

Did Welfare Reform Work?

A report compiled by the Athens County Department of
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Did Welfare reform work?

In 1996, the United States of America dramatically overhauled its welfare system. Current presidential candidates Newt Gingrich and Rick Santorum played key roles in the overhaul, along with then-President Bill Clinton and current Ohio Governor John Kasich, who served in Congress at the time. These individuals, along with other political leaders from the Democratic and Republican parties, all claim that welfare reform was a bipartisan success, and many of them take credit for the reform.

But what exactly are these political figures taking credit for? What has been the true impact of the reform?

If the goal of welfare reform was simply to decrease the number of people receiving cash assistance and lower the amount of assistance that people can receive, it looks like it is a success. But that was not the goal, and the fact is that while welfare reform has sharply decreased the number of people who receive cash assistance, the reform has not reduced the number of people living in poverty, has not decreased the need for assistance, has not put more people to work and has not helped Americans of all ages who are living in poverty. In addition, the funding that families currently receive is not enough to help them meet their basic needs.

The goals of welfare reform

Welfare reform became reality through the Personal Responsibility Act of 1996, which marked the end of an entitlement and the beginning of a fixed allocation block grant known as the **Temporary Assistance for Needy Families (TANF)**. As part of the reform, states were given more control over public assistance policy. Ohio adopted the Ohio Works First (OWF) program, which includes stringent conditions such as low benefits, short time limits, work requirements, and tough sanction policies.

The goals of the TANF program, as stated by the U.S. Department of Health and Human Services, are:

- 1. Assisting needy families so that children can be cared for in their own homes.**
- 2. Reducing the dependency of needy parents by promoting job preparation, work and marriage.**
- 3. Preventing out-of-wedlock pregnancies.**
- 4. Encouraging the formation and maintenance of two-parent families.**

Since 1996, **none of these goals have been met**. In fact, the trends that welfare reform was supposed to reverse have instead only continued to grow:

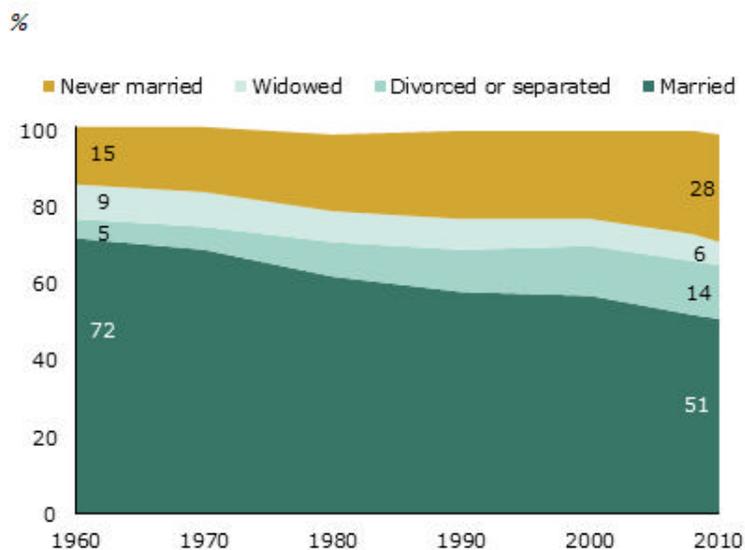
1. The program is not providing enough assistance so that needy families can be cared for in their own homes. More children are living with grandparents and more children are homeless. According to the U.S. Census Bureau, the number of children living with grandparents has increased steadily since 1991. In 2009, 7.8 million children were living with grandparents. This is a 64% increase from 1991, when 4.7 million children were living with grandparents. Also, one in every 45 American children are homeless, according to the National Center on Family Homelessness. That is equal to 1.6 million children, and increase from 1.35 million in 2000.

2. Dependency is not being reduced, as the unemployment rate is the highest it has been since 1983. According to figures from the U.S. Department of Labor, in 1996, the unemployment rate was 5.4%. The figure dropped in 1997- 2000, reaching a low of 4% while the economy was strong. The rate increased in 2001-2003, saw a drop in 2004-2006 and then rose sharply from 2007-2010, when the rate reached 9.6%. Clearly, more people are unemployed. TANF may be preparing people for work, but they are not finding jobs. In addition, a Pew Research Center report shows that welfare reform has had no impact on marriage rates in the United States, as the percentage of adults who are married continues to decline steadily.

3. The number and percent of children born to single women in American has steadily increased since the 1950s, and it has increased sharply since 2002. Statistics show that welfare reform had no impact on this. In 2007, according to the Centers for Disease Control – National Vital Statistics System, there were 1,714,643 births to single women, a 26% increase since 2002. In 2007, nearly 1 in 4 births were to single women. Teenagers accounted for just 23% of the non-marital births in 2007. In 1970, 50% of unmarried births were to teenagers.

4. The number of two-parent families continues to decline, and statistics show that welfare reform had no impact on this as well. According to the U.S. Census Bureau, the percentage of children under the age of 18 who live with two married parents has declined from 72% in 1990 to 69% in 2000 and to 66% in 2010.

