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This paper determines and assesses the rationale Michigan assumed when reforming welfare in the 1990s. The paper is significant because it reveals why the rationale Michigan assumed is flawed and presents recommendations on how Michigan could have achieved higher levels of success.

In 1979, Michigan institutionalized an entirely state funded General Assistance (GA) program to provide cash assistance primarily to poor, unemployed adults. Each year, the highly seasonal and cyclical nature of Michigan’s economy would displace thousands of people from work, many of whom would seek relief from the state. Under Michigan’s GA program, people could obtain minimal cash grants along with food stamps and state sponsored insurance if they earned less than $262 each month and did not have assets totaling more than $250, car excluded. By 1990, Michigan’s GA program experienced gradual growth. With an expanded budget of $217 million, the program now covered 122,533 people, and of this figure, one percent was disabled and eleven percent had children.1 Despite Michigan’s long history of providing its citizens with generous benefits, Michigan terminated its GA program on October 1, 1991.

This purpose of this paper is to determine what rationale led Michigan to suddenly end its GA program in 1991. This paper consists of four parts. The first reviews leading scholars’ arguments on what public policy should accomplish. The second traces the causes of Michigan’s welfare reform to reveal that one of these approaches was given preference during the policy making process. The third outlines the consequences resulting from policy makers’ decision to end GA. And, the fourth advances my own argument that Michigan could have obtained higher levels of success had legislators adhered to a different philosophical approach when reforming welfare.

I. Literature Review: The Goals of Social Welfare Policy

Among political scientists, there is much debate over the question of what goals policy makers should pursue when reforming welfare. If the answers to this question formed a continuum, then the views known as liberal individualism and civic republicanism

would be at its ends, and in between would be religiously grounded arguments. This section reviews each of these positions to prove that civic republicanism is the philosophy that policy makers should assume when reforming welfare.

Public policy, according to liberal individualism, should not interfere with individuals’ freedom to develop and pursue their own conception of a good life. William Sumner, author of *What Social Classes Owe to Each Other*, explains that the government should afford people with maximal liberty so that they are free to achieve their own ends. Sumner argues that while people might opt to help the poor, the government should never coerce anyone into such action for two reasons. First, Sumner reasons that it is unfair for policy makers to decide how others should spend their earnings. People must follow societal rules, work hard, and defer gratification to amass wealth. Sumner believes that people have the right to decide what to do with their earnings. Second, Sumner claims that redistributing wealth to the poor is unwise. Sumner believes that self-esteem is causally connected to self-sufficiency. When the poor become dependent on society, Sumner claims, their self-esteem wanes, making it even more difficult for them to escape poverty. Sumner concludes that the government can only help the poor by providing opportunities for them to help themselves.

Although Episcopalians do not take property rights are nearly absolute, their approach to public policy aligns closely with the liberal individualistic tradition. Lawrence Mead, an Episcopalian professor of politics, believes that poverty is both an economic and psychological problem. Mead explains that the poor and the rich have common aspirations, but the poor often term their desires ‘unrealistic’ because they rarely see anyone succeeding. Like liberal individualists, Mead claims that the way to solve poverty is not to give the poor a hand out, but to give them a hand up by encouraging them to work. Then, people would realize that opportunities for success exist, while also supporting themselves and contributing to the community. Mead’s claim that people should be self-reliant stems from his belief that Jesus demands behavioral changes from people.

Alternatively, civic republicans believe that public policy should afford everyone with equal standing. Jerold Waltman, author of *The Case for the Living Wage*, explains that people should be free not from governmental interference, but from economic and political domination. To prevent economic subservience, Waltman claims that people need a basic set of capabilities to pursue their own ends. Without having a subsistence income, for example, people may suffer brain damage from malnourishment, making...

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3 Ibid, Chapter IV
4 Ibid, Chapter XI
5 Mary Jo Bane and Lawrence Mead. *Lifting up the Poor*. (Washington, DC: Brookings Institution Press, 2003), p. 56-70
6 Ibid, p. 73-80
it impossible for them to participate in the activities they deem meaningful to life. Waltman argues that the government should establish a living wage to provide the poor with what is necessary for the realization and enjoyment of their basic rights. Waltman believes the government can abridge property rights without becoming domineering so long as people as political processes are open to all. In the case that the government were to unduly burden people’s basic liberties, people could oppose and reverse its decisions.

The Catholic view of poverty primarily adheres to the civic republican tradition. Mary Jo Bane, a Christian professor of public policy, explains that poverty is a problem because it robs people of the capabilities necessary to reach their full potential. Like the civic republicans, Bane claims that the government should provide everyone with an economic safety net to facilitate human flourishing. However, Bane believes that the government should actively help the poor because she conceives of Jesus as being loving and forgiving of all. As Jesus helped the poor overcome hardships, Bane believes that so too should the government.

