

June 5, 1996

HOW WELFARE HARMS KIDS

INTRODUCTION

The Stand for Children rally, held in Washington on June 1, called attention to the plight of the nation's children. However, the unstated, underlying goal was to defend the continuing growth of the welfare system and implicitly to criticize those in Congress who have sought to reform it. Thus, while the Stand for Children event properly called attention to the disastrous condition of America's children, it is important to recognize that children are suffering precisely because of the governmental policies supported over the last 25 years by the leading organizations promoting the rally.

The simple fact is that children are suffering because the U.S. welfare system has failed. Designed as a system to help children, it has ended up damaging and abusing the very children it was intended to save. The welfare system has failed because the ideas upon which it was founded are flawed. The current system is based on the assumption that higher welfare benefits and expanded welfare eligibility are good for children. According to this theory, welfare reduces poverty, and so will increase children's lifetime well-being and attainment. This is untrue. Higher welfare payments do not help children; they increase dependence and illegitimacy, which have a devastating effect on children's development.

Americans often are told that the current welfare system does not promote long-term dependence. This also is untrue.

- ✗ The 4.7 million families currently receiving Aid to Families with Dependent Children (AFDC) already have spent, on average, six-and-a-half years on welfare.
- ✗ When past and estimated future receipts of AFDC are combined, the estimated average length of stay on AFDC, among those families currently receiving benefits, is 13 years.
- ✗ Among the 4.7 million families currently receiving AFDC, over 90 percent will spend over two years on the AFDC caseload. More than 75 percent will spend over five years on AFDC.

It is welfare dependence, not poverty, that has the most negative effect on children.

- X Recent research by Congressional Budget Office Director June O'Neill shows that increasing the length of time a child spends on welfare may reduce the child's IQ by as much as 20 percent.
- X Welfare dependency as a child has a negative effect on the earnings and employment capacity of young men. The more welfare income received by a boy's family during his childhood, the lower the boy's earnings will be as an adult, even when compared to boys in families with identical non-welfare income.

Welfare also plays a powerful role in promoting illegitimacy. Research by CBO Director O'Neill also shows, for example, that a 50 percent increase in monthly AFDC and food stamp benefit levels will cause a 43 percent increase in the number of illegitimate births within a state. Illegitimacy, in turn, has an enormous negative effect on children's development and on their behavior as adults. Being born outside of marriage and raised in single parent homes:

- X Triples the level of behavioral and emotional problems among children;
- X Nearly triples the level of teen sexual activity;
- X Doubles the probability a young woman will have children out of wedlock; and,
- X Doubles the probability a boy will become a threat to society, engage in criminal activity, and wind up in jail.

Overall, welfare operates as a form of social toxin. The more of this toxin received by a child's family, the less successful the child will be as an adult. If America's children are to be saved, the current welfare system must be replaced. The automatic and rapid growth of welfare spending must be curtailed. Welfare should no longer be a one-way handout; recipients should be required to work for benefits received. Steps must be taken to reduce future illegitimacy, beginning with restricting cash welfare to unmarried teen mothers.

Finally, Americans must help children rise upward out of poverty and despair by enlisting the support of those institutions that have a record of real success. The evidence is clear that religious institutions have enjoyed dramatic success in reducing teen sexual activity, crime, drug use, and other problems among young people. In order to help poor children, America must rely on the healing and guiding force of the churches. This can be done by giving poor parents government-funded education vouchers which could be used to send their children to private schools, including religious schools.

THE FAILED LIBERAL PARADIGM

The liberal welfare state is founded on faulty logic. This flawed logic, embedded in nearly all liberal thinking about welfare, runs something like this:

PREMISE #1: Children in families with higher income seem to do better in life.

PREMISE #2: Welfare can easily raise family income.

CONCLUSION: Welfare is good for kids.

From this logic has sprung a relentless 30-year effort to raise welfare benefits, expand welfare eligibility, create new welfare programs, and increase welfare spending. The recent reform legislation passed by Congress sought to slow the automatic growth of welfare spending. Thus, it violated the cardinal tenets of the liberal welfare system, leading to cries of alarm from the welfare establishment and a prompt veto by President Bill Clinton.

In fact, each of the central tenets of modern welfare is misleading and deeply flawed. Together, they become a recipe for a disastrous system of aid which harms rather than helps, aggressively crushing the hopes and future of increasing numbers of young Americans. It is useful to examine each of these cardinal liberal tenets individually.

