, which would require the federal and state governments to investigate what happened to Americans after they lost their welfare benefits. Wellstone wanted Congress to collect and publish information about the income, health care, child care, and other data about former TANF recipients. Wellstone had previously introduced an amendment appropriating $500,000 for a study, using inspections and available data to report to Congress the reasons behind the decline in food stamp participation and problems families encountered in obtaining food stamps.


He attempted to add a provision to the 1996 PRWORA legislation that would have forced the Department of HHS to report to Congress about what was happening to families after they left welfare but the provision was stripped out in conference committee. Wellstone said of the need for oversight, “After all, welfare ‘reform’ was supposed to help, not hurt, the most vulnerable among us. But the anecdotal evidence and partial statistics now coming out should give us pause, and offer cause for concern. We need to find out, in some rigorous and systematic way, what is really happening to people after they lose their TANF benefits.”

In the House five representatives introduced a bill requiring states to track data in post-welfare America. Democratic Representatives Tom Barrett and Tammy Baldwin from Wisconsin along with Carolyn Maloney from New York, Pete Stark from California, and Tony Hall from Ohio introduced the Welfare Tracking Act of 1999, which like Wellstone’s amendment was intended for the purpose of understanding the full impact of welfare reform by tracking the outcomes of former TANF recipients. The bill cited studies like one released by the Urban Institute that showed that former welfare recipients, even those with steady employment, did not always have the resources to be self sufficient.

Robert Haveman, a researcher at the Institute for Research on Poverty, claimed that between half and two-thirds of all ex-welfare recipients were economically worse off. Jason deParle, a New York Times reporter found that many of the people cited as welfare-to-work successes could not hold jobs because of family problems.

The bill obtained 30 co-sponsors and was endorsed by over 100 national and state organizations including the NOW Legal Defense and Education Fund, the

Children’s Defense Fund, Catholic Charities USA, and Bread for the World.\textsuperscript{35} The bill never made it out of committee. As 1999 drew to a close concerns about the Y2K readiness of government computer systems overshadowed the demand for government oversight of welfare reform.

In December the Y2K hysteria reached its peak and welfare institutions were not immune from the panic. Y2K related computer issues were reported with services that printed welfare checks, health care, and food stamps. By mid-December, the White House Office of Management and Budget still had eight states plus the District of Columbia and every U.S. territory listed as non-Y2K compliant. The White House Y2K coordinator complained that, “Clearly some of them have cut it far too close. We’re not interested in getting 95 percent of the work done or having 45 out of 50 states in good shape. We need to have every state prepared.” The programs that could possibly have been effected were food stamps, child nutrition, WIC, Medicaid, TANF, child support, Low Income Energy Assistance, child care, child welfare, and unemployment insurance.\textsuperscript{36} The impact of the Y2K glitch was relatively minimal, and TANF’s infrastructure immerged unscathed. Pressure by legislators and interest groups for oversight of TANF may have been overshadowed by Y2K but it reemerged as fervent as before.

2000-2006

In February, 2000, the Campaign for Jobs and Income, a coalition of over 60 poverty advocacy groups, released a study that showed that 45 states and the District of

\textsuperscript{35} \textit{“Post-Welfare” America}, Congressional Press Releases, October 26, 1999.
\textsuperscript{36} Laura Meckler, “Programs for Poor Not Y2K Ready,” \textit{Associated Press}, December 17, 1999.
Columbia had accumulated $7 billion in unspent federal anti-poverty funds. Six states, including Wisconsin, diverted those funds from TANF to tax breaks or other state programs. The data the study used was collected by the U.S. Department of Health and Human Services in September of 1999. California, New York, and Ohio had the highest amounts of unspent funds. The report cited that while welfare caseloads were down, child poverty was at 18.9 percent, its highest level since the 1970s. In the 12 states with the highest number of uninsured children the number of children enrolled in Medicaid and CHIP declined. Peter Edelman, a former Clinton administration official said of the findings, “It’s a disgrace that these funds are sitting idle or being ill-spent at a time when millions of families aren’t sharing in our nation’s prosperity.”

Many states disputed the report’s findings. State officials claimed there was nothing illegal about their actions, and a steep drop in caseloads led to the surplus. A spokesman for New York’s Office of Temporary and Disability Assistance called the criticisms, “typical out-of-date liberal welfare thinking that if you are not shoveling taxpayer-funded welfare dollars out the door than you are doing a disservice to someone.” In Wisconsin where $100 million surplus in TANF funds were used to cut property taxes, state officials claimed spending on TANF families was 390 percent higher than it was under AFDC. Perhaps the state was able to spend more on each family because the number of families able to stay on TANF was greatly reduced either through employment or being forcibly removed from the program.

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In April, 2000, the GAO released a study that showed that in 1998 approximately 135,800 families per month lost some or all of their TANF cash. This number represented five percent of the total caseload. The GAO concluded that, “the proportion of TANF families who actually lose part or all of their TANF cash benefits is not large, but a substantial number of families have been affected.” The findings disturbed Senator Daniel Patrick Moynihan, and Democratic Representative Sander M. Levin of Michigan, who had requested the report. Representative Levin said that, “more families are cut off by sanctions in an average month than lost benefits in an entire year before welfare reform. That’s a big enough increase to make me want to know exactly what happens to those parents and their children.”

In July the GAO reported that states were not keeping track of how many welfare clients moved from subsidized employment, community service jobs, and training to private sector jobs. This brought back arguments made by legislators and poverty advocates that there was not enough oversight regarding TANF. More than two million families had left the TANF rolls since it began, and 70 percent were working in 1998 but the GAO study focused on the unemployed who stayed on the TANF rolls. They surveyed nine programs in seven states and found that only five of the nine programs were able to account for the outcomes of their clients who left TANF. The GAO concluded that it was imperative that states track this information in order to understand which programs worked and did not in order to best serve their clients.  

Thompson, who was wholeheartedly against federal government oversight of state programs, continued to defend state autonomy in his new role as HHS secretary.

Before President George W. Bush was inaugurated in 2001 he announced he would nominate Wisconsin Governor Tommy Thompson for Secretary of Health and Human Services. During his confirmation hearing in the Senate, Thompson was praised as, “the father of modern welfare reform,” by most of the Senators present with the notable exceptions of Senator Paul Wellstone, and Senator Hillary Rodham Clinton of New York. Wellstone challenged Thompson with statistics from the University of Wisconsin, Madison, that showed that 60 percent of people who got off of welfare were worse off than they were on AFDC. He also cited a federal study showing that between 1996 and 1998 Wisconsin was ranked the worst state in the nation for neo-natal mortality among Hispanics and forth worst among blacks. Clinton was more concerned with Thompson’s pro-life stance than his welfare reputation.\[41\] Welfare advocacy groups sent letters to Senators urging them to reject Thompson’s nomination. Pat DeLessio, the head of Legal Action of Wisconsin, claimed that Wisconsin Works hurt children and increased poverty in Wisconsin. Thompson’s effort to end welfare did nothing to address poverty and left people destitute. DeLessio charged that Thompson, “squandered millions of taxpayers’ dollars by creating a huge welfare bureaucracy, failing the children of this state miserably.”\[42\] The National Campaign for Jobs and Income Support also blasted Thompson’s record in Wisconsin, claiming that citizens of Wisconsin who left welfare

were worse off and they also claimed that two federal audits revealed the state violated federal law by dissuading people from enrolling in the food stamp program.\textsuperscript{43} But nationally the criticism of Thompson focused on his pro-life stance and his ties through lobbyist activities and campaign contributions to big tobacco, especially Philip Morris.\textsuperscript{44} It was his support of stem-cell research that drew the most attention and opposition from conservative groups. But in the end Thompson sailed through his nomination process with bipartisan support, including the support of Wisconsin’s Democratic Senators, Russ Feingold and Herb Kohl.

In March of 2001, the House began hearings on reauthorizing PRWORA. The Heritage Foundation issued a proposal to use child support and welfare funds to create an office for marriage initiatives. Robert Rector, an analyst for the Heritage Foundation, said there was a dire need to reduce out-of-wedlock births, and to promote two-parent families. The ‘family breakdown,’ he claimed, was the heart of the poverty problem. Representative Sander M. Levin, refuted Rector’s claim that marriage would fix poverty, “…the notion that we’re going to get at child poverty…by a single symbol or flag of marriage is unsustainable. Is marriage ‘the’ way to go after child poverty? Nothing else matters?” Rector responded that marriage was indeed the most important thing citing statistics that three-quarters of child poverty is due to a never-married or broken home.\textsuperscript{45} By the time PRWORA was up for reauthorization in 2002, caseloads had declined by half

\textsuperscript{43} National Campaign for Jobs and Income Suport, “Credit where blame is due” The reality behind the rhetoric about gov. thompson’s record in WI”, January 16, 2001, Hudson Institute, Box 14, Folder 2, Marquette University.
\textsuperscript{44} “Bush’s nominee for Health and Human Services has ties to tobacco industry; with confirmation likely, public health advocates have voiced little outcry,” \textit{St. Louis Post Dispatch}, January 11, 2001.
since 1996. Furthermore, 5.4 million people, 2.6 million of which were children had been lifted out of poverty. There were fewer children in poverty in 2002 than any time after 1978.

In 2002 Bush announced his welfare reform proposal at the State of the Union address. His proposal required 50 percent of welfare recipients in every state and 70 percent by 2007 to work 40 hours per week an increase from 30 hours in PRWORA. Bush wanted to reopen the food stamp program to immigrants and he wanted to create $100 million program to promote marriage. The plan also closed a loophole that allowed states to reduce the number of recipients that had to work by the same amount as welfare rolls had declined. In states that had experienced a particularly dramatic welfare drop, the ‘credit’ nullified the work requirement altogether. Bush’s 2003 budget proposal maintained the $16.5 billion core TANF grant to states and reinstated a $319 million per year program for supplemental grants and a contingency fund of $2 billion over five years. Child care funding remained at $4.8 billion and allowed for $4.7 billion in other programs for child care. The budget proposal also maintained a $50 million per year Title V abstinence-only-education grant. The Bush administration called these, ‘pro-family’ proposals that focused on abstinence-only education, responsible fatherhood programs, revamping child support rules to give families more of the money collected. Thompson now Secretary of HHS, said that child well-being would be a main goal of TANF reform. Deepak Bhargava of the National Campaign for Jobs and Income Support called the proposal “a huge step backwards,” Peter Edelman called the reform, “a gift to the far


Democrats immediately released their own welfare reform proposal. Democratic Representatives from Indiana Evan Bayh, and Tom Carpenter from Delaware, proposed the Work and Family Act that increased the work requirement but also provided an additional $5 billion in child care funds. It also restored food stamp eligibility to legal immigrants and required fathers to go to work to pay child support, and appropriated money to reduce teen pregnancy.

