

SESSION II: THE CONTINGENT SOCIAL CONTRACT

Can We Agree on a Feasible Set of Supports for Low-Income Working Families, and on a Safety Net for Families Unable or Unwilling to Sustain Employment?

Conference: For Better and for Worse: State Welfare Reform and the Well-Being of Low-Income Families and Children.

PAPER: RENEGOTIATING A SOCIAL COMPACT BASED ON CHILDREN AND FAMILIES' REQUIREMENTS FOR A DECENT LIFE

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RENEGOTIATING A SOCIAL COMPACT BASED ON CHILDREN AND FAMILIES' REQUIREMENTS FOR A DECENT LIFE

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Ending welfare as we knew it may present the rare opportunity to renegotiate a social compact based on children's and families' requirements for a decent life. The general outlines of such a compact might take the following form:

- All adults of able bodies and minds, including all mothers of infants and young children, should work full-time, full-year in the paid labor force. Only those who are deemed disabled, or those with resources that do not require paid work, are exempt.
- In return, both governments and employers should reward work and must assure that families have a decent level of resources to raise their children to be healthy, educated, and productive citizens. When parents work in low-wage jobs, they will receive help from public and private sources to achieve a level of decency for their families.
- A level of decency based on the requirements for healthy development of children should include:

- C Family economic security
- C Adequate food and nutrition
- C Adequate housing or shelter
- C Health care, including preventive services for all family members
- C Early education and care services for children that foster their learning and motivation, followed by a good K-12 education
- C Education and training programs for parents

What is difficult, if not impossible to legislate, is a deep, essential commitment of parents and other caring adults to children and adolescents.

Few, if any, political ideologies would argue against this broad compact. What is, and will continue to be highly contentious, deals with which kinds of families participate in this compact (whether only low-income or all families), the families' obligations and the roles and responsibilities of families, government, and private employers in this compact.

A Social Compact for All Families?

On political and strategic grounds, I urge that the crafting of a new social compact begin by defining what such a compact should entail for all American families, and then consider how the circumstances of low-income working families might require specific, targeted policies (Takanishi,

1999). This inclusive exercise should proceed with attention to issues of fairness, gender and race equality, and efficiency in administration. In real life, low-income families, in particular, must make difficult choices or tradeoffs among the requirements for their children's well-being. By focusing on fixing one issue without giving attention to the ramifications on the other requirements, parents are likely to have limited control over the general effects on children. Thus, a package or cluster of essential resources for families (see, e.g., Meyers, et al., 1999) must undergird considerations of a social compact governing all families.

It may be useful, given my reframing, to sketch out some examples of how public policies regarding the basic requirements for children's healthy development are met differently for low-income families than they are for more affluent families. A few low-income families—relative to their numbers—benefit from various housing subsidies; other families able to purchase their homes benefit from mortgage tax deductions and, in turn, may accumulate assets or wealth for themselves and their children. Low-income families who cannot purchase food must rely on sources such as publicly financed Food Stamps and private charity; others can purchase what they wish. Low-income families are less likely to have employer-provided health insurance and must depend on public health insurance (and overcome the considerable barriers to obtaining it) or pay for health care themselves. Others are fortunate enough to have employer-based health insurance or are able to purchase it themselves without too much strain on their incomes. For the early care and education of young children, many low-income families have limited, often difficult access to Head Start and child care subsidies. Other families purchase early education and care in the marketplace. Compared to more affluent families, low-income families must allocate disproportionately higher portions of their income for child care when they purchase it..

With the provision of many of these basic requirements for children's healthy development devolved to the 50 states, it is often by the "luck of the draw" that children find themselves in more or less generous states of provision of health insurance and care, and early childhood education and care (Meyers, et al., 1999). I find it a rather odd state of affairs for the world's leading democracy to have such an uneven playing field for children starting off in the race of life. Piecemeal approaches to address these basic inequalities in services are unlikely to address several fundamental issues, and may make it more difficult to address them in the future.

