

peal, and then begin a program of welfare reform.

**EIR:** What would be in that welfare reform?

**Nicholas:** Obviously, you can't talk about welfare reform if you're playing so hard for vouchers and other forms of education that eliminate the basis of the poor getting a decent education.

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## Interview: George Zeller

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# Ohio: results so bad they won't print them

*The peak welfare assistance caseload in Ohio was reached in March 1994, at 697,666. Reforms enacted throughout the 1990s (state welfare cuts began in 1994, and Federal cuts began in 1997) have steadily dropped the number of people on welfare in Ohio, including a reduction of 55,000 in the past year alone. Ohio's latest welfare reform was enacted in October 1997, limiting welfare benefits to three years for most people. The April 1999 figure, for Ohio Works First, is 271,456.*

*What is happening to those people, mostly women and children, who have been dropped from assistance? A January 1999 study by the Ohio Association of Community Action Agencies, representing the state's 52 local community action organizations that provide services to the poor, hit the headlines because it showed that most former welfare recipients are not moving to work and that the number of people removed from the food stamp program has exceeded job growth in most of Ohio's 88 counties at some point in the past three years. EIR asked George Zeller, a senior researcher for the Council for Economic Opportunities, who helped prepare the report, to answer that question. He was interviewed on June 9 by Marianna Wertz.*

**EIR:** We are planning a feature article on what Sen. Paul Wellstone (D-Minn.) last week called "The Disappeared": What has happened to the people who have been dropped from the welfare rolls? He asked for a Federal study of this. You did a study of this in January for Ohio.

**Zeller:** Everything we're doing here, we're updating continuously. We have a variety of materials, mainly focussed on Ohio, or even more so on Cleveland.

One thing we did, was we compared the number of families losing welfare benefits to the total job growth simultaneously in every county across the state for the last three and a half years. In most of the counties, the number of families

leaving welfare exceeded the total number of jobs created.

There are two wage match studies that we have in Ohio. The Ohio legislation, which is very draconian compared to the other states on the welfare reforms, nevertheless has a provision in it that requires that the states do a report similar to what Senator Wellstone called for. They have to send a report to the state legislature showing the number of people who left welfare, whether or not they had jobs, and how much the jobs paid. The first month that they put the state's welfare reform into effect, they did that for one quarter. They took a look at everybody who left the first month, and matched them up with the complete jobs and earnings database that they have at the Ohio Bureau of Employment Services. The numbers came out so bad that they quit doing it.

**EIR:** Really!

**Zeller:** And they haven't filed this required report with the legislature. What they found was, that of the people who left—November 1997 was the first month that Ohio's system was in effect—36% showed up the quarter after that in the employment database. Then, they looked at three quarters subsequent to that. They went all the way to the fall of 1998, and they looked at people who stayed off welfare that whole time—so, that would be people who stayed off, not only *were* off, but *stayed* off for a year—and matched them up with that same job database, and found that 42% of them had jobs. So, somewhere between one-third and two-fifths of the people leaving welfare in Ohio have jobs, and the rest don't. The data were so bad, they ceased doing the match.

**EIR:** Were there any data on the wage level of the jobs, or how long they stayed in those jobs?

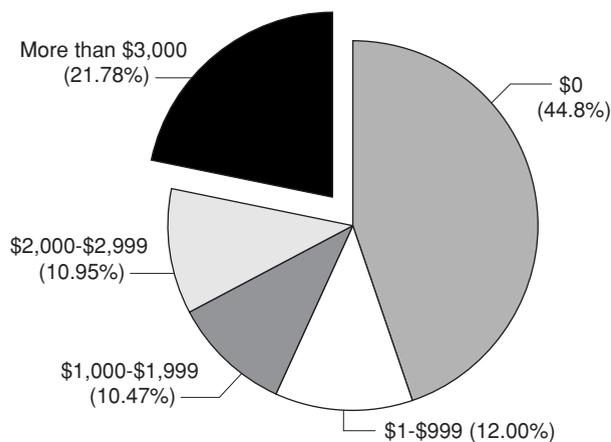
**Zeller:** That's the whole issue here in Ohio, because they are required to do that and they're not doing it. There was a separate effort done, that covered Cuyahoga County, which is Cleveland and its suburbs only. It was done by a professor [Claudia Coulton] at Case Western Reserve, under contract from the county here, rather than the state. She matched up everybody who left welfare here in Cleveland with the job database, and it did have earnings in it. Not only whether they had a job, but also how much they made. What she found is that 45% of them had no job; 12% of them had a job, but it paid less than \$4,000 in a year. [See **Figure 1**.]