In situating myself on the debate over what goals policy makers should pursue in welfare reform, I align myself with civic republicanism. Although liberal individualism is logically coherent, this view incorrectly assumes that people can succeed when given the opportunity. This tradition overlooks the fact that some people are poor not because of the choices to make, but because of their brute luck. While people are born with certain skill sets that they can choose to develop, these natural talents are affixed a price by society. While some polities might reward people for being excellent carpenters, another polity might find this skill useless. Because people might not have the skill sets necessary to earn anything above minimum wage, some people may not be able to escape poverty no matter how hard they work. Given that luck is a determinant of people’s success and the risk of failure is far too grave, everyone should be afforded a safety net. When people lack basic subsistence, for example, they could die, making it impossible for them to enjoy any right at all. Unlike liberal individualism, civic republicanism has the potential to account for the element of luck. Subsequently, I take their approach to public policy to be ‘morally right’ and superior to liberal individualism.

II. Welfare Reform in Michigan

It is puzzling why Michigan suddenly ended its GA program in 1991. During the 1990s, 27 states, including Michigan, had GA programs. While 17 of these states reduced the size of their programs in 1991 and 1992, Michigan was the only state to reform its program by eliminating it. This section examines the economic and political events preceding Michigan’s termination of GA to prove that the

8 Ibid. p. 22
9 Bane and Mead, p. 7, 12-48
state’s approach to welfare reform was influenced by liberal individualism. Before Michigan eliminated its GA program, policy makers were looking for a way to balance the state budget and decrease unemployment levels. In the late-1980s, Michigan developed a state deficit, which Democratic Governor Blanchard estimated ranged between $800 million and $1.3 billion. \(^{11}\) The nation had experienced a series of recessions due to oil shocks in the 1970s and 1980s, and the automobile industry, which formerly propelled Michigan’s economy, was in decline because of stiff competition from abroad. \(^{12}\) With economic prosperity dwindling, Michigan’s employment levels began to fall. The Bureau of Labor Statistics reports that in 1990, Michigan had an unemployment rate between 5.0 and 5.9 percent. \(^{13}\) Even though the state constitutionally prohibited a deficit, state legislators continued to increase welfare benefits and public employment salaries. \(^{14}\) State senate majority leader, Robert Engler became critical of the pattern of Michigan’s spending on social welfare programs, and used this issue as the focal point of his 1990 gubernatorial campaign.

After Engler narrowly won the 1990 gubernatorial election, the Michigan constitution required him to submit an executive order to the state legislature, proposing budget cuts to remedy the state’s deficit. Engler called upon the state legislature to eliminate GA, as it would save the state $247 million. \(^{15}\) Although Engler’s reasons for eliminating GA were cloaked in deficit reduction language, the heart of his arguments was rooted in the liberal individualistic tradition. Engler proclaimed GA to be an unnecessary program because it provided cash assistance to able bodied people. With a high unemployment rate, Engler reasoned that people who could work should work. In a public address, Engler stated that Michigan’s “goal should not be to have the best welfare programs, but the smallest welfare program in America with the most people at work.” \(^{16}\) In calling for an end to government hand outs, Engler echoed Sumner and Mead’s belief that people should be self-reliant. However, while the republicans in the state legislature shared Engler’s approach to welfare reform, the democrats who controlled the House did not.

Michigan’s democrats opposed the elimination of the GA program. While they agreed that the elimination of the program could help the state remedy its deficit, they believed that the plan was unfair to the poor. Democrats aligned themselves with the civic republican tradition, arguing that Michigan’s GA was a necessary safety net for people who wanted to work but could not find work. Political scientist Lyke Thompson explains, “From the Democratic perspective, the budget

\(^{11}\) Thompson, p. 88
\(^{12}\) ibid, p. 86
\(^{15}\) Thompson, p. 89
\(^{16}\) Weissert, p. 144
proposal balanced the budget on the backs of the poor.” With the democrats controlling the majority of the House, they rejected Engler’s executive order in January of 1991 because they believed that the government should actively protect and promote the livelihood of the poor.

Although the democrats initially defeated Engler’s attempt to eliminate Michigan’s GA program, Engler ultimately succeeded in terminating the program. In May of 1991, Engler convened the State Administrative Board to change how funds were appropriated within Michigan’s Department of Social Services. With the board’s support, Engler transferred the funds out of GA’s budget and into Aid to Families with Dependent Children (AFDC) and Medicaid. Democrats filed suit against Engler for bypassing the state legislature. Although the court of appeals determined Engler’s elimination of GA to be unconstitutional, the House acquiesced with Engler’s decision to eliminate GA before Michigan’s Supreme Court even overturned the lower court’s decision. When Representative David Hollister called for an up-down vote on Engler’s budget, Lewis Dodak who was the speaker of the house did not ask Democrats to vote according to the party’s position. Nine democrats who had a history of supporting work oriented welfare reform broke with the Democratic Party to give the Republicans the majority needed to pass Engler’s budget. With the legislature’s approval, Michigan ended its GA program.