Current Marital Status, 1960-2010



Note: Based on adults ages 18 and older. Percents may not total 100% due to rounding.

Source: Pew Research Center analysis of Decennial Census (1960-2000) and American Community Survey data (2008, 2010), IPUMS.

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The impact of welfare reform

Along with not meeting the stated goal, welfare reform has also had a very negative impact on poor children and families in America. The reformed program has not responded to the country's economic crisis and has left families in need.

According to the U.S. Census Bureau, 15.1% of all Americans were living below the federal poverty level in 2010. This is equal to 46.2 million people living in poverty, and is the most in the 52 years that the Census Bureau has tracked this figure.

While 46.2 million Americans were living in poverty in 2010, though, an average of only about 4.4 million Americans receive welfare cash assistance each month, according to figures from the U.S. Department of Health and Human Services. Of the average monthly recipients, more than 3.3 million are children. By comparison, in 1995, more than 13.4 million Americans received cash assistance.

It is also important to compare the welfare program to the Supplemental Nutrition Assistance Program (SNAP, formerly known as Food Stamps), which currently serves more than 40 million Americans. The SNAP program has been key in helping families during the economic crisis.

Currently in the United States, **the average maximum amount of welfare cash assistance a typical family of three receives each month is \$425**. Many children and families do not receive the maximum amount. Although the assistance amounts vary greatly from state to state, no state provides enough in cash assistance to get a family up to even half of the federal poverty level. For a family of three, the Federal Poverty Level is \$1,544 per month.

Many families who receive welfare cash assistance are also able to receive SNAP assistance, but the SNAP program is not designed to provide enough funding to meet a family's food needs for a month. The average maximum monthly allotment from SNAP for a family of three is \$537. Combined, the food and cash benefits only provide a maximum of \$962 per month. This funding only gets a family of three up to about 60% of the Federal Poverty Level and leaves them unable to meet their basic needs.

More than 40 million Americans currently receive SNAP benefits, according to a report from the U.S. Department of Agriculture. These 40 million Americans come from nearly 19 million households, according to the report.

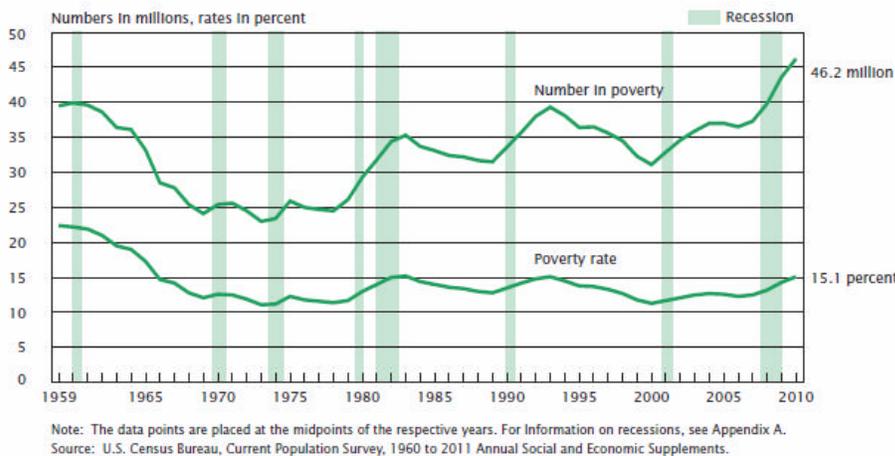
Some of these 19 million households receive other government benefits such as Supplemental Security Income for the aged and blind (21%) or Social Security (21%), according to the report. Only 8% of these households receive welfare cash assistance, according to the report. In addition, 20% of these households, or approximately 8 million people, receive no other income at all. Nearly half of all SNAP recipients are children.

Too many families are living in poverty, and the welfare program does little to help them. And for the families that it does help, the assistance is not nearly enough.

Poverty in America

America's poverty rate was declining in the 1990s before welfare reform was put into place. This drop coincided with the country's economic upturn at the time. After the year 2000, though, the poverty rate and the number of people living in poverty increased greatly.

Figure 4.
Number in Poverty and Poverty Rate: 1959 to 2010



In 2010, 6.7% of all Americans, or 20.5 million people, had incomes below one-half of the Federal Poverty Level, according to the U.S. Census Bureau. This represents an increase from the rate of 6.3%, or 19.0 million people, in 2009. For a family of three this is an annual income at or below \$9,265.

The number of children living in poverty has also continued to increase steadily since 2000. More than 1 out of every 5 children under the age of 18 lives in poverty, as the Census figures show that 22% of all children, or a total of 16.4 million children, live in poverty. U.S. Census figures also show that 46.9% of all related children who live with single mothers live in poverty and 7.3 million American children live at below half of the Federal Poverty Level.

Figure 5.
Poverty Rates by Age: 1959 to 2010