In May, of 2002, the House of Representatives considered two bills for the renewal of the 1996 PRWORA legislation. The Republican bill increased the work week commitment to 40 hours, including three days a week of actual work not training. They also proposed a “superwaiver” so that states could make a single application to waive rules of education, housing, labor, nutrition, and social services instead of submitting applications to each agency. The Republicans wanted to repeal a $100 million per year illegitimacy reduction bonus which rewarded states for reducing their unwed pregnancy rates, instead they wanted that money to go towards Bush’s ‘pro-family’ proposals. Democrats also proposed repealing the $100 million illegitimacy reduction bonus and using the money to encourage family formation, teen-pregnancy prevention, and an effort to reconnect noncustodial parents with their children. They also wanted to allow states to count education as work for two years, an increase from one year, with no restrictions on how many students could be counted as working. Democrats wanted to reward states for

the number of welfare recipients they employed not for having smaller caseloads. Republicans wanted to keep the TANF block grant at its current level while Democrats wanted to increase the TANF funds with inflation and include legal immigrants. What was expected to be a quick vote turned into a contentious debate, with Democrats calling Republican proposals, “the most stunning display of incompetence,” and Republicans claiming Democrats were sore losers. Republican House Majority Leader Dick Armey from Texas, said, “They’re making the same dire predictions for this bill that they made in ’95 and ’96, The Democrats quite frankly simply have no ground on which to stand, other than to applaud the success of welfare reform, which they refuse to do.” 49

After voting down the Democratic bill with a vote of 222-198, the Republican bill passed 229-197 with fourteen Democrats and one independent voting in support of the bill. The Congressional Budget Office reported that increasing work-participation rates from 30 to 40 hours per week would cost states between $8 and $11 billion over five years. 50 The Senate failed to pass the reauthorization of TANF in September of 2002, but Congress passed a resolution to continue the program until the end of the year.

In November of 2002, in the midst of a recession, the TANF caseload declined by 5 percent, causing some to argue that work-based reform worked regardless of the economy. HHS Secretary Tommy Thompson said the decline “simply reaffirms that welfare reform in America is working despite tough economic times.” The assistant secretary for children and families at HHS said that “this shows that welfare reform can

weather a recession…” The problem was that Congress could not agree to terms on the TANF reauthorization and it appeared they only had a short window to do so.\textsuperscript{51}

Congress could not agree on terms for reauthorization so they passed extensions to keep the program going. One year after the September 30\textsuperscript{th} deadline for reauthorization lapsed some legislators wondered if reauthorization would ever happen. One thing slated to change in reauthorization was work requirements. A clause in the original bill allowed many states to avoid work requirements altogether because they were reducing their caseloads so much. States were supposed to put 50 percent of their caseloads to work but that number declined significantly if the states reduced their caseloads. Since caseloads declined dramatically all over the country, some states were able to get by with little to no work requirement.\textsuperscript{52}

The Senate finally began discussion on reauthorization of the 1996 PRWORA legislation in March of 2004. The House had passed reauthorization in February, but Senate Democrats, led by Senator Edward M. Kennedy of Massachusetts, threatened to block the bill if more money was not provided for child care and the minimum wage was not increased from $5.15 to $7 per hour.\textsuperscript{53} Senate Republicans agreed to increase child care funding by $6 billion over five years, but they wanted to shelve any discussion of minimum wage for another time. The House bill called for only $2 billion over five years for child care but Senate Republicans said doubling the funding was necessary to prevent 450,000 children from losing child care. The bill was co-sponsored by Republican

\textsuperscript{52} Cheryl Wetzstein, “Aging welfare-reform law limps along on extensions; Reformers seek to add more work requirements,” \textit{The Washington Times}, September 29, 2003.
Senator Olympia Snow of Maine, and Democratic Senator Christopher Dodd, of Connecticut. The increase in child care funding was supported by Senate Majority Leader Republican Bill Frist of Tennessee, but was opposed by the White House and Senator Rick Santorum.\textsuperscript{54}

PRWORA was reauthorized in February, 2004, as a part of the Deficit Reduction Act of 2005. Some thought it improved the PWORA legislation of 1996. States were required to place 45 percent of their TANF recipients in work activities or lower their TANF caseloads by the same amount. The difference between this work requirement and the one from 1996 was that this requirement was measured against the low caseload levels of 2005 instead of the high caseloads of 1995. The reauthorization also included $100 million to groups that promoted marriage.\textsuperscript{55}

Ten years after passing the landmark PRWORA legislation, both commissioned and independent studies provided cautious optimism for the future of TANF. A Brookings Institution study showed that while poverty was not eliminated the poverty rate had fallen under TANF. Between 1968 and 1994 the poverty rate of African-Americans averaged 32 percent, but between 1995 and 2005 it had fallen to 24 percent. Child poverty fell 12 percent for whites and 14 percent for African-Americans since 1989. Welfare caseloads between 1996 and 2006 dropped from 12.2 million to 4.5 million. The study also claimed that about 60 percent of mothers who left welfare obtained work and their incomes generally increased. Since 1991 the teen pregnancy dropped by a third, which some attributed to welfare reform’s emphasis on personal


responsibility. But not all of the statistics were positive. The most difficult to employ welfare recipients were worse off without continuous welfare and even those who did get low-paying work still had to rely on government programs like food stamps and Medicaid to survive. Another startling statistic was that the child poverty rate among Hispanics rose 15 percent to 58 percent from 1989 to 2006, but the study noted that illegal immigration was a large factor contributing to this statistic.56

After the recession of 2008 began, supporters and critics found out how TANF performed during economic crisis and severe unemployment. The results have been mixed. Due to state budget shortfalls, five states, including Wisconsin, actually reduced monthly aid to TANF recipients since 2008. California and Florida reduced the amount of time TANF recipients could remain on the program while others have cut-TANF support for families considered the working-poor. Michigan reduced its EITC credit by two-thirds while other states cut supplementary benefits to the working poor. In 1994-1995 before TANF was created, AFDC served 75 out of every 100 families in poverty. In 2008-2009 TANF served less than 10 out of every 100 families in poverty. To make matters worse the TANF Contingency Fund (created by the first economic stimulus in 2009) was exhausted in December of 2010 and it is projected that funding for 2012 will only last a few months. While nationally TANF caseloads increased after 2008 by 13 percent and 15 states saw TANF increases of 20 percent, 22 states showed no increase even in a deep recession. Something critics like Ron Haskins of the Brookings Institution who helped

draft the welfare reform law admitted was a failure of the TANF block grant.\textsuperscript{57} The results of Wisconsin’s W-2 program reflected the national trend of a great success during times of prosperity not meeting the challenges of a recession when it was needed most.

Chapter 8: After W-2 in Wisconsin

After the statewide implementation of W-2 in 1997, Wisconsin found itself with a surplus of employment programs that were then all combined under the Department of Workforce Development. Studies showed however that W-2 workers were at a disadvantage in obtaining work because they lacked education and training. The jobs they could get did not provide a living wage or benefits. The federal government began offering tax incentives to hire W-2 recipients and keep them on the payroll for over six months. Welfare advocacy groups pointed out that Wisconsin was not providing adequate child care for welfare recipients. They also pointed out that W-2 recipients, even after receiving a pay check, did not have enough money to pay for food or utilities. Others who were kicked off the system entirely were ending up in homeless shelters. The homeless shelters reported they were having to turn people away for the first time because of increase in demand due to W-2.

Wisconsin was responsible for one-third of the reduction in AFDC caseload nationally in 1997, but critics attributed the success to a growing economy. Governor Thompson attributed it to the cooperation between the public and private sector to employ W-2 recipients. While Democrats and welfare rights advocates were extremely vocal in their opposition to W-2, Democrats switched their focus to how to make W-2 better. Adequate health care and child care for W-2 families became their focus. The legislature was able to pass BadgerCare to provide health care to children but they were
not able to fix the major issue keeping W-2 recipients from becoming self-sufficient and that was the education and training they needed in order to get out of unskilled low-wage labor.

The Department of Workforce Development (DWD), a division of the Department of Employment Services, was created in 1996 in an attempt to make the implementation and administration of W-2 as efficient as possible. The creation of the DWD was deemed necessary after the Legislative Audit Bureau (LAB) and the Commission for the Study of Administrative Value and Efficiency (SAVE) issued a report that concluded Wisconsin had an overabundance of employment programs, each of them independently administered, uncoordinated, and in competition with one another. The DWD would combine these programs under one administration, including educational and training programs used by various welfare programs.¹ The state and the new DWD had until September 1, 1997, almost a year, to prepare for W-2’s implementation.

In October of 1996 the UW-Madison Department of Sociology released a study that followed employment in twenty of the state’s seventy-two counties. They conducted 1,000 face-to-face interviews with employers and 8,000 phone interviews with both employed and unemployed workers. The study concluded that some areas of the state would not have enough jobs for W-2 workers, and in places where jobs were plentiful, W-2 workers were at a disadvantage because employers were seeking high school graduates, job experience, or training in similar jobs. The study also found that, “on

¹ Wisconsin Department of Workforce Development Timeline History, Department of Workforce Development; Online: [http://dwd.wisconsin.gov/dwd/dwdhistory/Year_Pages/wis_dwd.htm](http://dwd.wisconsin.gov/dwd/dwdhistory/Year_Pages/wis_dwd.htm)
average, these jobs paid less than $6 an hour, and about half of those jobs did not provide health insurance. A lot of these would be dead-end jobs.” A spokesmen for the Department of Workforce Development disagreed with the study’s findings, “We are in a chronic labor shortage in Wisconsin that will be of long duration due to demographics. Employers are very anxious for workers, including entry-level ones.”

Also in October, Dane County officials announced a 37 percent decline in their welfare rolls in the past year and a reduction of over half since 1992. Their caseload declined from over 3,000 in 1992 to 1,489 in October of 1996. County Executive Rick Phelps gave multiple reasons for the decline, “Part of it is taking advantage of our strong economy and low unemployment rate.” He also credited the revamped JOBS program in the county that required people applying for welfare to also seek employment at a Job Center. The Department of Health and Human Services in 1996 found jobs for 649 adults and moved 596 families from AFDC to work through job placement services and referrals for services like child care. The caseload decline qualified the county to be a part of W-2. Sixty-eight counties and Native American tribes met the state goal required to qualify to be a part of W-2, nine counties and tribes failed to qualify for W-2.

The U.S. Department of Labor announced they would be assisting Wisconsin when they implemented W-2. Secretary of Labor Robert Reich said the Labor Department would encourage and assist businesses to hire large numbers of the 40,000 W-2 recipients expected to enter the workforce. President Clinton proposed $3.5 billion in tax incentives and tax credits for businesses that hired W-2 workers and kept them on

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the payroll for more than six months. The tax credits would be $5,000 for every $100,000 in worker wages. But as the state and federal government were preparing to implement W-2, welfare and child advocacy groups along with charities were busy pointing out current and potential problems with the reform.

In November, 1996, the Wisconsin Council on Children and Families released a study by the National Association of Child Advocates, a lobbying group on behalf of poor children, which showed that the poverty rate in Wisconsin had dropped significantly, but that children had been hurt in the process. The study analyzed welfare programs in twelve states. The study found that in Wisconsin one in twelve children were poor in 1996, which was an improvement from 1994 and better than the national average which was one in five. The study also found that while Wisconsin welfare programs were generous Wisconsin’s spending on subsidized child care fell behind the national average and left families on long waiting lists for child care. It also found that fewer than half of Wisconsin’s poor children received Health Check, a Medicaid program that gave annual checkups too poor children. State officials criticized the study and claimed that while only half of children received all 40 checkups under Health Check, 86 percent of all poor children participated in the program at some point. David Blaska of the DWD also remarked that child care subsidies in Wisconsin were going to triple under W-2 from $51 million per year to $158 million per year. Kevin Piper, the head of the health division of the Department of Health and Family Services, wrote off the study, “Clearly this is a mishmash of different statistics used to paint a picture that isn’t really accurate.”