Requirements for Children's Healthy Development

Requirements for children's healthy development can be supported on two grounds: first, justice and equal opportunity, and second, research on children's development. I hasten to say that research should be called on to support or question the requirements based on justice and opportunity, but should not, and cannot, be definitive as a society negotiates its compact with families.

Family Economic Security— While I know of no polling or other data related to this requirement, most Americans would probably agree that when a parent or parents work full-time/full-year, they ought to earn enough to bring their family above a revised poverty line. From the research on children's development, there is some indication that family economic resources are important influences on children's well-being, particularly during the early childhood and late adolescent years (Brooks-Gunn and Duncan, 1997). Achieving a desirable level of family economic security generally points to an increase in the minimum wage (resisted by employers) and to additional funding for revisions in the Earned Income Tax Credit (EITC).

Food and Nutrition— Food and nutrition are generally agreed to be essential for the physical health and cognitive development of children. Policy analysts disagree on the extent of food insecurity among low-income families and children. Consensus has not been reached regarding the role of various programs such as Food Stamps and WIC in addressing children’s needs for adequate nutrition. However, reliable national statistics indicate that the problem of hunger among the nation’s children is serious. According to the most recent national statistics (U.S. Department of Agriculture, 1999), 14 million children live in food insecure homes where food may be scarce or diets altered because of limited incomes. About 36 million Americans live in households where they do not always have income to purchase food sufficient for their basic needs. Nearly 10 million of these individuals live in households where hunger is experienced. Food security and hunger are concentrated in households of poverty: nearly 73% of households experiencing hunger are at or below 185% of the poverty line, a common income-eligibility cutpoint for federal food programs. The consequences of food insecurity for low-income children include stunted growth, restricted brain development, reduced immune functions which lead to illness, iron deficiency, and limitations on cognitive development, learning potential, and ability to concentrate and succeed in school (Metallinis-Katsaras and Gorman, 1999).

Housing and Shelter— While housing tends to be excluded from lists of family supports, the condition and location of where children and families live can influence prospects for children and for their parents, specifically educational opportunities and employment. One example is the long-term positive outcomes for children and families living in the Gautreaux program in Chicago (Rosenbaum, 1991), in which families in Chicago housing projects were relocated to ex-urban and suburban areas. Crowded and poor housing conditions also relate to the health of children, and to their school achievement and cognitive development (Saegert, 1982). While housing conditions interact with poverty, lack of health care, and so on, housing affordability, defined as the gap between wages and housing costs in a locale, is a continuing and serious problem for low-wage working families (National Low Income Housing Coalition, 1999).

Health Insurance and Preventive Services for Families— Eleven million American children are uninsured, despite the August 1997 Congressional legislation to increase the health insurance coverage of children of the “working poor”. Medicaid has also been expanded in recent years to cover these children. However, enrollment of eligible children has not yet been very successful, despite funds for outreach and recruitment. Families USA (1999) found that in the 12 states with the most uninsured children, fewer children were covered under the 1997 Children’s Health Insurance Program (CHIP) and Medicaid in 1999 than were covered by Medicaid alone in 1996. Despite the implementation of CHIP, states are experiencing significant declines in the numbers of children with public health coverage.

Current policies can lead to both uninsured and insured children in a single family, particularly among immigrant and refugee families. These conditions surely cannot be conducive to good health among family members.

Early Childhood Education and Care— Funds have increased for early childhood education programs. However, there remain major challenges in providing access for children who need these

programs, maintaining high quality in the programs, and compensating for the majority of early educators and staff whose wages place them among the working poor (Whitebook and Phillips, 1999). Children's needs for good care while parents work are not separate from opportunities to foster learning and the motivation to learn over a lifetime, a requirement for survival and a decent standard of living in this and the current and future global economy. The United States remains one of the few modern economies that does not provide publicly supported early education for all children whose families desire it.

Education and Skills for Parents— In the current economy, much has been said about the importance of lifelong education and retooling. The important role of maternal education for the health and educational achievement of children has been less salient. Both combine to make a case for the importance of presenting low-wage working families with opportunities for further education and training, combined with supports such as early childhood education programs for their children. It will be very difficult for single mothers and other parents to have a decent level of living without acquiring additional education and skills for the workplace (Wertheimer, 1999). A critical revision in the reauthorization of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 should include provisions for education and training for adult workers.

