Unintended Consequences Of Welfare Reform

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The Personal Responsibility and Work Opportunity Act of 1996, known as Welfare Reform, has been cheered as a stunning achievement of the Republican Congress and its Contract With America. The law helped to move millions of welfare recipients out of dependency and into productive jobs, but its unintended consequences brought many thousands of "never welfare" families into the welfare bureaucracy.

Financial incentives are often built into tax credits, reductions or bonuses to influence human behavior in home ownership, energy, water, transportation, and waste management. But sometimesf the law contains incentives that were not planned or expected or desirable.

The Great Society welfare system was recognized by the 1990s as a social disaster that created fatherless children, illegitimacy and women's dependency on the government. Channeling taxpayer handouts to mothers provided a powerful financial incentive for fathers to depart; they were not needed any more.

Unfortunately, policy changes in the 1988 and 1996 welfare laws created similar financial incentives for state governments to exclude middle-class fathers from the

home. The law incentivized the states to manufacture "non-custodial" (i.e., absent) fathers and to order money transfers (usually through wage garnishment) to the mothers, thereby putting a large segment of the middle class under the welfare bureaucrats.

The major goal of the 1996 Welfare Reform was to reduce the budget deficit by, among other things, recovering welfare costs from absentee fathers. Without justification or public debate, the rules to accomplish this were then applied to middle-class "never welfare" families.

Formerly, to receive welfare benefits, recipients had to demonstrate eligibility by "need" (i.e., a test measured by income level), but the new policy omitted income eligibility requirements. Without a means test, a high-income mother with custody can use the power of the state to collect from a low-income father.

The federal government annually provides $4.2 billion in block grants to states to serve as collection agencies. States are reimbursed for 66 percent of their costs of child support enforcement activities, 80 percent of their costs for technology, and 66 percent of their costs of DNA testing for paternity.

The more cases the states can create and the more operational expenses they incur, the more federal funding states receive to expand their welfare bureaucracy. No performance standards are required to get this money and, in addition, the feds provide a bonus fund ($458,000,000 in Fiscal 2006) for which the states compete.

In the welfare class, most absentee fathers are unemployed or working for wages so low that little or no money can be squeezed out of them. State bureaucrats discovered they could cash in on the pot of federal money by exploiting middle-class divorce and creating a whole new class of absent fathers who have good jobs and are willingly making payments to their ex-wives.

When a married couple with children is divorced, the family court typically retitles the husband and wife as noncustodial and custodial parents. The more time with the children that is awarded to the custodial parent, the more money the noncustodial parent is ordered to pay and then can be reported by the state as collections that merit federal bonuses.

Federal funding thus provides powerful monetary incentives for states to maximize the number of single-parent households with high transfer payments, and to minimize equal child custody which would lessen transfer payments. Depriving or reducing children's access to one parent is thus a source of revenue for the states.

These incentives drive family-court discretion and skew the opinions of the vast army of lawyers, psychologists, custody evaluators, and parenting counselors who are used to rationalize the process. They hide their predetermined custody rulings under the subjective slogan "the best interest of the child."

Put another way, forcibly depriving children of access to one parent, usually the father because he usually has a higher income than the mother, is a big source of revenue to the states. The more support orders that are issued, the higher they are, and the more fathers who are threatened with jail and suspension of their driver's and professional licenses for challenging the system, the better chance a state will receive more money from the feds.

This result was accurately predicted by Leslie L. Frye, chief of Child Support for the California Department of Social Services. In testifying to the Human Resources Subcommittee of the House Ways and Means Committee on March 20, 1997, Frye said the new regulations "encouraged states to recruit middle class families, never dependent on public assistance and never likely to be so, into their programs in order to maximize federal child support incentives."

Of the 40% of American children now growing up in homes without their own father, some are victims of the stereotypical "deadbeat dad." But most are victims

of disastrous federal policies that provided incentives to create female-headed households, first by the Democrats' welfare system and then by the Republicans' so-called welfare reform.

Many consciences should be burdened with the realization that taxpayers' money provides financial incentives to deprive millions of children of their own fathers.