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4 Mike Flaherty, “Labor Secretary promises assistance; private businesses will be encouraged to hire new workers fostered by the state’s welfare program,” Wisconsin State Journal, October 17, 1996.
State hunger relief agencies worried that W-2 would force more people into utilizing their services. They claimed that while women in the transition program to W-2 were proud to be receiving paychecks, their wages were not enough for food and bills. “They’re already coming in for help. They’re making a decision between paying their rent or paying for food, and they’re coming to the pantries for help.” A family of four was receiving $400 per month in food stamps, but single people, men especially, were not getting anything extra.⁵

Right before Thanksgiving in 1996, state officials announced they had allocated an additional $240,000 to homeless shelters in Dane and Milwaukee counties. The secretary for the state Health and Family Services Department Joseph Leean, attributed the increased demand on homeless shelters as a result of non-compliance with Pay for Performance, the W-2 pre-cursor. “I think some people really don’t think the state was serious about requiring people to work or participate in the program.” State Senator Gwendolyn Moore was quick to blame W-2 for the crush on shelters, “The rap was we’re going to move people from welfare to work, not from welfare to homeless shelters.” The state established a hot line to help Pay-for-Performance participants in Milwaukee to determine what they needed to do for full-benefits.⁶

A study in Dane County showed that W-2 would overwhelm the county’s child care providers. The county estimated that 5,303 of the 7,551 children would be without child care access when W-2 started. To meet the demand, county officials were going to grant “provisional” status to child care providers in order to bypass standards of care.

Provisional providers paid their employees lower wages, operated smaller facilities, and charged less for care. The study recommended that the county work with local employers to provide on-site care, seek subsidies for child care startups, train W-2 recipients to become providers, and increase recruitment efforts. The county human services director, Susan Crowley, said, “The state has used a more conservative estimate of the number of children needing care as a result of W-2, but we wanted to get at the full range of what we could expect subsequent to implementation. We may be fortunate and only see 50 percent of the children identified by the study needing care, but even then we would be short over 2,500 slots.”

By December of 1996 child care centers were complaining about losing money because clients could not afford the co-pay. A study by Community Coordinated Child Care of 35 child care centers in Dane County, found that in 1995 child care providers lost $100 to $12,000 a month from unpaid co-pays, the average loss was $2,500. Because of this, one-third of child care providers in Dane County would no longer accept county-funded clients. Under W-2 smaller day care facilities which used to be reimbursed 80 to 100 percent saw their reimbursement rate cut by 25 percent. Governor Thompson responded by announcing a new plan to cut child care costs for families on W-2. The new provision stated that no mother with a child under six would be required to take a job without child care being available first. It also cut the cost of this care to a maximum of 16 percent of household income where some were paying upwards of 42 percent before.

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Critics said the new plan was a major improvement but worried the federal funding Thompson was relying on to make this improvement would be frozen after 1998.\(^9\)

In December, 1996, Governor Thompson selected Linda Stewart to head the Department of Workforce Development. An African-American, Stewart was expected to reach out to Milwaukee’s African-American community.\(^{10}\) Around the same time it was announced that Wisconsin’s welfare rolls had dropped by half since 1987 earning praise from President Clinton during one of his radio addresses. Jean Rogers, director of the DWD, credited welfare reforms for the caseload decline and said the increase in EITC from four percent to 8.5 percent in one year showed that former welfare recipients were working.\(^{11}\)

Democratic legislators were not convinced Thompson’s reforms should be celebrated, and even accused the Governor of misusing federal funds. State Representative Rebecca Young, and State Senator Gwendolynne Moore accused Thompson of diverting federal welfare funds in order to balance the state budget instead of re-investing the money in W-2. Thompson asked the Joint Finance Committee to take $85 million of the federal block grant funds and place them in another program to offset the state cost for Milwaukee’s foster care program in order to reduce the need for higher taxes. Moore and Young pointed to problems with food stamps, sub-minimum wages,

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\(^9\) David Callender, “Gov moves to guarantee child care; W-2 families would pay less under plan,” *Capital Times*, December 12, 1996.


health care, and child care that needed to be addressed in W-2 before the money was diverted elsewhere.\textsuperscript{12}

Thompson sought to make changes to W-2 due to federal welfare reform. First, he wanted to require new mothers with babies older than 12 weeks but younger than one year to attend parenting and work participation classes. Once the child was nine months old the mothers had to begin job searches. He also wanted to make out-of-state migrants to Milwaukee, Rock, Kenosha, and Racine counties ineligible for W-2 for 60 days. He sought to eliminate most exceptions for teen parents to live independently. However, all of the governor’s desired changes required action by the state legislature since he had no authority to change welfare rules.\textsuperscript{13}

The legislature was in the middle of a transition when Thompson ordered the W-2 rules changed. The Assembly had a new speaker, Representative Ben Brancel, a Republican from Endeavor, who announced a new committee structure which contained panels to address specific issues. One of the 8 specialized panels was the committee of Wisconsin Works Oversight, which would be chaired by Republican Representative John Gard of Peshtigo.\textsuperscript{14}

As the legislature was preparing to enact W-2, homeless shelters and food banks were issuing warnings about the side-effects of the legislation. The Task Force on Emergency Shelter accused Thompson’s welfare reform for causing an increase in poverty and hunger. They pointed to the repeal of general assistance grants for unemployed adults without children and to work requirements being enforced on AFDC

\textsuperscript{13} Matt Pommer, “Thompson moves to shake up welfare with revamp of rules.” \textit{Capital Times}, December 17, 1996.
\textsuperscript{14} Mike Flaherty, “Brancel announces committee structure,” \textit{Wisconsin State Journal}, December 26, 1996.
recipients. Even though unemployment in Milwaukee dropped from 3.5 percent to 3 percent in 1996, homeless shelters saw an increase from 650 beds to 800 plus overflow all filled to capacity. Marcus White a program coordinator of the Interfaith Conference of Milwaukee, said, “At the beginning of this winter, we have more people in shelters than we did at the end of last winter, and that’s scary.” David Blaska from the DWD said the strong economy could have been an indirect cause of some homelessness because it drove up the prices of homes and rent. He also admitted that the loss of general assistance could have been a factor as well but he said AFDC recipients would not lose their benefits if they complied with Pay for Performance job search requirements. White responded to that claim saying that half of the homeless reported being sanctioned under the new system. This issue was not confined to Milwaukee or even Wisconsin. A survey of 29 cities by the U.S. Conference of Mayors reported a rise in hunger and homelessness, and all were preparing for further increases once national welfare reform was enacted.\(^\text{15}\)

Welfare and low-income housing advocates held a news conference on January 8\(^{\text{th}}\), when they heard about proposed cuts to Housing and Urban Development’s (HUD) budget. Sherrie Kay, director of the Hope House homeless shelter said at a news conference that since W-2 went into effect under Thompson’s W-2 Transition program she saw a dramatic rise in families seeking shelter. Prior to 1996 she could accommodate almost everyone who applied, but by 1997 she had to turn away 1,648 people because her shelter could only serve 1,300. The advocates said that they were working hard to make

welfare reform work but cutting the HUD budget would lead to a crisis situation because of welfare and housing needs.\footnote{Rochelle L Stanfield, “HUD Choice May Face Old Problems,” \textit{The National Journal}, January 18, 1997.}

When Governor Thompson released his budget proposal in February 1997, changes to W-2 were written throughout. He put in a provision that W-2 recipients would get at least minimum wage in state-subsidized transitional jobs, which raised their earnings from $518 a month to $628. He also expanded state-funded child care for the working poor, something he had promised to change after W-2 passed in 1996. He also added a provision that required drug testing for W-2 participants who had been convicted of drug felonies and barred these people from receiving food stamps for a year. Those who failed the drug test would have their benefits cut by 15 percent for a year, after which they would be retested in order to have their benefits restored. State Senator Gwendolynne Moore called the provision, “arbitrary, capricious, unworkable, and ineffective,” because it did not draw a distinction between those who stopped using drugs and those who continued to.\footnote{David Callender, “Budget now backs minimum wage for W-2; But drug-testing plan angers senator,” \textit{Capital Times}, February 13, 1997.} Thompson requested $25 million to provide a 21 percent increase in grants to employers who hired W-2 recipients. W-2 funding was increased in the budget from $441.8 million to $621.2 million in 1997. The federal government was slated to provide $474.2 million and the state would pay $166.4 million. Thompson was still negotiating with the federal government on Medicare costs.\footnote{Mike Flaherty, “Welfare: Governor promises more money,” \textit{Wisconsin State Journal}, February 13, 1997.}

February also saw action by advocacy and charitable groups regarding W-2. The Hunger Task Force sought to raise $1 million in donations in February in order to get pantries stocked before W-2 went into effect. They predicted more food would be needed.
for the thousands of people whose benefits would shrink on W-2.\textsuperscript{19} Around the same time more than two dozen protesters picketed the Aberg Avenue Job Center in Madison. Organized by the Emergency Alliance on Poverty, the protestors claimed W-2 would increase homelessness and cheap labor for businesses.\textsuperscript{20} The AFL-CIO announced its legislative agenda for 1997 which included making sure W-2 workers did not displace regular workers and that W-2 recipients get paid at least minimum wage.\textsuperscript{21}

The Hmong population in Wisconsin was already feeling the effects of W-2 reform because they lost their subsidized education, SSI, food stamps and other benefits as non-citizens. There were significant language and cultural barriers preventing Hmong refugees from becoming citizens. Denis Tucker, co-director of the La Crosse Hmong Mutual Assistance Association referred to the obstacles as being like, "taking a plane trip from the 16\textsuperscript{th} century to the 21\textsuperscript{st} century and expecting people to become self sufficient immediately." The Hmong refugees were considered pre-literate, and they were an agrarian culture that had to learn the industrial high-tech demands of their new society. Regardless of the obstacles, the Hmong were one of the most successful refugee populations in Wisconsin. In La Crosse they were able to lower their welfare dependency from 100 percent to 38 percent in 10 years. Many who were able worked two jobs, but without subsidized education and English courses they feared they would not be able to lift themselves out of poverty.\textsuperscript{22}

\textsuperscript{22}Sheila Cohen, “Wisconsin Works or does it?; Hmong refugees will feel the blows of welfare reform,” \textit{Capital Times}, February 24, 1997.
Small cities and towns in Wisconsin found themselves unprepared for W-2. Some towns, like Sun Prairie, were lacking in child care options. Smaller communities did not have large charity safety nets to form 'safety net task forces.' Small towns lacked homeless shelters, public transportation, and localized health care for the poor. If these communities did not act to create a safety net for their citizens or people would start falling through the cracks.\(^\text{23}\)

Republican legislators introduced a bill late in February that would eliminate the income tax for most of the state’s working poor. The tax credit would go to married couples earning less than $15,000 and single workers who make less than $11,300. Democrats noted that the bill would affect very few people since married couples earning less than $13,000 already paid no taxes due to credits and deductions. Democrat Joe Wineke said, “Anyone who makes more than $15,000 doesn’t qualify. What about everyone else who is struggling?” Senate Democrats offered an alternative and introduced a bill that would change the entire income tax structure of Wisconsin creating tax brackets from 4 to 8 percent which would lower taxes on the middle class and raise taxes on the rich who at the time paid the same rate of 6.93 percent.\(^\text{24}\) The Democrats also proposed a living wage bill that would force businesses to pay low-income workers as much as $10 an hour to keep up with child care and cost of living issues workers faced, something Republicans were trying to ward off with the tax credit.\(^\text{25}\)


\(^{24}\) Mike Flaherty, “GOP proposes tax break for the poor; working couples who earn less than $15,000 a year qualify for the credit,” Wisconsin State Journal, February 28, 1997.