Hard Choices: Can We Agree?

I return to the question posed for this session: Can we agree on a feasible set of supports for low-income working families, and on a safety net for families unable or unwilling to sustain employment? I hope so, but am cautiously optimistic. Currently, a strong economy provides an opportunity to improve existing policies and programs to benefit more low-income families. However, the Earned Income Tax Credit (EITC) and increases in the minimum wage, which are important for income security, are not sufficient to overcome inadequate, fragmented, and fragile delivery systems. Unfortunately, there serious barriers still exist to access adequate food and shelter, health care, early childhood education and care programs, good schools, and education and training programs for parents. We have far to go to be able to achieve a level of decency for many of America's working families and their children. Short of a social catastrophe and/or strong national leadership on these issues, we will continue to live in an age of incrementalism regarding policies affecting children and families.

With that reality in mind, I raise some issues that must be considered in answering the question. Can we agree on a feasible set of supports for low-income working families that results in a renegotiation of a social compact among families, employers, and governments?

Identifying National Targets for Family Decency— Can we work to distinguish between a national definition of decency for families and state flexibility or innovation used to achieve that level of decency? Beginning examination of state "inputs" regarding children indicate uneven investment in the education, health and development of children among the fifty states, not to mention localities within states (Meyers, et al., 1999). Recognizing local and state conditions, can we agree on a level of decency that every American child should have regardless of where he or she happens to live? What series of policies, programs, and practices should be in place if a parent or parents, working full-time, full-year, cannot provide that level of decency? If national targets can be set, implementation can occur at the state and local levels. This would be an improvement over our current policies and practices, which are seriously

exacerbating inequalities among children in the United States.

Reconsidering Private and Public Responsibilities for Raising Productive Adults— Nancy Folbre and Paula England (England and Folbre, 1999) argue that raising children into productive adults results in public goods that cannot be priced in the market. Thus, society and its members benefit from the efforts of parents in general, and mothers specifically. Folbre and England argue for the redesign of a social contract that would encourage more sustainable forms of intergenerational altruism and reciprocity.

The raising of children into adults whose productivity benefits all members of a society is still considered a private family, particularly maternal, responsibility in the United States. This has produced widespread social uncertainty and conflict without satisfying the basic requirements for children's healthy development, since over two-thirds of mothers are in the paid labor force while their children are below the age of compulsory education (Harrington, 1999). Many lower-income mothers rely on family members, who are also affected by changes in the work requirements of the 1996 legislation. The global twenty-four hour service economy also presents severe strains on the proper supervision of children during the night and out-of-school hours. The United States is unique in the industrialized Western world for making policy choices that reinforce the privacy and private responsibilities of families in to rear their children in the context of changing family structures (e.g., Smeedling, Rainwater, and Danziger, 1997), and a changing global economy.

Much more must be done to insure that the American public understands that changed and changing social and economic circumstances require that not only of the families, but also the entire society, takes responsibility for children. All members of society benefit—in terms of stronger communities, more widespread economic opportunity, more equitable race and gender relationships, and a more just society—from public investments in children to produce educated, healthy, and community-engaged young people. The lag between social changes and existing policies, coupled with current income equalities, cannot be beneficial to children's well-being.

Redefining Disability or Inability to Work— Three years after the passage of PRWORA, we are likely to hit the “bottom third” of individuals on public assistance. Poorly educated, with limited employment experience, mental health and substance abuse problems, and family stresses of raising children as single parents and sometimes under the threat of domestic violence (Kalil, et al., 1998), these individuals face formidable barriers to obtaining jobs, keeping jobs, and earning decent wages. Publicly-funded jobs, “sheltered” work settings for some, education and training, and a strong system of supports for their children, particularly high quality early childhood education and care, will be essential. However, at present and in the foreseeable future, these approaches are unlikely to garner sufficient funding. What constitutes disability or inability to work in the new policy environment created by PRWORA? Such a definition will be shaped by the policies and programs that are in place to support individuals who find it difficult to work, and, therefore, should be considered jointly.