**EIR:** That's below minimum wage.

**Zeller:** They may have been working at minimum wage or above, but they didn't work all year or full time. You put those two together, 45% making nothing and 12% making less than \$4,000—that's 57% were making less than \$4,000, which is the majority. About one-fifth did get jobs that actually got up to the poverty level or above. So, about one-fifth of them are succeeding here in Cleveland and four-fifths are still poor, and a large majority of that four-fifths are pretty near indigent if not literally indigent. That was consistent with the statewide

FIGURE 1

**Thirteen-week earnings by former welfare recipients in 1996 after being off welfare assistance for three quarters, Cuyahoga County, Ohio**



Source: Claudia Coulton, et al., Case Western Reserve University Center for Urban Poverty Table: GEOGC, 1996.

data, although they didn't put earnings with it.

Certainly, everybody who leaves welfare does not have employment. The large majority of them are still poor. The question the Senator is asking is: How do you survive under those circumstances? The first thing that happens to you, is you lose your housing. You can usually go to a food pantry to eat. You already have clothes — you don't have to buy more clothes. You can hustle a little bit. So, people can get by on most things. But the one thing you can't do when you don't have any money, is pay rent. There are mass evictions taking place with these people.

**EIR:** Can you quantify that?

**Zeller:** Well, no, because we don't keep good data on rents. We have excellent data on owner-occupied housing, but we have little or no data on rental transactions. That's not something that has to be reported. If you go rent an apartment this afternoon, nobody will keep track of it except your landlord. The one source of data we may have later on in the year, is the school district here in Cleveland keeps track of how often the students that live in the district move during the school year. That percentage has been shooting up.

Where do they move? They're basically going in with their support network, which is most often family. They move back in with their mother or their aunt or somebody like that. Then you've got a household with three generations or more that's poorer than it was before. That's basically what's happening, and why you don't see large numbers of homeless out on the streets.

**EIR:** There were reports coming out of Massachusetts of up to 20 people living in a two-bedroom house.

**Zeller:** This is the response that people are making. People think that the poor are somehow shiftless and they're not resilient. The poor are more resilient than most of the rest of us. They're not out rioting in the streets. They're not out living under bridges. They're doing what they have to do to get by, but they're certainly a lot worse off.

We do have measures of the size of the cuts here. We measured the degree to which the welfare benefits have been cut, both at the neighborhood level in Cleveland and also at the county level across the state. Here in Cleveland, we have a relationship between that and how much the total income is in the neighborhoods. In the very poor neighborhoods in Cleveland, we have three neighborhoods that lost more than 10% of their total income. So, that has had economic effects locally. Thirteen of the city's neighborhoods had at least a 5% aggregate income loss.

The total cut here in Cuyahoga County is \$262 million a year, so far, in benefits. That doesn't count administrative costs or anything like that. That's just the amount that benefits have been reduced in the last five years. Statewide in Ohio, it's \$1.5 billion.

What you have here is a large income transfer from very poor people. That's what the welfare reforms are about. We have measured that here locally, but it's happening everywhere, all across the country.

If they tried that against the elderly, they wouldn't last five minutes in Congress. The squawking would be immediate. Every time they try and cut Social Security, that drops like a hot potato. If they tried a large entitlement cut with the middle class, like if they tried to start eliminating mortgage interest deductions or something like that, again, the squawking would be enormous. But, when they carried out a large income transfer away from low-income people, it was very popular on a bipartisan basis.

**EIR:** They have no representatives to squawk for them.

**Zeller:** Well, maybe Senator Wellstone. But, it was very popular, and signed-off-on by both parties. The bill that went through the legislature in Ohio passed almost unanimously in both the state House and Senate. There was one guy who voted against it. All the others, both parties, voted in favor of it. It's very popular politically to take money away from poor people.

We have measures of the relationship between the labor market and welfare cuts. We've been looking at that carefully, as I mentioned, in these small studies that we've done here. What we're finding, is that there's very little relationship between the labor market and welfare. That's one thing you hear people saying: "It's a good thing they did the welfare cuts when the economy was good, because these people are getting jobs because the unemployment rate is low and the economy is good."