In March W-2 officially began in two counties Pierce and Fond du Lac which were the test counties for Work Not Welfare reform.\textsuperscript{26} The catch was that that health insurance part of W-2 had not been approved by the Clinton administration. While Thompson’s plan would extend Medicaid coverage to 45,000 more families raising the income cut off from $21,000 to $26,000 for a family of three, Clinton’s problem with the program was the provision that if an employer offers health insurance that would vacate Medicaid eligibility for the worker. The Thompson plan also forced everyone on W-2 to pay co-pays for Medicaid, another aspect Clinton disapproved of. Republicans worried if the Medicaid portion of W-2 was denied by the Clinton administration, that would sink the entire program.\textsuperscript{27} Republican State Senator Peggy Rosenzweig of Wauwatosa, wanted Governor Thompson to seek a waiver to restore food-stamp coverage to the poor. Under PRWORA able-bodied childless adults under 50 years old could not collect food stamps for more than three months per year unless they worked at least part-time. Rosenzweig said of the reform, “I have always thought of food stamps as our basic safety net for the poor. To deny people who are looking for work this basic support runs counter to the welfare reform that we in Wisconsin have fashioned.”\textsuperscript{28}

The Department of Human Services in Dane County released a report which showed the AFDC caseload for Dane County fell by 29 percent between 1995 and 1996. The number of families receiving Medicaid and food stamps did not fall as quickly leading the department to conclude that families were still in poverty even though they had transitioned from welfare to work. In order to correct this situation the report


\textsuperscript{27} Mike Flaherty, “Health coverage part of W-2 held up,” \textit{Wisconsin State Journal}, March 4, 1997.

recommended asking Congress to restore food stamp, SSI, and medical assistance to refugees and legal immigrants, and pass the changes Governor Thompson wanted to increase aid for child care, ask the governments, communities, and businesses to provide jobs with decent wages. Finally, the report said local governments needed to address the need for affordable housing.29

Wisconsin made international waves with politicians in New Zealand looking to emulate its welfare reform. New Zealanders called the plan, “Work-for-the-dole,” and invited Wisconsin’s DWD director Jean Rogers to address the Beyond Dependency welfare conference being held in Auckland. Rogers said while it would be inaccurate to call welfare recipients too lazy to work, “We all, by our nature as human beings, often need a push. Adults in many ways are grown-up children. They like a little direction, and to know what the boundaries are as well. Imagine what it would be like to drive down the highway if there were no right and left…it would be pretty messy.” Not everyone was enthusiastic about Mrs. Rogers visiting Auckland, some argued it was an attempt by the Employment minister to smuggle in Wisconsin-type reforms.30

Back in Wisconsin, officials announced Wisconsin would participate in a nationwide survey of working poor and poor families. Wisconsin researchers would contact over 6,000 households to learn about their jobs, economic situation, and other data to help establish W-2 and to help evaluate it later. Michael Wiseman, UW-Madison professor of urban planning, was named to the panel to evaluate the success of W-2 and

was also in charge of the survey which he considered crucial to the success of W-2.\textsuperscript{31}

The survey was part of a project called, “Assessing the New Federalism,” sponsored by the Urban Institute, not the state of Wisconsin, which refused to provide for a long term study of what happened to clients on W-2.\textsuperscript{32}

The United Way of Dane County announced one of its major programs for 1997 would be to help transition W-2 recipients to work. The agency increased funding to the Madison Community Health Center to help former W-2 recipients who risked losing their health coverage as they transitioned to work. They also anticipated an increase in hunger and homelessness and shifted more money towards emergency shelter and food.\textsuperscript{33}

The Department of Workforce Development announced in April that it would seek an additional $10 million in start-up funding for W-2. Secretary of DWD, Linda Stewart said the money was needed for technology upgrades, facilities management, staffing, and training. The majority of the money would be used in the five Milwaukee County agencies that would handle over half the W-2 population in the state.\textsuperscript{34}

Besides charities and counties preparing for the worst, there were success stories and positive outcomes in the lead up to W-2’s implementation. Marquette County was featured in Time magazine for having reduced its Pay for Performance caseload to zero. Dane County found jobs for 1,121 AFDC recipients and an additional 800 jobs for people applying for AFDC. Jefferson County cut its welfare rolls by 60 percent in three years. Social workers spoke of clients having higher self esteem and of job centers being calm


\textsuperscript{32} David Callender, “Welfare survey to include 6,000 Wisconsin families,” \textit{Capital Times}, March 24, 1997.


and friendly environments. Even politicians who were once dead set against W-2 warmed up to support the underlying concept while still holding reservations about the program lacking a safety net. But there was still the unknown, especially when it came to where people went after welfare. In Milwaukee County caseloads declined by 7,000 in one year, but community advocates asserted there were not 7,000 new jobs in Milwaukee. Jean Rogers, one of the designers of W-2 and head of the DWD, had no sympathy for clients who complained that Work Not Welfare made education almost impossible. Rogers argued those women made a choice to have children without the proper income to support them. But everyone seemed to share one major concern; as long as there were jobs the transition would be smooth, but no one knew what would happen if the economy declined.35

The U.S. General Accounting Office released a study which found that Wisconsin responsible for one third of the decline in AFDC caseloads in the nation. Instead of praising Wisconsin for leading the nation, Health and Human Services secretary Donna Shalala, claimed most of the caseload reduction was due to the thriving economy not Thompson’s welfare reforms. “Wisconsin has changed the culture in their welfare offices, turning them toward moving people into jobs. But there have been the jobs to catch the people out there, and the economy accounts for, we believe, more than half of all the movement in this country. And a particularly healthy economy in Wisconsin has made an enormous difference.” Thompson responded that Shalala was “absolutely wrong.” He claimed that while Wisconsin’s caseloads were declining, the rest of the

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nation saw their rolls rising. “She knows that I think she should apologize. For ten years, Wisconsin has led the revolution in welfare reform. It’s absolutely a modern-day miracle.” From 1987 to 1993 caseloads nationally were rising, but since 1994 caseloads throughout the country had been declining. Shalala said the true test of welfare reform would be, “a hard core of people, some of whom may be moderately disabled, some of whom may have seriously disabled children, and some of whom don’t have the education levels. That’s the test of welfare reform, not the first group that moved out into a quite healthy market who were already marketable in terms of their skills.” She then said that Thompson’s Medicaid waivers would not be approved because Thompson’s request to add co-pays to the program restricted access to the program.36

In May, Jean Rogers went before the Senate Labor Committee to defend W-2’s work requirement. Lawmakers from Milwaukee County were claiming that welfare mothers were being sanctioned for not showing up to work when they could not find child care. Rogers responded that the law was crystal clear, if a parent cannot work due to lack of child care the parent could not be ejected from the welfare system. If social workers were not abiding by the law then the DWD should be contacted. Democrats in the legislature were attempting to change W-2 rules to allow new mothers to stay home with their infants for a year instead of 12 weeks. A day care provider from Madison actually testified against the day care system, “I wonder what kind of citizens we are producing? Do we have more teen violence than ever before? I wonder what the correlation is.” Democratic Representative Rosemary Potter of Milwaukee, added that a child’s brain grew faster from age one to three than at any other time and that a mother at

home during this crucial time was in everyone’s best interest. Republican Representative John Gard, of Peshtigo argued, “This proposal directly contradicts our effort to make welfare look as much like the real world as possible. In the real world, most working parents of limited means have to go back to work in 12 weeks, so why shouldn’t those who are supported by taxpayers?”

While the legislature began debates about changing W-2 rules, Governor Thompson went back to Washington to ask the National Governors Association and President Clinton to support reforms in tax policy and Medicaid. He cited a 58 percent welfare caseload decline in Wisconsin from 1996-1997. “GOP governors have made tremendous strides in helping people becoming independent, in moving people from welfare to work. One reason we in the states have been so successful is that we are now realizing, the fruits of our economic and social reforms, particularly with regard to tax policy and Medicaid. Without these changes, without this foundation, we would not be able to make this dramatic break with the past.” Thompson was named as one of the co-chairs of the Welfare to Work Partnership which was a partnership of businesses and government in the welfare to work effort.

In June, Thompson announced that due to $25 million of new federal money for child care, there were no families waiting for state-subsidized child care for the first time in 25 years. Thompson’s press release announced, “We have completely eliminated a major obstacle for mothers trying to move from welfare to work. Every parent participating in W-2 can rest assured that their children will have quality child care while

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they work.” Critics argued that because most of the money Thompson was using for child care came from federal block grants the funding for child care would not increase while demand would. Barbara Herrick, executive director of Community Coordinated Child Care said that, “far more children are going into child care, so the per-child spending is actually less.” She also argued that “provisionally certified” child care providers were being utilized who only had to pass a criminal background check and a one-time safety inspection, much less than what certified child care providers had to do.  

The legislature’s Joint Finance Committee released their two year state budget early in June which included $1.1 billion for W-2. The budget expanded the state’s Healthy Start program to allow families of four earning $32,000 or less to get free health care for their children up to the age of 14. The Legislative Fiscal Bureau estimated W-2 would cost $1.3 billion which was $200 million more than the Legislature budgeted for. Half the money would come from federal TANF block grants, and an additional $108 million in block grants for child care programs. The Joint Finance Committee approved most of Thompson’s new spending for the program including increases in monthly grants to match the federal minimum wage. The committee rejected allowing communities with high local unemployment to waive work requirements for food stamp recipients. Democratic State Senator Gary George of Milwaukee, complained that other states had approved such waivers but Wisconsin rejected it because state officials wanted to make Wisconsin, “the most hard-assed state in the whole nation.” The committee increased the W-2 recipients access to subsidized child care for two years when Thompson had a limit

of one year. They also voted to allow 18 and 19 year old parents to attend high school or get their GED as part of W-2 work requirements. They voted to deny anyone convicted of a drug related felony in the previous five years from receiving food stamps and required anyone with a felony drug offense to undergo drug testing in order to be eligible for W-2 programs.41

On June 19th, Governor Thompson gave a speech entitled, “It’s Working in Wisconsin,” at a welfare reform conference in West Virginia. West Virginia lawmakers were looking to Wisconsin as a model for their federally mandated welfare reform.42 Thompson told the group the key to putting people to work was to have a buy-in with the private sector. He also emphasized the need to put money into day care, transportation, training, and health care. West Virginia’s governor Cecil Underwood claimed West Virginia did not have the money to pump into those areas, but he did agree with Thompson that welfare reform needed to be a partnership between the public and private sector.43

When the legislature became bogged down with fights over the budget and how to pay for W-2, Governor Thompson suggested increasing revenues from Indian casinos in the state. The Oneida Nation fought back claiming that W-2 was not nearly as effective as Indian gaming in reducing welfare rolls in Wisconsin. A spokesman for the Oneida Nation claimed, “Part of the untold story of W-2 is that it’s working because of Indian tribes and Indian gaming. Look at the counties where there are casinos and you will see

42 Dawn Miller, “Wisconsin Governor to talk welfare reform West Virginia could learn by example,” Charleston Gazette, June 19, 1997.
43 Amy Silverman, “Firms want good workers Wis. Governor offers W. VA advice on welfare program.” Charleston Gazette, June 20, 1997.
that the number of people on welfare is declining far more rapidly than in other counties. That is part of the payback to the state and I think that it is of a much greater value than dollars.” The Department of Health and Family Services reported that between 1990 and 1995 the counties that had casinos saw a 28.33 percent decrease in AFDC spending and a drop in the rolls of 5,155 people. The drop in the rolls was 33 percent compared to nine percent statewide. The counties within ten miles of a casino had a welfare caseload drop of 27 percent leading the Indian Nations to conclude that Indian gaming was directly correlated to the success of welfare reforms. A spokesman for the Sokaogon Chippewa Community claimed, “In every one of our casinos, we can introduce you to people who were on welfare just a few years ago but who now are earning a good living…The only way to get people off welfare is by providing them with good jobs, and we are providing a way to do that in counties where you otherwise would not see new jobs on the scale we’re talking about.”