CLAIM 1: Raising incomes is crucial to the well-being and success of children. The common liberal corollary to this premise is that poverty causes such problems as crime, school failure, low cognitive ability, illegitimacy, low work ethic and skills, and drug use. Hence, reducing poverty through greater welfare spending will reduce most social problems. History refutes this belief. In 1950, nearly a third of the U.S. population was poor (twice the current rate). In the 1920s, roughly half of the population was poor by today's standard. If the theory that poverty causes social problems were true, we should have had far more social problems in those earlier periods than we do today. But crime and most other social problems have increased rather than fallen since these earlier periods.

History and common sense both show that values and abilities within families, not family income, lead to children's success. Families with higher incomes tend to have sound values concerning self-control, deferred gratification, work, education, and marriage which they pass on to their children. It is those values, rather than the family income, that are key to the children's attainment. Attempting to raise the family income artificially through welfare is very unlikely to do much to benefit the child, but it is likely to destroy the very values that are key to the child's success.

CLAIM 2: It is very easy to raise family income through welfare. This also is untrue. Because welfare reduces work effort and promotes illegitimacy and poverty-prone single-parent families, it actually may cause an overall decrease in family incomes. Welfare is extremely efficient at replacing self-sufficiency with dependence but relatively ineffective in raising incomes and eliminating poverty.

CLAIM 3: Higher welfare benefits and broadened eligibility will help children and improve their success in later life. In certain limited cases, such as when it is needed to eliminate serious malnutrition, welfare can help. But there is no evidence that enlarging benefits and expanding enrollments in most U.S. welfare programs will improve children's lives.

The Truth About Welfare. In contrast to the failed premises of welfare liberalism are the following hard facts about welfare and children:

- X Except in very limited cases, such as those involving serious malnutrition, welfare programs do not yield fewer problems and better life outcomes for children.
- X Welfare programs intended to combat poverty do not help children but do increase welfare dependence, which in turn is very harmful to children's well-being.

- X Welfare programs intended to raise family incomes do not benefit children but do significantly increase illegitimacy and single-parent families, which in turn have decisively negative effects on children's development.
- X Overall, the wider and more generous the welfare "safety net," the greater the problems of dependence and illegitimacy will become, and the greater the harm to children.

EXAMINING WELFARE'S IMPACT ON CHILDREN

The available scientific evidence clearly refutes the liberal hypothesis that attempting to raise family income through more generous welfare payments will benefit children. For example, the average monthly value of welfare benefits (AFDC and food stamps combined) varies between states. The conventional liberal assumption is that children on welfare in states with lower benefit levels will be markedly worse off than children in states with higher benefits. Children on AFDC in high-benefit states, according to the theory, should have improved cognitive ability when compared to children without access to more generous welfare. However, research published in 1994 by now-Congressional Budget Office Director June O'Neill and Anne Hill of Queens College, City University of New York, demonstrates that this theory is incorrect. O'Neill and Hill examined the IQs of young children who were long-term welfare dependents, having spent at least half of their lives on AFDC. Contrary to the expected theory, they found that the higher welfare benefit did not improve children's cognitive performance. The IQs of long-term welfare-dependent children in low-benefit states were not appreciably different from those in high-benefit states.¹

Moreover, this picture is overly optimistic. In restricting the sample to long-term dependent children, the analysis ignores the effects of higher welfare benefits in encouraging welfare enrollment and lengthening the time spent on welfare. O'Neill and Hill have shown that a 50 percent increase in monthly AFDC and food stamp benefit levels will lead to a 75 percent increase in the number of mothers with children enrolling in AFDC and a 75 percent increase in the number of years spent on welfare.^{2 3}

