

245. "Starting Over on Welfare" Wall Street Journal, (March 31, 1994), p. A-14.

A funny thing happened on the way to welfare reform: Both political parties are fashioning a new entitlement, billed as an education training period, that will extend dependency on the dole. It may not seem surprising that the Democrats are moving toward granting generous new benefits, but it's disheartening to see Republicans leading the way.

The main plan officially on the table is one advanced by Republican House members. This is not an idle proposal by a few renegades, but the product of extensive deliberation and consultation within the GOP. It has been endorsed by 160 members and is actively championed by 14 leading Republicans in the House. (Several conservative GOP senators are preparing their own plans.)

Rather than cutting cash benefits at once and thus "incentivizing" welfare clients to seek work, the House GOP bill provides for a kind of severance pay: two years at an educational watering hole - any certified training or degree-granting program - of your choice. The demands on welfare recipients for the two years are hardly onerous: attending some courses 10 hours a week. Even my less industrious students do better.

Moreover, anyone can join, including those who are currently employed but poorly paid, those who want to be retrained, and those who simply want to take classes on Western movies or music appreciation - instead of working. This is not merely a hypothetical possibility. When a similar program was introduced in the state of Washington in 1988, the number of clients increased by some 6%. While other factors may have been involved, there is little doubt that the new entitlement was primarily responsible for the increased influx onto the welfare rolls.

It is especially troubling that the GOP bill, as well as a similar measure drafted by a group of moderate Hill Democrats called the Mainstream Forum, exempts those in full-time vocational schools from the two-years-and-out provision. This means that after a welfare client completes her training - say, in a four-year full-time vocational school - she would be immediately entitled to enroll, at the government's expense, in two more years of training to prepare her for a job.

The administration bill, which has not been unveiled yet, reportedly would extend the party for welfare recipients. According to press reports, the Clinton blueprint first would make two years of job training available to younger welfare recipients and then would gradually extend the benefits to others on AFDC. If, as reports indicate, the Clinton plan covers only 200,000 of the roughly five million families now receiving AFDC, its impact will be minimal. The greatest effect may be to give older welfare recipients an even greater incentive to wait on the rolls until they can collect the two-year goody.

Another problem is that the GOP plan - and reportedly the Clinton blueprint - implies that the educational and training period will be the same for one and all. But clearly some people need only a brief course (a company called America Works manages to place some welfare clients in jobs after on one week of training), while others need much longer. If, however, two years is not the maximum length for training and education but the *average* stay, then this raises new problems. Some welfare clients would presumably receive the new entitlement for three or four years or even longer. If that happens, the 20th century will end long before we "end welfare as we know it."

The most fundamental problem with the Clinton and House GOP plans is that the record shows that training proffered by government is a very poor way of preparing welfare clients for work. Often, no jobs are available at the end of the training. The word gets around and participants have little motivation to study. For their part, trainers often do not know what skills employers really require. And they have little motivation to learn, since training programs can typically collect government fees whether or not they actually place their graduates.

By far the best way to proceed - if one does not wish simply to rely on the marketplace - is to defer the training costs employers will incur. Everyone who hires people off the welfare rolls and keeps them employed for at least one year would have the training costs covered up to, say, \$4,500 per client. This would keep people from leaving work to collect the new "education" entitlement.

Training by employers also would ensure that what welfare recipients learn is appropriate to the needs of the marketplace and that as a rule there will be work at the end of the line. There would be an added benefit, as well. The best way to develop work skills is to work. Thus having to show up at a place of employment each day is much more likely to get people off welfare and discourage others from joining than the educational and training packages both parties seem to favor.

It's time for the House Republicans and the Clinton team to go back to the drawing board. They should drop their basic concept of a two-year educational entitlement. If we are to spend billions on welfare reform, we should at least end up with people working rather than merely with more training under their belts.