The Indian Nations that were selected to administer W-2 were the Bad River, Lac du Flambeau, and the Oneida Nations. The Ho-Chunk Nation was considering W-2, while the Menominee, Lac Courte Oreilles, and St. Croix were still undecided.

The budget was trapped in the state Senate where Democrats were attempting to pass their own version of the budget but they did not have the necessary votes. Thompson called on Senate Democrats to pass the bill proposed by the Joint Finance Committee which raised spending by $600 million and raised the state cigarette tax by 16 cents. The budget contained extra money for child care and an increase in benefits for state

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subsidized W-2 workers. Democrats wanted to change the child care co-payment system to cap the amount a recipient had to pay to no more than 10 percent of their gross income. DWD officials wanted to leave the co-pay alone where some women were paying 16 percent and respond as necessary. Senate and Assembly Democrats came to an agreement over the W-2 budget and what they wanted included. They supported offering minimum wage to W-2 recipients in community service work, expand training and education, and expanding child care services for those in school or training. Democrats wanted to preserve food stamps, and restore the fair hearing process. Even if they could have gotten their version of the budget passed in the Senate where they held a one vote majority they would not be able to get past the Republican controlled Assembly.

In August Mary Ann Cook, the head of the Division of Economic Support for Dane County, was preparing to implement W-2 in the county with the second largest welfare caseload. When asked about how the budget impasse in the Legislature would affect implementation she said,

“The vast majority of it is already law and we are going to go ahead with those parts that are already law. There are some particular components that may not be implemented until after passage of the budget bill. The job access loans are one. The other piece is SSI, the payments for that are in the budget bill, but my expectation is that there will continue to be AFDC for those children until that issue is resolved. They won’t see a difference. There will just be a difference in the funding source.” When asked what the biggest challenge would be in implementing W-2 she responded, “If you look at W-2, you realize there are time limits. There’s a five-year lifetime limit and there are time limits on the various components and

you’ve got to be doing something or you’re not going to get a check, which means we have to totally eliminate lag time. That is a challenge: to respond very quickly, to have a spot for you today or tomorrow, so that we aren’t wasting time. We are a large, cumbersome in some ways, traditional bureaucracy and it’s kind of like an elephant trying to dance.”

Dane County signed a contract with the Human Services Department to administer W-2 the county’s W-2 program because that department oversaw a caseload decline from 1,900 to 1,300 recipients plus 1000 families were diverted to work programs since 1996.50

Thompson was relentless in trying to get health care coverage expanded in Wisconsin and called his latest plan BadgerCare. Just like his previous plans it would allow low-income working families to buy into low-cost health insurance. The difference between BadgerCare and the previous plans rejected by federal officials was that the poor did not start paying premiums on BadgerCare until they reached 133 percent of the federal poverty line, which was about $21,000 for a family of four in 1996. The same family would remain eligible for BadgerCare until their income reached $32,000 or 200 percent of the federal poverty line. Under the federal law, Medicaid coverage ended for former welfare clients one year after they began work. BadgerCare would offer them a safety net after that time period. The Legislative Fiscal Bureau estimated BadgerCare would cost $116 million annually but state officials hoped to get $37.3 million in

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matching federal funds along with $65 million in premiums and federal Medicaid matching funds. Taxpayers would be required to pick up the $15.2 million tab left over.\textsuperscript{51}

Social policy researcher Paul Kleppner from Northern Illinois University released a study late in August that compared employment opportunities in several Midwestern states. The study found that three people competed for every one unskilled job opening in Wisconsin. In Milwaukee that ratio went to seven to one. There were more than 120,000 unemployed and welfare workers and only 40,000 low-skill jobs in 1996. Kleppner said the implications of the study were that there were not enough jobs for welfare recipients who would flood the labor market. His study also found that 11 of the 15 fastest growing jobs in Wisconsin required significant training and the four remaining, in child and health care, paid the least.\textsuperscript{52}

In the days right before the state-wide implementation of W-2, the Welfare Warriors were not silent. They started the “Shame-On-Wisconsin” campaign a play on the state’s motto “On Wisconsin.” The head of the organization Pat Gowens hung a banner outside her office for 30 days up to the September 1\textsuperscript{st} implementation deadline. The banner read: “Countdown to Slavery.” During an interview with NPR Gowens took her protest even further urging women on welfare to flee the state, “Wisconsin is the worst state to live in. And I think I would urge all mothers from Wisconsin if you don’t have a support network in Wisconsin, try to leave the state, try to get out. Minnesota is a better state. It’s close by. Go to Minnesota. Mothers are in danger in this state.”\textsuperscript{53}

\textsuperscript{52} “IBP to buy Hudson plant at center of beef recall,” \textit{Capital Times}, August 28, 1997.
The Wisconsin AFL-CIO feared that union labor would be replaced by low cost W-2 workers. The president of the Wisconsin AFL-CIO, David Newby, cited studies by the Institute for Wisconsin’s Future and the Economic Policy Institute, union-funded research groups, which claimed that there would be a seven to ten percent in reduction in wages for those at the bottom of the wage scale. Instead of expanding the job market union officials and workers worried W-2 would only inflate the labor supply. A spokesperson for the DWD responded to union fears, “We hope they’ll give W-2 people a chance, but the point is they can’t get rid of existing workers and replace them with W-2 workers.”

Food banks and homeless shelters once again noted significant increases in need for their services since the W-2 transition program began in 1996. Food pantries claimed that about half of their recipients will be people who lost their benefit checks due to failing to comply with work requirements. Wisconsin officials denied that any connection could be made between W-2 and the increased demand on shelters and food pantries. Poverty experts at the Urban Institute agreed, “…it is very difficult to draw conclusions about a cause and effect,” especially this early in the process. Regardless, Portage County and the United Way began preparations in case there was an influx of homelessness and hunger. The assistant executive director of the United Way for Portage County said they began monitoring the situation in December 1995 in order to identify areas of need as W-2 was implemented. Portage County officials decided to study the issue when their AFDC caseloads declined by 60 percent in two years. They measured

quarterly numbers for investigations into child neglect, referrals to foster care, group care institutions, the number of delinquencies and runaways, housing applications, Salvation Army services, Community Action Program services, school dropouts, requests for aid from churches and food pantries, and W-2 case loads and employment indicators. They found that part of the decrease was due to Pay for Performance the precursor to W-2, but they also cited an increase in the need for food. Officials claimed this study was not meant to measure the impact of W-2, but an effort to be proactive in dealing with the effects of W-2.\textsuperscript{56} The La Crosse Salvation Army claimed in the build-up to W-2 they had been filled to capacity since mid-July. A Salvation Army official said of the situation, “We are concerned about how we’ll handle any additional people as a result of W-2.” Most of the people in the shelter were single mothers, both employed and unemployed according to the official.\textsuperscript{57} 

The job centers in Milwaukee were still under construction just 24 hours before W-2 was slated to start. George Leuterman, head of one of Milwaukee’s six job centers said of the transition from welfare office to job center, “I think chaos is a very good word. I think anxiety attacks of: What have we forgot? Do we have it all in place?” Staff was still being hired to work in rooms that were still under construction and case workers were attempting to learn a whole new set of skills. Manpower Inc., the largest temp agency in the country, which was headquartered in Milwaukee, was offered the chance to take over one of Milwaukee’s job centers, but they declined because of uncertainty of how well W-2 would work in Milwaukee County. Instead, a company called Maximus

\textsuperscript{57} Jaci Gardell, “Working-poor family falls through cracks in system; Largely forgotten in the debate surrounding the welfare-to work program starts this week, some families struggle to make it without government aid,” \textit{Wisconsin State Journal}, August 31, 1997.
took on the challenge.\textsuperscript{58} According to their deal with the state, the more people Maximus places in jobs the bigger the payment they would receive from the state.\textsuperscript{59}

On September 1\textsuperscript{st} 1997, Wisconsin Works was implemented in the state and its beginning was covered nationally in the press. “Everybody Works in Wisconsin,” was the headline as the implementation of W-2 was covered in national and international newspapers.\textsuperscript{60} Governor Thompson announced, “The eyes of the world are upon us today. I am confident we will be successful.”\textsuperscript{61} Attention then turned from implementation to results. Democratic Senator Paul Wellstone of Minnesota, who led the losing campaign against national welfare reform, addressed a 10,000 person union crowd at Laborfest on Labor Day in Milwaukee. Wellstone warned against measuring W-2’s success by how much welfare caseloads declined:

You can’t define progress by just reporting a declining welfare caseload. To figure out whether you’ve made progress toward the real goal, which is ending poverty, you have to ask: Are people finding jobs that are secure and permanent? Do those jobs pay a living wage? Do they provide necessary benefits, such as health care coverage and child care? Can these workers join unions without harassment or fear of job loss? Are we seeing genuine improvements in people’s lives, improvements of a sort that really will teach lessons about the value and dignity of work? And are we insuring that people will not lose their jobs, have their wages cut or see their livelihoods undercut by welfare reform?\textsuperscript{62}

At the time of W-2s implementation the AFDC caseload in Wisconsin was 31,476. After one year on W-2 the welfare caseload was cut in half to 13,342.\footnote{“Wisconsin Works Overview”, June 1998, Hudson Institute, Box 3, Folder 8, Marquette University.}

Milwaukee was not among the 63 counties that chose to continue managing their own welfare offices. Milwaukee was divided into six regions with a job center in each region. Non-profit Goodwill Inc., operated two of the centers, and for-profit companies operated the other four. Medicaid and food stamps were not included in the operation of W-2, those continued to be run by the state.\footnote{Penelope Lemov, “The Rocky Road to Privatizing Welfare,” Governing Magazine, July 1997.}

Wisconsin’s Catholic bishops, some of W-2’s biggest critics, issued guidelines for ways Catholics could help make W-2 a success. The 14 page guide entitled, “Parish Involvement in Welfare Reform,” encouraged community involvement. The bishops urged parishioners to reach out to the poor, “at a moment of crisis in their lives.” They suggested not only charity, but for parishioners who owned their own businesses to hire W-2 recipients. Of particular concern was child care:

Welfare reform places a heavy emphasis on work. However, this emphasis must not devalue the importance of parenting. Catholics should make every effort to keep welfare reform as family friendly as possible. The best thing we can do for Wisconsin’s poor families is to be active participants in welfare reform in order to affirm those parts of Wisconsin Works that are helpful to the needy and to be credible as constructive critics in seeking change for those features which may be less so.

Governor Thompson, who was in a very public feud with the Catholic bishops over W-2, saw this as an olive branch and welcomed the bishops participation in making W-2 a
success, “The bishops’ leadership at this critical time in W-2’s implementation inspires even more confidence that it will be successful.”

Another stand-off, in the state Assembly regarding the state budget, also appeared to be coming to an end. Democrats and Republicans had come to an agreement on 130 of 135 disputed items one of which was a plan to provide additional due process protections to W-2 participants. They also agreed on lowering the premiums for the working poor in Thompson’s BadgerCare proposal. “We’ve gotten more done in the last two days than the Senate did in three months,” Assembly Majority Leader Republican Steve Foti, of Oconomowoc, declared. The Republicans gave Democrats equal seats at the Assembly negotiating table in order to develop a budget. The budget had been stalled for months in the State Senate when Senate Democrats were unable to get their coalition in agreement over budget proposed by Democrat Chuck Chvala, of Madison.