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- 1 M. Anne Hill and June O'Neill, "Family Endowments and the Achievement of Young Children With Special Reference to the Underclass," *Journal of Human Resources*, Fall 1994, pp. 1090-1091.
 - 2 M. Anne Hill and June O'Neill, *Underclass Behaviors in the United States: Measurement and Analysis of Determinants* (New York: City University of New York, Baruch College, August 1993).
 - 3 The impact of increasing the lenience and generosity of welfare in undermining work and prolonging dependence has been confirmed by controlled scientific experiment. During the late 1960s and early 1970s, social scientists at the Office of Economic Opportunity (OEO) conducted a series of controlled experiments to examine the effect of welfare benefits on work effort. The longest running and most comprehensive of these experiments was conducted between 1971 and 1978 in Seattle and Denver, and became known as the Seattle/Denver Income Maintenance Experiment, or "SIME/DIME." Advocates of expanding welfare had hoped that SIME/DIME and similar experiments conducted in other cities would prove that generous welfare benefits did not affect "work effort" adversely. Instead, the SIME/DIME experiment found that each \$1.00 of extra welfare given to low-income persons reduced labor and earnings by an average of \$0.80. The significant anti-work effects of welfare benefits were shown in all social groups, including married women, single mothers, and husbands. The results of the SIME/DIME study are directly applicable to existing welfare programs: Nearly all have strong anti-work effects like those studied in the SIME/DIME experiment. See: Gregory B. Christiansen and Walter E.

Once the effects of increased dependence are included, it becomes clear that higher welfare benefits have a decisively negative effect on children. Comparing children who were identical in social and economic factors such as race, family structure, mothers' IQ and education, family income, and neighborhood residence, Hill and O'Neill found that the more years a child spent on welfare, the lower the child's IQ. The authors make it clear that it is not poverty but welfare itself which has a damaging effect on the child. Examining the young children (with an average age of five-and-a-half), the authors found that those who had spent at least two months of each year since birth on AFDC had cognitive abilities 20 percent below those who had received no welfare, even after holding family income, race, parental IQ, and other variables constant.⁴

O'Neill and Hill conclude:

Our findings of a negative impact of a welfare environment are particularly troubling. After controlling for the effects of a rich array of characteristics, a mother's long-term welfare participation is associated with a significant reduction in her child's [IQ] score and this effect is reinforced by the mother's having grown up in an underclass neighborhood, defined as one with a high proportion of welfare recipients. Although long-term welfare recipients are generally poor, persistent poverty does not seem to be the main reason for the poor performance of these children. Moreover, our analysis suggests that policies that would raise the income of children on welfare simply by increasing AFDC benefits are not likely to improve cognitive development. Children on welfare in high benefit states do not perform measurably better than their counterparts in low benefit states.⁵

More Evidence on Welfare's Negative Impact. A similar study by Mary Corcoran and Roger Gordon of the University of Michigan shows that receipt of welfare income has negative effects on the long-term employment and earnings capacity of young boys. The study shows that, holding constant race, parental education, family structure, and a range of other social variables, higher *non-welfare income* obtained by the family during a boy's childhood was associated with higher earnings when the boy became an adult (over age 25).⁶ However, *welfare income* had the opposite effect: The more welfare income received by a family while a boy was growing up, the lower the boy's earnings as an adult.⁷

Typically, liberals would dismiss this finding, arguing that families which receive a lot of welfare payments have lower total incomes than other families in society, and that it is the low overall family income, not welfare, which had a negative effect on the young

Williams, "Welfare Family Cohesiveness and Out of Wedlock Births," in Joseph Peden and Fred Glahe, *The American Family and the State* (San Francisco: Pacific Institute for Public Policy Research, 1986), p. 398.

4 Hill and O'Neill, 1994, *op. cit.*

5 Hill and O'Neill, 1994, p. 1094.

6 Higher levels of earned family income will tend to be correlated positively with better parenting practices and higher parental cognitive abilities. It is likely that these traits, rather than higher income, lead to improved earnings for sons.

7 Mary Corcoran, Roger Gordon, Deborah Loren, and Gary Solon, "The Association Between Men's Economic Status and Their Family and Community Origins," *Journal of Human Resources*, Fall 1992, pp. 575-601.

boys. But the Corcoran and Gordon study compares families whose average non-welfare incomes were identical. In such cases, each extra dollar in welfare represents a net increase in overall financial resources available to the family. This extra income, according to conventional liberal welfare theory, should have positive effects on the well-being of the children. But the study shows that the extra welfare income, even though it produced a net increase in resources available to the family, had a negative impact on the development of young boys within the family. The higher the welfare income received by the family, the lower the earnings obtained by the boys upon reaching adulthood. The study suggests that an increase of \$1,000 per year in welfare received by a family decreased a boy's future earnings by as much as 10 percent.⁸

Other studies have confirmed the negative effects of welfare on the development of children. For example, young women raised in families dependent on welfare are two to three times more likely to drop out and fail to graduate from high school than are young women of similar race and socioeconomic background not raised on welfare.⁹ Similarly, single mothers raised as children in families receiving welfare remain on AFDC longer as adult parents than do single mothers not raised in welfare families, even when all other social and economic variables are held constant.¹⁰

WELFARE PROMOTES ILLEGITIMACY¹¹

The welfare system does added harm to children by promoting illegitimacy. The anti-marriage effects of welfare are simple and profound. The current welfare system may be conceptualized best as a system that offers each single mother with two children a "paycheck" of combined benefits worth an average of between \$8,500 and \$15,000, depending on the state.¹² The mother has a contract with the government: She will continue to receive her "paycheck" as long as she does not marry an employed man.

