

The New York Times

August 15, 2006

End Welfare Lite as We Know It

By DOUGLAS J. BESHAROV

It's been nearly 10 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's 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 carried out.

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

Responding to the growing concern, Mr. 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, he signed the legislation that ended the welfare entitlement and gave states wide discretion, 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. But in the years since, although researchers have strived mightily, they've found only small pockets of additional hardship. 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, yet they did so seemingly regardless of what actions the states 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 them; and in states with generous child care subsidies, and those without them.

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 percent to 35 percent of the decline—the strong economy was probably more important (35 percent to 45 percent). Expanded aid to low-income, working families, primarily through the Earned Income Tax Credit, was almost as important (20 percent to 30 percent).

What's more, the best estimates are that only about 40 percent 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.

What about the other 50 percent of families who left welfare? Well, some mothers did not "need" welfare, perhaps because they were living with parents or a boyfriend, and some left because of intense pressure from caseworkers. More troubling, about a quarter of those who leave welfare return to the program, with many cycling in and out as they face temporary ups and downs.

In addition, when they're off welfare, some of these families survive only because they still receive government assistance—through food stamps (an average of more than \$2,500), the Women, Infants and Children program (about \$1,800 for infants and new mothers), Supplemental Security Income (an average of over \$6,500), or housing aid (an average of \$6,000). 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.

The tougher work and participation requirements added in this year's reauthorization of the law could help states address the deeper needs of welfare families. But many states are already planning to avoid these new strictures with 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. Not bad for a historic change in policy, but not good enough for us to be even close to satisfied.

Douglas J. Besharov, a resident scholar at the American Enterprise Institute, is a professor at the University of Maryland School of Public Policy.