Even after W-2 was implemented welfare rights activists did not give up trying to get it repealed. Milwaukee activist Phil Wilayto, head of the grassroots organizing group, A Job is a Right, wrote an investigative report on what he thought was behind W-2 being implemented in Wisconsin. The report was entitled, *The Feeding Trough: The Bradley Foundation, ‘The Bell Curve’ and the Real Story Behind W-2, Wisconsin’s National Model for Welfare Reform*. In it Wilayto argued that welfare reform was a part of a bigger scheme developed by corporations and the foundations they supported. “W-2 was meant to benefit the corporations at a time of greatly intensified national and global competition. It was meant as a battering ram against the level of wages and benefits that

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U.S. workers had won over decades of struggle.” The president of the Bradley
Foundation called the report, “unconstructed Marxism-Leninism.” Wilayto went after
the Lynde and Harry Bradley Foundation because he claimed, “Bradley money has fueled
the national attacks on affirmative action, attempts to destroy the public educational
system and the propaganda campaign designed to undermine a wide range of social
welfare programs, in particular Aid to Families with Dependent Children.” He claimed
the Bradley Foundation had a clear racist agenda which was evident by their funding of
the controversial book, “The Bell Curve.” Senator Gwendolyn Moore supported the
report claiming, “I highly recommend that all providers and employers read The Feeding
Trough before they decide whether to become overseers on the New Plantation.”

Wilayto detailed the relationship between the Bradley Foundation and Charles
Murray author of “Losing Ground,” and co-author of “The Bell Curve,” who advocated
for the elimination of anti-poverty programs because poverty was a due to individual
failings. During the 1990s the Bradley Foundation provided grants up to $113,000 to
Murray and the Foundation president called Murray, “…one of the foremost social
thinkers in the country.” Wilayto then went on to detail the Bradley Foundation’s funding
of the Hudson Institute’s Welfare Policy Center in Madison Wisconsin, funding both
research behind W-2 and the implementation of W-2. 69

Experts began to defend W-2 against the charge that it increased homelessness. At
a conference of the nation’s editorial writers in Madison, Mary Ann Cook, the economic
assistance administrator with Dane County’s Department of Human Services, and

Michael Wiseman, poverty researcher from the La Follette Institute at UW-Madison, both agreed that the increase of people at homeless shelters and W-2 were not correlated. Instead Cook suggested the cost of housing was the culprit. Wiseman added that most people in homeless shelters were childless and thus not eligible for AFDC or the Pay-for-Performance, both precursors to W-2. They both agreed it was too early to determine the effects of W-2 which began earlier that month. At that same conference Donna Shalala refused to give W-2 credit for reductions in welfare caseloads in Wisconsin, “Much of the change we see is the function of the economy being strong,” she insisted. Paul Wellstone agreed and said the focus of welfare reform, “must be on living wages.” Governor Thompson also addressed the group and said W-2 was unusual by American standards because it combined an end of an entitlement with a package of Swedish-style government subsidies. Not only was Thompson convinced his plan was different but that he himself was different, “I’m very different from arch-conservatives,” and admitted he and his reforms might be seen by conservatives as, “a little socialistic.”

The Legislature finally passed the two year state budget September 30, 1997. The changes they made to W-2 were allowing school to count towards the work requirement and increasing the W-2 payments to be equal with the federal minimum wage. Conservative Republicans asked Thompson to use his partial veto power to remove the education clause because as Assembly Speaker John Gard, claimed the education waiver was, “a complete retreat from our basic principles because it allows people to do

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something other than work.”\textsuperscript{73} Moderate Republicans and Democrats considered job training and education essential to the success of W-2.\textsuperscript{74} Democrats wrote Thompson a letter in support of the education clause stating, “Without adequate education and training, W-2 participants will instead be trapped in a lifetime of entry-level, dead-end jobs that will not provide enough resources to support a family.” Thompson, at first unsure of what to do, eventually came to the conclusion to veto the education provision because, “It’s not the right time to change it [W-2] so dramatically before we find out what problems are and to give it a chance to work.” Thompson also noted that W-2 recipients were only required to work 28-30 hours a week which left plenty of time for education and training programs.\textsuperscript{75}

Charitable Choice, a provision in the national PRWORA legislation allowed for faith-based organizations to receive government funds without being required to compromise their religious identity. The Charitable Choice provision did not allow funds for worship or other activities not related to the charitable service in order to comply with the First Amendment. Voluntary and secular alternatives to Charitable choice programs needed to be provided by the state. Because of the Charitable Choice provision Superior County was able to subcontract with Catholic Social Services to provide W-2 Transitions participants with jobs. W-2 Transitions clients were considered the hardest to serve, a challenge the Catholic Church welcomed. Also utilizing the Charitable Choice provision were Community Enterprises of Milwaukee, and the Jericho Project of Madison.\textsuperscript{76}

\textsuperscript{74} David Callender, “Governor unsure on veto for W-2 technical classes,” \textit{Capital Times}, October 7, 1997.
Wisconsin’s welfare caseload dropped 8.7 percent during the first month of W-2, making it the single largest drop in state history. Caseloads were down a full third from September, 1996. Critics still complained that the W-2 program had fatal flaws. Democratic Representative Spencer Coggs, of Milwaukee, argued that there was insufficient child care and a lack of good paying jobs in Milwaukee for W-2 to work.\textsuperscript{77} The DWD announced in November that 1,813 people were placed in jobs or W-2 activities while 31,000 remained on AFDC. They set a deadline of March for everyone to be transitioned to W-2. Of the 1,813 that were placed, 1,000 or 55 percent found private sector jobs while 813 or 45 percent were put into publicly subsidized community service or transitional jobs.\textsuperscript{78} In order to get people on the road to work, W-2 included the Job Access Loan program that was previously a part of Work Not Welfare. The program allowed recipients to get low interest loans for the purpose of obtaining and maintaining employment. Most of the loans were used to purchase cars or repair cars recipients already owned.\textsuperscript{79}

In December of 1997 Tommy Thompson was honored by \textit{Governing} magazine for being a “welfare risk-taker.” The article focused on Thompson’s role as a welfare reformer citing that Thompson had cut welfare rolls in Wisconsin by 65 percent since he took office in 1987. It acknowledged critics who said the decline was mostly due to drastically reducing eligibility. He made child-care a priority and was able to eliminate the child-care waiting list by allotting $25 million to expanding day care services in the state. By June there was no one left on the waiting list, and in case a wait returned, no

mother with a child under the age of 6 would be required to take a job without child care being available. The article pointed to the fact that Thompson continued his efforts to reform services to the poor in the state with BadgerCare, an attempt to provide affordable health insurance to the working poor.  

BadgerCare began as an effort to take part in the State Children’s Health Insurance Program (S-CHIP), which insured children of poor families. By 1997, an estimated 77,000 people had enrolled in BadgerCare and 25,000 were enrolled in Medicaid due to an aggressive outreach program that BadgerCare started. BadgerCare ran out of money by the end of 1997 and Thompson told Secretary of HHS, Joe Leann, “Don’t kick anybody out. We’ll find the money.” In December of 1997 Thompson was under the impression that the Clinton Administration and he had come to an agreement to expand BadgerCare to the working poor, which would have expanded coverage to 50,000 residents of Wisconsin. Unfortunately the Health Care Financing Administration denied the waiver in May of 1998. In January, of 1999, the same federal agency reversed its decision and approved the BadgerCare waiver. Thompson expanded eligibility to those 200 percent over the poverty line. Thompson feared that businesses would stop providing health insurance and dump people onto BadgerCare, but if they did, he was confident the law could be rewritten.

A report released by the National Center for Policy Analysis showed that Wisconsin had reduced its welfare caseload by 58 percent since 1993. Wisconsin was

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83 Mike Flaherty, “A health plan for the working poor; 50,000 people in Wisconsin would be covered under the Governor’s proposal,” Wisconsin State Journal, December 17, 1997.
third in caseload reduction behind Wyoming and Idaho, but since the W-2 began in
September of 1997 caseloads in Wisconsin decreased by one third. A spokesman for the
center said, “When you discuss states that make welfare reform work, you have to
mention Wisconsin. Wisconsin is always mentioned because they did the best job.” A
senior fellow at the Brookings Institution, R. Kent Weaver said the study raised questions
though, “We don’t know yet what has happened to people who left the rolls, if these
people will be able to support themselves.”

In December, the workers’ rights group Jobs for Justice held rallies all over the
country against welfare reform claiming welfare reform efforts would result in a new
class of working poor people. In Milwaukee the rally focused on W-2. A representative
from the AFL-CIO claimed that people in W-2 were not getting the training they needed.
He cited data from a University of Wisconsin researcher which showed that W-2 clients
were being classified as job ready, which nullified benefits, but they were unable to find
work. W-2 agencies in Milwaukee claimed that classifications were fluid and if a client
could not find work they were reclassified. Jobs for Justice contended that there were not
enough jobs to employ every W-2 recipient. The group released a study that showed that
five years after leaving welfare, the majority of women still made wages below the
poverty line.

The Legislative Fiscal Bureau released data that showed rural counties in
Wisconsin were getting much more funding than urban counties to run their W-2
programs. The disparity was great, rural counties Crawford and Lafayette with only two

84 Adam S. Marlin, “State’s welfare cuts draw notice; Recent reforms show promise, report concludes,”
W-2 cases in September received $846,723 or $15,120 per family per month while Vernon County had a $1.5 million contact for 29 people which only added up to $2,152 per family per month. Democratic State Senator Joe Wineke, of Verona complained, “We could send these families to Harvard and then to MIT for that kind of money!” Milwaukee County with 16,425 of the state’s 22,760 cases received the least money at $828 per month per family. Wineke, who voted against W-2, said that the disparity between the counties was the most egregious offense, “…people will think the poor are getting this money. They’re not getting anything. This all goes to build a bureaucracy, and in some cases that bureaucracy is a private business.”

A spokesman for the DWD claimed that Crawford County’s contract initially had 80 families on it. Because they placed almost all of the families in jobs they are required to repay 45 percent of the money to the state treasury, but they could keep the other 55 percent for county poor relief programs. He also claimed that Crawford had 12 cases not two as the Legislative Fiscal Bureau cited.

In mid-December, the W-2 numbers were released for October. By the end of October there were 27,377 families on W-2 which was down 13 percent from September breaking the previous state record for drop in caseload set the previous month. Linda Steward, secretary of the DWD, said of the decline, “Our 80 local W-2 agencies are well on their way to meeting our goal of serving everyone who is eligible (for W-2) by March 31.” Democratic Representative Dave Travis, of Madison said the W-2 numbers could be deceiving because the numbers only counted the people off of cash assistance, not off

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87 Mike Flaherty, “Rural areas get more for W-2; less-populated counties get more money per family, a lot more,” *Wisconsin State Journal*, December 12, 1997.
of all support such as food stamps, child care, health care, and transportation subsidies.