Well, it probably was better to do it during the upside of the business cycle than the downside, obviously; but the fact that the economy is good does not mean that all these people are getting jobs. In fact, large fractions of them aren't, and most of them are remaining poor, and many of them are poorer than they were before.

It did show up at the national level in one number. Once a year, they put the national poverty and income data out from the Current Population Survey. That's where the national poverty rate comes from, and the national median income. The latest out is 1997. They don't have 1998 out yet, that will come out in the fall. In 1997, you started to see the effect of this. The poverty rate went down in 1997, and the President had a press conference to take credit for it, and everybody was happy. The median income went up also for the country. But, although the poverty rate went down, they also measure it at different levels of poverty, one of which is 50% of poverty, that is, people who make only half of the poverty level. The 50% poverty rate went up in 1997.

**EIR:** We covered that at the time.

**Zeller:** That was the first indication at the national level that this was actually showing up in a national number. Even though the business cycle was favorable, the number of very poor people was also simultaneously going up. That was the direct result of the welfare cuts.

**EIR:** Very interesting. There's the joke going around that they're creating hundreds of new jobs. I know, because I have three of them.

**Zeller:** Actually, the people who were on welfare, a lot of them were working all along. In Ohio, a welfare benefit is \$362 a month for a family of three. That's the average family. That's \$4,344 a year. Well, how do you live with two children on \$4,344 a year?

**EIR:** In Texas and Louisiana, it's around \$190 a month.

**Zeller:** Yes, some of the Southern states are even lower than Ohio, but as Northern states go, we're near or at the bottom. Somebody who was on welfare was already very poor in Ohio. So, the fact is, a lot of these people, at least part of the year, or part time, were working as well, because you couldn't live on what a welfare benefit was. Now that they have lost their benefits, it's even more urgent that they do so. But, surprisingly, large fractions don't hold a job at all, and they are therefore just worse off and have moved into these larger households.

**EIR:** Do you track the numbers of people who use charitable food and shelter?

**Zeller:** I'm familiar with the efforts that we try to do. The trouble is, most of that is run by voluntary associations: churches, the Hunger Network, the food bank people. It's very heavily volunteer-operated, and therefore they don't feel

a compulsion to keep statistics that are aggregatable across the state, unfortunately. Although, there are people who do it. The anecdotal reports we're getting, or what statistics we do get out of the network, are showing that there's an increased demand at the food banks.

Tony Hall, who's the Congressman from Dayton, is well known as a hunger advocate, has been for a long time, not just in the U.S., but foreign countries also. He did a tour with some of the Ohio Congressmen about a year ago, where they went to a few food pantries and food banks in the Columbus-Dayton area. I talked at one of the events they had at Dayton, so I talked with Tony, and he told me that they went to some little town that was in Bob Ney's district, he's the Congressman from Appalachian Ohio. When they got there—this is just a little town with 2,000 people or something—and there was an enormous line of people out in front of this pantry, several hundred people standing in the wintertime, and Ney was astonished. He didn't realize this was going on in his district.

The trouble is that documenting all that is difficult. There is no national data collection on the number of people going into food pantries and so forth.

## Mississippi: 'reform' where there's no work

by Marianna Wertz

Mississippi is probably the best example of what "welfare reform" will look like when the speculative bubble now parasitizing the U.S. economy, bursts. With an official 10% unemployment rate, and upwards of 18% in such Delta areas as Sharkey County, welfare reform in Mississippi has been "less a work incentive than a welfare disincentive program," according to the Communications Workers of America Local 3570/Mississippi Alliance of State Employees, the union representing employees who work in the welfare system. The "bottom line" is that there are very few jobs for welfare recipients being forced to work, even with the state subsidizing \$4.15 out of the \$5.15 minimum wage employers are required to pay, and the vast majority of welfare recipients are simply being left on the human scrap heap. Since 80% of the caseload are African-Americans, the role that endemic racism plays in the difficulty of finding work is also quite real.

The state began its welfare reform policy in the fall of 1995, operating a trial program called WorkFirst in six counties. Rims Barber, head of the Mississippi Human Services Agenda, a non-profit advocacy group for the poor, put together a study of data from the Mississippi WorkFirst experiment's first nine months (October 1995-June 1996), which