Policy makers ultimately displayed a preference for liberal individualism, without accommodating any strands of civic republicanism. Over the course of three funding cuts, Michigan eliminated its GA program, which covered 89,931 people at the time. Although most unemployed adults who formerly received GA still qualified for food stamps, legislators prevented former recipients from applying for emergency, need-based assistance. Underlying this stipulation was the assumption that people ought to be self-sufficient rather than have their needs fulfilled. Governor Engler explained that the government was trying to encourage “independence and self –reliance, while building self esteem.” While the elimination of GA revealed policy makers to be more concerned with autonomy, legislators did try to provide for those who they thought were incapable of being autonomous – unemployed adults with children and the disabled. Michigan funded new programs, State Family Assistance and State Disability Assistance, to give aid to these groups that were previously covered by GA. In providing these groups with aid, policy makers did not break from the liberal individualist tradition. Even though they afforded some people with a safety net, they determined that these people could not work no matter what opportunities for them might exist.

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17 Thompson, p. 89
18 Ibid, p. 94
19 Ibid, p.106
20 Weissert, p.143
21 Thompson, p. 93
22 Weissert, p. 144
III. The Consequences of Michigan’s Welfare Reform

When Michigan legislators decided to eliminate its GA program, it was unclear how the proposed policy changes would affect the poor. Legislators often have limited knowledge or conflicting data about what consequences their policies will yield. While Engler thought that recipients of GA could obtain work in Michigan, many Democrats feared that this demographic would ultimately move to another state where they could find work or welfare benefits. This section examines whether policy makers achieved their stated objectives and whether they did so without adversely affecting the poor.

Policy makers did not fully achieve their intended objectives through eliminating GA. Although policy makers accurately predicted that the termination of GA would save the state $247 million, these savings were not enough to entirely resolve Michigan’s budgetary problems. Michigan still had to cut its expenditures in other areas. Even though welfare reform allowed Michigan to take steps towards solving its deficit, policy makers wrongly assumed that ending GA would lead to increased employment rates. A study conducted by the Michigan Department of Social Services (MDSS) found that “the employment of former GA recipients ... [was] sporadic, with perhaps one in five finding regular work.” In addition to having trouble finding work, former GA recipients also were still not fully autonomous. The MDSS report explains that the when GA ended, some people obtained coverage from AFDC and Medicaid, and almost all of the program’s former recipients began relying on their family, friends, and charities.

Additionally, the poor’s quality of life substantially declined as a result of the elimination of Michigan’s GA program. The center on Social Welfare Policy and Law reports that within the seven months of the program’s end, nearly a quarter of former recipients were homeless. These figures are two percentage points higher than those preceding the termination of GA. Not only were more people displaced, but more people experienced health problems as a result of losing their state sponsored health insurance. According to the MDSS report, nearly one third reported that their health worsened after they stopped receiving benefits from GA. And, 23 percent claimed that their health deteriorated so much that it prevented them from working. Michigan’s termination of GA confirmed Democrats initial fears: the budget deficit would be lessened at the expense of the poor.

IV. Policy Recommendations

I argue that Michigan could have obtained higher levels of success had policy makers adhered to the civic republican tradition instead. In assuming the liberal individualistic

24 Thompson, p. 103
25 Sandra Danziger and Sherrie Kossoudji

26 Ibid
27 Beer, p. 116
28 Sandra Danziger and Sherrie Kossoudji
approach to public policy, legislators failed to increase individual autonomy, while also making the poor worse off than they already were. People could not obtain work because jobs were unavailable due to the economic decline. To make matters worse, people who were already living in poverty could not obtain the aid necessary for sustenance. While some of the poor eventually ended up on other governmental programs, others were not as lucky and had to find help elsewhere. Although policy makers might defend the elimination of GA by explaining that it was necessary to remedy the budget deficit, getting out of the red is never worth diminishing the health and happiness of the poor. Assuming that legislators intended to give the poor a hand up, rather than a hand out, then they could have created governmental jobs for former GA recipients to fill or they could have provided them with vocational training to fill what jobs were available.

The civic republican tradition might not have allowed legislators to immediately reduce the state’s deficit, but assuming this approach to public policy would have prevented the state from further crippling the poor. Even though GA programs traditionally have low benefit levels, the maintenance of Michigan’s program would have prevented the poor who did not qualify for other governmental programs from becoming worse off. Even if legislators deny that civic republicanism is the ‘morally right’ approach to reforming welfare, they must also consider the consequences of their actions. In hindsight, when the consequences brought to the poor are examined against those brought to the books, it would have been rational for policy makers to have maintained its GA program.
Bibliography