The DWD noted there were still 78,000 families on food stamps and 146,541 on subsidized health insurance and Medicaid. Travis and other critics wanted outside studies to analyze W-2.88

Disabled parents on W-2 were having trouble qualifying for federal disability benefits because the Social Security Administration determined that W-2 recipients earned too much to qualify for SSI. Unless parents dropped out of W-2, they could not get SSI.89 The director of the DWD, Jean Rogers, said they were working with the Social Security Administration to fix the problem. Rogers also acknowledged that in Milwaukee County contractors failed to find jobs for thousands of people, and they were not halting benefits for those who did not work. The five contracted agencies claimed they were taking steps to ensure participation and sanctions for non-work.90

Newspapers that covered welfare reform in Wisconsin entered the W-2 industry as employers. The Milwaukee Journal Sentinel started one of the first W-2 training programs in their production and distribution departments. Because the work was part-time they did not receive state subsidies but the work required no experience so it was perfect for W-2 recipients. The Journal-Sentinel management commented on how the clients were more motivated to show up to work because, just like a real job, your check was based on attendance.91

In January of 1998, the UW-Milwaukee Employment Training Institute released a study that showed that in 1996 5 of 6 families that got off welfare in Milwaukee County earned less than the federal poverty level. More than a third of those who left welfare by September of 1996 showed no earnings in the last three months of that year, which meant they either left Wisconsin, were jobless, or were part of the underground economy. The report also showed that 25 percent of employers in Milwaukee County hired welfare workers, but the turnover rate was high due to the employment only being part-time and the work-force being more transient. The study followed 25,125 single parents on AFDC in Milwaukee County from 1995 through 1997. The majority of jobs held by former welfare recipients failed to last more than two quarters.92

The Wisconsin Policy Research Institute released a report claiming that contracting W-2 services out to private corporations saved Wisconsin $10.3 million over two years. Most of Wisconsin’s 72 counties administered W-2 themselves but 11 counties chose to contract out to private agencies. The 72 publicly run counties used all of their budgets but the 11 privately run counties saved $10.3 million from what was originally budgeted. Most of the savings came from Milwaukee County. The author of the study, David Dodenhoff, had no idea why private agencies were able to do the job for less, and he did not compare wage differences between public and private operations.93

In March of 1998, Democrats in the State Senate introduced a bill to restore food stamps to immigrants. At least a dozen states had moved reinstate food stamps for immigrants, and Governor Thompson seemed open to the idea. The bill had significant

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opposition in the Assembly where Republicans felt it would reintroduce an entitlement program. The DWD also fought against the bill claiming food stamps were a federal responsibility. Republicans in the Assembly rejected the food stamp reinstatement with a vote of 51-46. Representative John Gard, claimed the bill was shot down because Wisconsin could not afford to fix the federal government’s multi-billion-dollar mistake. Democrats like Milwaukee Representative Barbara Notestein, argued that Illinois voted to reinstate food stamps for immigrants, “But what does Wisconsin do? Wisconsin says we’re not going to feed the people who defended our country. You don’t care. You don’t care that children are going to die.” Governor Thompson went against members of his own party and proposed extending food stamps to immigrants through 1999. His plan was the exact same as the Democrats proposed by using block grant funds to extend food stamp benefits to immigrants. Thompson said of his proposal, “The Hmong and other legal immigrants should have the same opportunities to receive food stamps as other Wisconsin residents. Although the federal government created the problem, it’s the right thing for the state to help resolve it.” Republicans in the Assembly fell in line and passed the Governor’s proposal 86 – 11. At the same time Congress was working to restore the benefits to legal immigrants nationally. If passed, Wisconsin would only have to pay $1 million to provide food stamps instead of the $4.6 million projected.

94 Dee J. Hall, “Food stamp plan likely to advance; Senate panel expected to OK return of benefits,” Wisconsin State Journal, March 4, 1998.
By December of 1998 the number of families getting cash payments from W-2 dropped by 72 percent since W-2 began.\textsuperscript{98} A statewide survey of 375 former welfare clients who left at the start of W-2, showed that most found jobs within 3 months. But more than half of those surveyed said they had more money when they were on welfare than they did off of it.\textsuperscript{99} The survey also showed that while 62 percent of the people who left welfare were working, 38 percent were not.\textsuperscript{100}

In 1999, Governor Thompson moved to increase spending on child care. He asked for an additional $13.5 million for child care expansion and $10 million to open new child-development centers. While some Assembly Republicans were not sold on the idea because they wanted a large tax cut, Republican State Senator Alberta Darling, of River Hills, supported Thompsons plan. “We need this. Right now, we pay zoo keepers more than we pay the people who take care of our children.”\textsuperscript{101} In October, ETI released a study that showed that child care subsidies exceeded the incomes of many Milwaukee W-2 families. According to the study the top monthly cash benefit of W-2 was $673 while the average monthly child care subsidy was $759 in 1999 which was an increase of 49 percent from January of 1996 when the subsidy was $510. The study found that 56 percent of W-2 clients had higher child care subsidies than benefits. The study also

\textsuperscript{100} Mike Flaherty, “W-2 study finds 62% employed; but critics note that 38% who aren’t,” \textit{Wisconsin State Journal}, January 14, 1999.
\textsuperscript{101} Mike Flaherty, “Groups attempt to secure federal funds for child care,” \textit{Wisconsin State Journal}, June 17, 1999.
highlighted the fact that very few child care providers in Milwaukee were open past 7pm. This provided limited options for parents who worked late shifts.\footnote{Joel Dresang, “Child-care funds exceed Income for many former Wisconsin welfare clients,” \textit{The Milwaukee Journal Sentinel}, October 19, 1999.}

In December, a study was released by the Hudson Institute that showed that 40 percent of the state’s W-2 recipients from 1997 had jobs without public assistance in 1999. However, the average annual income of former welfare recipients was below the federal poverty line. The study’s conclusion was simple; give recipients enough to stay above the poverty line.\footnote{“40% of ex-welfare recipients hold jobs,” \textit{Telegraph Herald}, December 13, 1999.} Of the 300 W-2 recipients in Milwaukee who were surveyed 43 percent said W-2 was better than AFDC while 47 percent said it was worse.

Wisconsin received the “Innovation in American Government” Award from Harvard University and the Ford Foundation for W-2. Thompson said of the accolade, “Wisconsin Works is far and away the biggest change in American social policy in 60 years, and its effects are being felt across the country and the world.”\footnote{Alex Adwan, “Wisconsin teaches welfare reform,” \textit{Tulsa World}, December 19, 1999.} Unfortunately not all the news about the results of W-2 were positive. The Institute for Wisconsin’s Future released a study that stated 900 Hmong immigrants dropped out of W-2 because 90 percent of the Hmong immigrants could not read English and therefore could not communicate with caseworkers and receive education. The study interviewed 137 Hmong were interviewed for the study and all claimed the 10 to 12 hours of English education set up under W-2 did not happen. The report concluded that the W-2 two-year time limit should have been extended for the Hmong, and the number of bilingual staff members and interpreters should have been increased.\footnote{“W-2 report: Hmong left behind,” \textit{Telegraph Herald}, December 19, 1999.} The study triggered a federal
investigation into whether or not the civil rights of the Hmong were violated. The
Department of Health and Human Services Office of Civil Rights gave Wisconsin
officials a week to respond to allegations it did not provide interpreters for non-English
speaking W-2 clients. W-2 could have lost federal funds if found in violation of the 1964
Civil Rights Act.\textsuperscript{106} Thompson called the federal investigation, “a cheap partisan shot,”
by the Clinton Administration.\textsuperscript{107}

In October of 2000, the Urban Institute released a study that showed that the
percentage of Wisconsin adults and children in low-income families dropped by 2.1
percent between 1997 and 1999. The study also showed that the percentage of children
living in families earning less than twice the federal poverty level fell from 32.4 percent
to 29.6 percent in Wisconsin. State officials gave credit to W-2 for the decline, but
admitted more needed to be done about health coverage for the poor which showed a .5
percent increase in children without health care.\textsuperscript{108}

In December of 2000, President elect George Walker Bush nominated Tommy
Thompson to be his Secretary of Health and Human Services. Jack Strayer of the
National Center for Policy Analysis said of the nomination, “He’s really the godfather of
welfare reform. He works, gets his ideas out there and he’s not afraid of criticism.”\textsuperscript{109}
Thompson said he chose to join the Bush administration because the president wanted to
utilize the, “Wisconsin way of solving problems facing America.” By the time of his

\textsuperscript{107} Marv Balousek, “Falk says county working to help Hmong,” \textit{Wisconsin State Journal}, December 23,
1999.
\textsuperscript{108} “Study: Number of low-income families declines by 2.1%: Officials credit the W-2 program for
\textsuperscript{109} Tony Pugh, “Health nominee led reforms with welfare-to-work program,” \textit{San Jose Mercury News},
nominated Thompson had reduced the welfare rolls in Wisconsin by 93 percent from 1996.\footnote{Governor planning to leave; Health and Human Services choice: Thompson says Bush wants to bring “Wisconsin way of solving problems” to the White House, \textit{Telegraph Herald}, December 30, 2000.}

In 2001 Tommy Thompson was confirmed as secretary of Health and Human Services. At the same time the Legislative Audit Bureau released an evaluation of W-2. The review was mixed. In fifteen years Thompson’s reforms were able to get nine in ten families off of welfare. The study found that just months after W-2’s implementation two-thirds of recipients filed income tax returns. The average income of the former welfare recipients was almost $12,000 which was increased to $16,000 with EITC credits. Former W-2 recipients replaced a $673 W-2 check for $1,000 in monthly earned income. The Institute for Research on Poverty also released a study that revealed that wage rates and total income increased over a two-year period for those who left W-2. Many families still cycled in and out of employment and others were still struggling to make ends meet and required additional services.\footnote{Jay Hein & Rebecca Swartz, “Does Wisconsin Work?” \textit{National Review}, April 27, 2001.} The DWD responded to the study by requesting an additional $51.9 million for child care assistance.\footnote{“Auditors urge additional aid,” \textit{Telegraph Herald}, January 11, 2001.}

The Legislative Audit Bureau released a state sponsored audit of W-2 in April of 2001 that showed only a fraction of former Wisconsin welfare clients who had gone to work full time were earning more than poverty wages. The study tracked 2,129 W-2 clients who left the program in 1998 and found that two-thirds filed state income tax returns, and the other third did not have to file returns because their incomes were too low. Of those who filed returns 34 percent earned more than the federal poverty level and 66 percent were below it. The DWD responded to the study by stating the report was just
what they expected and that, “W-2 has helped people move into the work force, but not everybody has been lifted out of poverty. We didn’t expect that they would go into the work force and begin making high-level wages and be well-off immediately.” The report cited that W-2 caseloads declined 51 percent between 1997 and 2000.113

The Hudson Institute released a study in July of 2001 that showed that W-2 clients were having trouble affording housing. In Southeastern Wisconsin 67 percent of W-2 agencies said most of their clients had trouble paying for housing while in northwest Wisconsin 42 percent of agencies reported the same issue. In Milwaukee the study found that there was not enough low-cost housing. The average rent in Milwaukee was $633 which the Federal housing standards said was affordable for people making no less than $12.27 per hour. The author of the study Rebecca Swartz said of the findings, “These people are working and doing their darnedest and still not getting ahead. One medical bill, one layoff for two weeks, and they’re in deep trouble.” The DWD said they would shift the priorities of W-2 to help Milwaukee County residents get better job training to improve their pay.114

The W-2 rolls in Wisconsin were at 6,526 in the beginning of 2001, but the rolls began to rise when Wisconsin’s economy slowed down. By July of that year the rolls increased by about 1,000 people to 7,504 a rise of 14.5 percent. Wisconsin’s unemployment rate had increased from 2.9 percent to 4.4 percent from 2000 to 2001.115 The number of people enrolled in BadgerCare also rose as W-2 rolls grew at the end of

2001. Both saw significant spikes in enrollment after the September 11th attacks, with BadgerCare seeing an increase of 1,680 people and W-2 rising by 319 people between September and October. In June 2002 W-2 caseloads declined from 9,489 to 9,444, but caseloads were still up almost 2,000 people from 2001.