As long as a father and mother remain unmarried, they may obtain income from two sources: the mother's welfare and the father's earnings. However, if the parents marry they must rely on the father's earnings alone. Welfare thus has made marriage economically irrational for most low-income parents. It has transformed marriage from a legal institution designed to protect and nurture children into an institution that financially penalizes nearly all low-income parents who enter into it.

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- 8 A further refinement of the Corcoran and Gordon study adjusted for differences in years spent by a family in poverty. The study showed that, in general, if two families had the same level of non-welfare income and spent the same amount of time "in poverty," the more welfare income received by the family, the worse the consequences for a boy raised in the family. For example, if two boys were raised in families with identical non-welfare incomes and spent the same time "in poverty," the more welfare received by one of the families, the lower the earnings of the boy raised in that family when he becomes an adult.
- 9 R. Forste and M. Tienda, "Race and Ethnic Variation in the Schooling Consequences of Female Adolescent Sexual Activity" *Social Science Quarterly*, March 1992.
- 10 Mwangi S. Kimeny, "Rational Choice, Culture of Poverty, and the Intergenerational Transmission of Welfare Dependency," *Southern Economic Journal*, April 1991.
- 11 This section relies heavily on Patrick F. Fagan, "Rising Illegitimacy: America's Social Catastrophe," Heritage Foundation *F.Y.I.* No. 19, June 29, 1994.
- 12 This sum equals the value of welfare benefits from different programs for the average mother on AFDC.

Similarly, welfare has made it possible to raise a child without either the father or the mother having to hold a job. Welfare thus has made a father with low education and skills at best financially irrelevant—and at worst a net financial handicap to the mother and the child. Welfare has worked like an acid, slowly corroding the social foundation of marriage in low-income communities. All parties—the father, the mother, and especially the child—are damaged by this.

Largely because of welfare, illegitimacy and single parenthood have become the conventional “lifestyle option” for raising children in many low-income communities. As *Washington Post* reporter Leon Dash has shown in his book *When Children Want Children*, most unwed teen mothers conceive and deliver their babies deliberately rather than accidentally.¹³ While young women do not bear unwanted children in order to reap “windfall profits” from welfare, they are very much aware of the role welfare will play in supporting them once a child is born. Thus, the availability of welfare plays an important role in influencing a woman’s decision to have a child out of wedlock.

In welfare, as in most things in life, you get what you pay for. The current welfare system pays for non-work and non-marriage and has achieved dramatic increases in both. Scientific research confirms that welfare benefits to single mothers contribute directly to the rise in illegitimate births. June O’Neill’s research has found that, holding constant a wide range of other variables such as income, parental education, and urban and neighborhood setting, a 50 percent increase in the monthly value of AFDC and food stamp benefits led to a 43 percent increase in the number of out-of-wedlock births.¹⁴ Other studies showing the effect of welfare in increasing illegitimacy are listed in the appendix to this paper.

THE SOCIAL CONSEQUENCES OF RISING ILLEGITIMACY

From the very beginning, children born outside of marriage have life stacked against them. The impact on the child is significant and can be permanent. Out-of-wedlock birth and growing up in a single-parent family means the child is more likely to experience:

- ✗ Retarded cognitive (especially verbal) development;
- ✗ Lower educational achievement;
- ✗ Lower job attainment;
- ✗ Increased behavior and emotional problems;
- ✗ Lower impulse control; and
- ✗ Retarded social development.

Such children are far more likely to:

13 Leon Dash, *When Children Want Children: An Inside Look at the Crisis of Teenage Parenthood* (Penguin Books, 1990).
14 M. Anne Hill and June O’Neill, *Underclass Behaviors in the United States: Measurement and Analysis of Determinants* (New York City: City University of New York, Baruch College, August 1993), research funded by Grant No. 88ASPE201A, U.S. Department of Health and Human Services.