Connecting Welfare and Education Reform— Discussions of welfare changes do not often include education reform (and to be fair, vice versa), particularly the critical need to provide good publicly supported education for the nation's children. Within the rules of America's social and political system, and within a relatively new global economy, a good education is the best chance for individuals be able

to have a decent standard of living. Thus, any serious discussion of feasible supports for low-income working families in the wake of PRWORA must include concerted efforts to improve the educational experience and learning for all children, and to seek ways to improve the education and skills of their parents, especially mothers. The foundation for this premium on education must be laid in the early childhood years with publicly supported early childhood education and care programs, with services beginning no later than three years of age (Sawhill, 1999). For adults, the upcoming reauthorization of the 1996 legislation should revisit the focus on “work first” in light of both the low- or poverty-level earnings of “welfare leavers” (Brauner and Lopreset, 1999) and the low educational attainment of this group (Wertheimer, 1999).

Embedding the Social Compact into a Reassessment of the Intergenerational One— The renegotiation of a social compact regarding American families must take into account significant changes in the age structure of our country. The number of retirees in relation to the number of workers, many children of current working poor families, will be about one to two or three in about 30 years. According to the American Assembly, between 2010 and 2030, the population over the age of sixty-five will rise seventy percent while the labor force is expected to rise only four percent (Final Report of the Ninety-Fifth American Assembly, 1999). The Assembly concluded that “current law is probably not sustainable for Social Security and is almost certainly not sustainable for Medicare (page 16).” The renegotiation of a social compact for American families cannot, in this light, be isolated from the changes—fundamental or incremental—that will take place with the aging of the baby boomers.

Roles and Responsibilities of Employers— What is missing from much of our discussions about renegotiating a social compact is the role and responsibilities of employers, particularly in the low-wage sector. If employers are unable or unwilling to provide “living wages” for workers, then is it government’s responsibility to pick up the slack? Since it is unlikely in the foreseeable future that employers will provide certain benefits, (e.g., health insurance) for workers and their families, how will families have access to the health care they may need? In parts of the higher wage sectors, employees do have benefits of all kinds, (e.g., flextime, telecommuting, cafeteria benefits) that are supportive of families. However, low-wage workers are unlikely to have these benefits. Thus, discussions about the renegotiation of a social compact must include what roles and responsibilities, if any, employers have toward lower-wage employees.

Conclusion: On the Horns of a Dilemma

Can we renegotiate a social compact in the aftermath of the historic welfare law of 1996? Two interrelated questions leap to mind: Who are “we?” How does change of any scale occur in American political and social systems? History surely instructs us—and recent history is a compelling example—that change across the income groups is exceedingly difficult, because it requires that more advantaged groups give up some of their gains. PWORA targets poor and low-income people. It provides the pressure to fix some provisions for those that work, but remain in or near poverty. But changes are likely to be small and slow. Fundamentally, the problem is not the reduction of poverty, but the reduction of inequality. The 1996 welfare legislation aimed to change welfare offices into employment offices. The reauthorization in 2002 must be to change employment offices into family and child supporting offices that recognize the cluster or package of resources that families must incorporate to

raise their children well.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 resulted in larger numbers of families who work for low wages and who remain in or near poverty (Brauner and Loprest, 1999). Alarming large numbers of people have lost safety net provisions, including health insurance, care for their children, and Food Stamps, for which they are eligible. Thus, a major task ahead will be to reframe a social compact for the coming years: When families do their part, what are the responsibilities of key institutions such as workplaces, government at all levels, and the nonprofit sector in helping families raise individuals who strengthen the productivity and social cohesion of our nation? This question lies at the heart of the intergenerational social compact, which we must try to renegotiate (*Final Report of the Ninety-Fifth American Assembly*, 1999). Such a task will be difficult and contentious, but the window is now open, however briefly it might stay that way. I hope we will not let another opportunity to create a more just, caring society pass us by.

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