When the 2000 census data was released figures showed a massive drop in welfare caseloads, but a much less dramatic drop in poverty levels. In 1999 Wisconsin ranked last among the 50 states in the percentage of families on welfare with just 1.71 percent in 1999 down from 7.3 percent in 1989. In Milwaukee the percentage of families on welfare fell from 15.3 percent in 1989 to 4.6 percent in 1999. Wisconsin also ranked 48th in the nation in poverty, with only 5.6 percent of families in poverty. In Milwaukee the poverty rate only dropped from 18.5 percent to 17.4 percent. This small decline was ammunition for welfare advocates who claimed W-2 did little to nothing to fix poverty.

The Milwaukee County W-2 Monitoring Task Force appointed by the Milwaukee County Board released a study in December of 2002 claiming that W-2 dollars were being misappropriated by private W-2 agencies. The author of the report was Pamela Fendt, a senior policy analyst at the University of Wisconsin-Milwaukee. The report found that 63 cents of every W-2 dollar went to administration and only 37 cents went to client benefits. The study pointed to the questionable expenditures such as the bosses of the agencies earning between $146,000 to $180,000. The DWD reacted to the report by claiming, “That was part of the whole plan from the beginning. You have to spend money to help people get to where they want to go.” Fendt responded to the DWD saying,

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“money is often misallocated, being spent on administration and infrastructure costs of the private agencies, not on benefits or services that directly help the families the program was created to serve.” The Task Force recommended consolidating the four private agencies to save on operational costs. They also suggested removing the profit motive agencies received to get people off of W-2 because it led to agencies making difficult for people to access and stay on W-2.\textsuperscript{119}

In 2003, the DWD reported that more than 8,000 former W-2 recipients in Milwaukee County alone returned to the program, most after losing their jobs. A representative from one of Milwaukee’s four W-2 agencies cited the last hired first fired mantra as the reasoning behind W-2 workers being laid off during the economic recession. Where Milwaukee County was seeing an increase in W-2 rolls, Dane County and others saw their caseloads remain steady.\textsuperscript{120}

In 2005, the Legislative Audit Bureau released an audit of W-2 that recommended more program oversight. The study found an unanticipated trend of low-income women without insurance using W-2 as paid maternity leave.\textsuperscript{121} The audit also concluded that the W-2 program continued to produce unskilled workers, the majority of whom did not make it above the poverty line and ended up back on W-2. The report found that four out of five W-2 former recipients earned less than the federal poverty level. The amount of people who reenrolled in W-2 increased from 38.6 percent in 2000 to 52.3 percent in June of 2004. Assembly Speaker Republican John Gard of Peshtigo, said that W-2 was

\textsuperscript{120} “Milwaukee area sees W-2 surge; Dane County caseload steady,” \textit{Capital Times}, July 30, 2003.
\textsuperscript{121} Antita Weier, “Audit says W-2 used for paid maternity leave; It’s an unintended consequence,” \textit{Capital Times}, April 7, 2005.
doing exactly what it was intended, “It is not a guaranteed way out of poverty but the old
program was a guarantee to remain poor.”

A report from the Brookings Institution in 2006 contained mixed reviews of W-2
which was nearing its ten-year anniversary. While caseloads declined significantly from
AFDC, poverty in Wisconsin was not improving and the number of children in extreme
poverty was actually increasing. The Institute for Research on Poverty summarized
what W-2 taught both researchers and lawmakers in ten years, “One of the things we’ve
come to understand is that when you move from traditional support mechanisms to
making more demands of poor individuals it puts more demands on government. It’s
harder to help someone be self-sufficient than to send them a check. Unfortunately, it
doesn’t look like poverty will be eliminated any time soon.”

During and after the economic recession of 2008 Wisconsin saw the number of
adults in poverty rise by 119,300 from 2007 when it was approximately 349,700 to 2009
when it was approximately 469,000. Wisconsin recipients of the supplementary Food-
Share (Food Stamp) program doubled between 2007 and 2010. W-2 also saw an increase
of 6 percent but this number was low compared to the increase in poverty and reflected
the national trend of TANF programs helping less poor people than AFDC did.

Wisconsin was able to end welfare as they knew it, but they were unable to end poverty.

122 Phil Brinkman, “Audit: W-2 Not Fighting Poverty; Critics say state’s welfare-to-work program isn’t
meeting goal of helping people become self-sufficient,” Wisconsin State Journal, April 8, 2005.
123 Judith Davidoff, “10 years later: W-2 funds go to low-wage workers,” The Capital Times, August 14,
2006.
124 “Institute for Research on Poverty Marks 40 Years of Innovative Work,” Ascribe Newswire, October 24,
2006.
125 Claudia Williams and Ariane Hegewisch, “Women, Poverty, and Economic Insecurity in Wisconsin…”
Institute for Women’s Policy Research, April, 2011.
Chapter 9: Conclusion

Wisconsin’s contributions to these policies cannot be overstated; Wisconsin was a key influence in the creation of the welfare state and in its reform. From the development of mothers’ pensions to ADC and TANF Wisconsin was a national leader in creating those policies and Wisconsin’s academics and legislators were crucial in bringing the policies to the national level. From Robert La Follette to Tommy Thompson the laboratory of democracy in Wisconsin has been at the forefront of innovations in social welfare policy for over a century.

Wisconsin’s social welfare policy stressed self-reliance and work from the beginning. One of the first states to provide ADC in 1913 and mothers’ pensions in 1917, Wisconsin legislators inserted clauses in both programs that work could be required of aid recipients if a judge so ordered. These programs also failed to cover African-American and some immigrant families due to prejudicial restrictions. When the Great Depression proved too much for mothers’ pensions too handle Wisconsin legislators debated the merits of work relief over cash relief finally deciding that while work relief was preferable cash relief would be provided to mothers in order to provide work relief for men. Wisconsin’s ADC rules were strict and the program was not widespread until the federal government nationalized the program in 1935 greatly expanding not only the benefits but the eligibility requirements, and work not being a condition of aid remained acceptable to legislators and the public for a very short period.
The ADC rolls rapidly expanded in the 1950s and 1960s and the requirements changed and as African-Americans gained access to the program. The Poor People’s Movement and the largest increase in the now AFDC rolls happened during the 1960s and both received public attention and the calls for work programs came from not only the legislators but the welfare recipients themselves. War on Poverty programs were developed not only to assist the poor but to try and curb the growth in AFDC which President Johnson and every president after him deemed unacceptable.

AFDC was amended in 1967 with the WIN work incentive program and it was mandated nationwide in 1988, and work training programs such as JOBS developed, but guaranteed income proposals for welfare recipients continuous failed to pass in Congress. Yet, EITC was quickly passed in both Wisconsin and nationally as a guaranteed income benefit for the working poor. Social Security Income separated the poor into two groups, the aged, blind, and disabled who did not have to pay into the system yet were not expected to work on one side, and leaving impoverished mothers with children alone on the other who were able-bodied yet non-working. As stories began to surface in the 1970s and 1980s of corruption and cheating on AFDC, the program became intensely scrutinized and groups of academics, legislators, and the public began demanding welfare reform to force recipients to work. One of the most effective legislators to champion that cause was Republican Tommy Thompson of Wisconsin.

Thompson ran for Governor on the issue of welfare reform and he continued his crusade throughout four terms as governor and one term as HHS Secretary under George W. Bush. His crusade began when he perpetuated the myth that Chicago’s poor were flooding into Wisconsin in order to gain access to the state’s generous welfare benefits.
Thompson started a task-force during his campaign to propose solutions not only for the mythical migration problem but for all of the flaws he saw in AFDC. Once elected governor in 1986 he immediately proposed cuts to AFDC cash aid, and proposed the controversial Learnfare program which tied a parent’s welfare aid to their child’s school attendance. He then focused his attention on forcing non-custodial parents to pay their child support. The Children First program forced non-custodial parents to work, train, or perform community service in order to pay their child support and if they refused they went to jail. Child support payments went up 83 percent and make Wisconsin second in the nation in child support enforcement in 1993.

Thompson was able to create these programs through government waivers granted by the Health and Human Services Department. He was able not only to create work requirements but also to increase the income welfare recipients could keep through the Earned Income Disregard waiver. Thompson was able to pass several more programs that imposed work requirements on welfare recipients but his end-goal was to replace AFDC with a work-based program with time limits that would force welfare recipients off of welfare and into work. Thompson’s programs, though not always successful, inspired reform at the national level and he was constantly called to Washington D.C. to testify and consult on welfare to work legislation. But, it was not just Thompson and Republicans who wanted work-based welfare reform, Democrats did as well. The difference between the two sides was their support of safety-nets. Democrats wanted safety-nets such as community service jobs, training, education, and government provided child-care and health-care to catch those who came off welfare, while Republicans insisted on limited supplements and safety-nets because they took away the
incentive for recipients to look for work. Thompson, in conflict with some in his party, wanted child-care and health-care subsidies extended to the working poor and was able to negotiate with legislators and federal officials in order to do so.

Wisconsin’s perennial achievement in welfare reform was Wisconsin Works or W-2 which replaced AFDC in the state and achieved record reductions in the state’s welfare rolls within the first year of its implementation. This continued an already impressive trend of welfare roll reduction from the state’s previous welfare reforms. W-2’s precursors and its blueprint inspired the national welfare legislation PRWORA signed by President Clinton in 1996, which replaced AFDC with the TANF block grant system. TANF returned control of welfare programs to the states and other than a few simple guidelines they were free to design their welfare systems as they wished but the major caveat was that they were work-based and time limited.

Welfare reform was a contentious issue and the studies detailing its successes and failures between 1997 and 2012 have been plentiful. The results of those studies have been mixed. TANF programs reduced the welfare rolls of every state significantly, but critics contended the real test would come during a recession. In 2008, such a recession occurred and the TANF rolls did not increase nationwide the way they should have. States had reduced their welfare rolls so significantly that they were no longer required to force recipients to work and froze time limits which allowed many recipients to stay on the rolls, but the expectation was that in a recession the rolls would increase significantly due to unemployment. The first stimulus package meant to counter the recession contained emergency funding for TANF programs which allowed states to fund their cash strapped TANF programs, but it did not increase the number of recipients on the program.
significantly either. While in economically prosperous times the reduction in the welfare rolls was celebrated the studies also showed that more impoverished families on TANF than were on AFDC were relying on public and private food, clothing, and housing supplements in order to survive because they were unable to get back on welfare after the recession. Even the creators of TANF said this was a failure in the system and that more people should have been given access to the program during recessions.

The national precedent has always been work-based poor relief. ADC was an anomaly and TANF was a return to the national trend of work not welfare. The ideology of self-sufficiency through work was crucial to the development of America’s social welfare policy and was evident in not only the work-based policies but in the discourse surrounding the passage of ADC in 1935. Not everyone was included in these programs and welfare has never been an entitlement without strict requirements, be it marital status, age, race, or citizenship these programs were never guaranteed to cover everyone and even the public and private safety-nets meant to catch those who fell through the cracks had their limitations and both ADC and Food Stamps were consistently under attack for corruption and waste leading multiple attempts by legislators at the state and national level to reduce, reform, or replace the programs.

TANF has been and will need to be reformed in the future to address these issues. Welfare reform is not over even though AFDC is. Now that more and more welfare recipients work the research should expand from welfare to work and to the class of people most welfare recipients became, the working poor.
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