



Two Cheers for Welfare Reform

By Douglas J. Besharov

Welfare caseloads have fallen an astounding 60 percent since welfare reform efforts began. But many of those who left official welfare rolls still receive substantial government assistance. To address the deeper needs of welfare families, states should implement the tougher work and participation requirements found in the newly reauthorized welfare law and develop programs that encourage strong families and help build human capital.

It has been nearly ten years since President Bill Clinton signed the landmark 1996 welfare reform law. The anniversary has been the occasion for various news stories and opinion pieces, most of them praising the law's success in reducing welfare dependency.

And it is true: welfare caseloads have fallen an astounding 60 percent since reform efforts began. But even as a strong supporter of welfare reform, I find it difficult to muster unqualified enthusiasm for the law and how it has been implemented.

In the years immediately before the law's passage, welfare dependency seemed out of control. Between 1989 and 1994, for example, caseloads rose a worrisome 34 percent. Analysts argued over how much to blame the weak economy, worsening social problems (primarily nonmarital births and drug addiction), and lax agency administration. But few claimed that another 1.3 million people on welfare was a good thing.

Mixed Results

Responding to the growing concern about welfare dependency, Clinton campaigned for president on a promise to "end welfare as we know it." But he

had in mind something far different from what the Republicans handed him in 1996. Nevertheless, to the chagrin of his liberal allies, he signed the legislation that ended the welfare entitlement and gave states wide discretion in running the program, as long as they put 50 percent of recipients in work-related activities and imposed a five-year limit on financial aid.

Many feared a social calamity. Senator Daniel Patrick Moynihan (D-N.Y.), widely respected for his decades-long study of welfare, warned that the law would "push 1.1 million children into poverty" and that we would "have children sleeping on grates." But in the years since, although researchers have strived mightily, they have found only small pockets of additional hardship. Not a happy finding, but far from the "Grate Society," as people called Moynihan's prediction. Even better, the earnings of most single mothers actually rose.

These twin realities—decreased caseloads and little sign of serious additional hardship—are why both Republicans and Democrats think welfare reform has been a success.

But the results are more mixed. Caseloads fell sharply in all states, yet they did so seemingly regardless of what actions the state took. They fell in states with strong work-first requirements and those without them, in states with mandatory work programs and those without them, in states with job training programs and those without

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them, and in states with generous child care subsidies and those without them. They just fell.

In fact, the consensus among academic researchers is that it took more than welfare reform to end welfare as we knew it. If one looks at all the studies, the most reasonable conclusion is that, although welfare reform was an important factor in caseload reduction (accounting for 25 to 35 percent of the decline), the strong economy was probably more important (35 to 45 percent).

Expanded aid to low-income, working families (primarily through the Earned Income Tax Credit) was almost as important (20 to 30 percent).

Moreover, the best estimates are that only about 40 to 50 percent of mothers who left welfare have steady, full-time jobs. Another 15 percent or so work part-time. According to surveys in various states, these mothers are earning about \$8 an hour. That's about \$16,000 a year for full-time employment. It is their story that the supporters of welfare reform celebrate, but \$16,000 is not a lot of money, especially for a mother with two children (about the average number of children for those leaving welfare).

Clandestine Welfare

What about the other 50 percent of families who left without a regular job? Neither the Left nor the Right likes to dwell on them, because they tend to undercut each side's rhetoric: Some families did not "need" welfare, perhaps because they were living with parents or a boyfriend, and they simply left when work requirements were imposed. And some families left welfare only because of intense pressure from caseworkers. ("Hassle" is often a more accurate description.) About a quarter of those who leave welfare return, with many cycling in and out as they face temporary ups and downs.

When they are off welfare, many of these families survive only because they still receive government assistance through, for example, food stamps (an average of more than \$2,500 per year); the Women, Infants and Children program (WIC) (about \$1,800 for infants and new mothers per year); Supplemental Security Income (an average of over \$6,500 per year); or housing aid (an average of \$6,000 per year). Their children also qualify for Medicaid. In reality, these families are still on welfare

because they are still receiving benefits and not working—call it "welfare lite."

So, yes, welfare reform reduced welfare dependency, but not as much as suggested by the political rhetoric—and a great deal of dependency is now diffused and hidden within larger social welfare programs. As a result, public and political concern about dependency has largely disappeared (a point often celebrated by welfare advocates). This has obscured the precarious financial situation of these unfortunate families and blunted the political impetus to address the underlying causes of poverty, from inadequate schools and structural shifts in the economy to family breakdown and other forms of social dysfunction.

The newly reauthorized welfare law could help—if states used its tougher work and participation requirements to address the deeper needs of welfare families. With the help of the federal government, the states could develop programs that discourage nonmarital births (especially among teens), encourage stronger families, and build human capital through work experience and job training programs. But many states are already planning to avoid these new strictures by various administrative gimmicks, like placing the most troubled and disorganized families in state-financed programs where federal rules do not apply. This would only further obscure the high levels of continuing dependency.

For now, welfare reform deserves only two cheers.¹ Not bad for a historic change in policy, but not good enough for us to be even close to satisfied.

Notes

1. I borrow the phrase (and idea) from Irving Kristol's *Two Cheers for Capitalism*: "A capitalist society does not want more than two cheers for itself. Indeed, it regards the impulse to give three cheers for any social, economic, or political system as expressing a dangerous—because it is misplaced—enthusiasm." Irving Kristol, *Two Cheers for Capitalism* (New York: Basic Books, 1978), ix. Kristol, in turn, derived the idea from E. M. Forster's *Two Cheers for Democracy*: "Two cheers for democracy; one because it admits variety, and two because it permits criticism. Two cheers are quite enough." E. M. Forster, *Two Cheers for Democracy* (London: Edward Arnold, 1951), 79.

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