Welfare Reform: A Continued Failure?

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ABSTRACT: The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) was signed in 1996, “ending welfare as we knew it” (Weaver, 2000, p. 2). This landmark piece of legislation was designed to decrease the roles of welfare and enable those in need of assistance to become self-sufficient in less time (Blank & Haskin, 2001). During the initial years of the PRWORA, the role of welfare dropped dramatically throughout the country, and policymakers on both sides of the political isle were quick to label the reform policy a success. However, a closer look at specific subgroups affected by the PRWORA shows a more accurate picture of the successes and failures. This article explores and evaluates specific sections of the PRWORA, challenges mainstream understanding of the ‘successes’ post-welfare, and proposes a program framework, based on critical analysis that will create more effective policy.

Today, social welfare is an enormous machine fueled by billions of federal and state dollars in the pursuit of a well-balanced, self-sufficient society. However, for decades this machine has been failing miserably. The failing system forced policymakers into the arena of reform in order to save a drowning population.

In 1996, President Bill Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), “ending welfare as we knew it” (Weaver, 2000, p. 2). This landmark legislation was designed to decrease the role of welfare in people’s lives and enable those in need of assistance to become self-sufficient. In 2002, the administration of President George W. Bush began work to reauthorize this bill. The revisions of the bill became law in 2006, creating more rigorous provisions for those trying to receive governmental assistance (Blank & Haskin, 2001). The PRWORA has been successful in decreasing the role of government in the area of welfare; but at what cost (Weaver, 2000)? The stringent provisions of the PROWRA have created an entire population lost in a sea of unemployment, debt, and illness. To address this growing problem new public policy must be introduced lengthening services, lessening provisions, creating new methods of service delivery, providing more education and training options, and the increasing minimum wage (Lein, Schexnayder, Douglas, & Schoeder, 2007).

Theory

The standard model in public policy and economic analysis is the rational choice model. Rational choice theory suggests that individuals will examine available options, evaluate the situation according to their values and beliefs, and then select the option that will bring the most social and economic income. With regard to welfare, rational choice emphasizes decisions people make on how or whether to use governmental assistance. The debate concerning welfare revolves around whether or not individuals become dependent on the welfare system. However, the notion of dependency has no weight in rational choice models (Bane & Ellwood, 1994). When society at large claims individuals become dependent on welfare it “thus implies either a change in values (preferences) as people acquire the ‘welfare habit’ and/or limited motivation in the first place” (Bane et al., p. 69). Choice models do not entertain these possibilities, but suggest a person will participate in an exchange (government assistance), after they have weighed out the costs and rewards of alternative options, and have chosen the one that will benefit them least (Wallace & Wolf, 2006). Rational choice suggests attitudes and beliefs have been internalized before making a cognitive decision. Rational choice fits America’s individualistic sentiment perfectly; we will choose the option that benefits most rather than what is good for the community as a whole.

In order to use the rational choice model effectively individuals must work full time, make more than minimum wage, day care cost must affordable, and welfare benefits must be increased (Bane et al., 1994). With the economy in its current state this doesn’t seem likely. Considering all options, welfare benefits would seem the best choice to satisfy the needs of low-income families. This is the current reality of welfare in the United States.
History

In order to understand the complexities of welfare and welfare reform, one must first familiarize oneself with the history of governmental assistance for needy citizens in this country. Social welfare has been a part of America’s history since the mid-1600s, when the Plymouth Colony adopted the colonial poor laws. Following in the footsteps of their English ancestors the colonies decided it was the responsibility of taxpayers in each locality to care for the destitute (Trattner, 1994).

During the nation’s infancy, government played an extremely small role in assisting needy families. If a family experienced some form of social or economic burden, families would seek assistance through relatives, churches, and other charities. The individualistic view of self reliance is a prominent thread woven into the fabric that makes up American culture and history. However, this view began to shift during the Civil War. The federal government began providing pensions to veterans, and state governments began to house the mentally ill, orphaned children, and impoverished elderly. These small steps towards governmental assistance for the needy shaped the history of welfare during most of the twentieth century (Herrick & Midgley, 2002).

Throughout the twentieth century the federal government’s role had grown tremendously in the area of welfare. Two of the most significant eras during the twentieth century were the 1930s and 1980s. During the 1930s, President Franklin Delano Roosevelt introduced legislation into Congress; this landmark piece of legislation was called the New Deal. The New Deal was aimed at relief for the unemployed. Under the New Deal many new programs were created: The Old Age Assistance (OAA), which provided various assistance for destitute elderly; Aid to Dependent Children (ADC), which provided assistance to fatherless families; and the Social Security Act, which created a social insurance program which would be administered solely by the federal government. The Social Security Act would also provide resources for the blind, vocational rehabilitation, and maternal children’s health.

From the 1950s to the beginning of the 1960s the social welfare rolls were increasing steadily. There was concern about the number of female-headed families receiving benefits from Aid to Families with Dependent Children (AFDC), formally known as Aid to Dependent Children (ADC). During this time the Department of Health, Education, and Welfare was created, and Social Security was amended to provide more financial support to the poor. During the 1960s the role of welfare nearly doubled with the creation of programs such as Medicaid, Medicare, and the Work Incentive Program (WIN) (Herrick et al., 2002). With the large increase in social welfare many families were receiving the assistance needed to become self-sufficient. However, many conservative politicians believed many of these needy families were becoming dependent on the system and pushed for change.

During the 1980s the level of governmental assistance for needy families began to decrease with the election of President Ronald Reagan, a conservative Republican. Soon after taking office, President Reagan began scaling back on social programs funded by the federal government. In 1981, congress approved more than 70 billion dollars in reductions for social programs that provided food, cash assistance, low-cost housing, and healthcare assistance to the poor and shifted responsibility to the states (Herrick et al., 2002). The federal government viewed the reform laws as a success because caseloads decreased throughout the country. However, “between 1981 and 1983 at least 400,000 working women lost AFDC benefits, forcing them to rely on charity or other means of survival” (Herrick et al., p. 203). In the fall of 1988, a piece of legislation titled the Family Support Act was passed. This piece of legislation was believed to be the most comprehensive welfare reform bill since the passage of the Social Security Act in the 1930s. The bill was designed to revise the AFDC, which emphasized education, child support, and job training to avoid governmental dependency. The Family Support Act proved to be a failure, so once again welfare reform was on the agenda in 1993 (Bane & Ellwood, 1994).

Comprehensive welfare reform initiatives from 1969 to 1995 also proved to be unsuccessful (Weaver, 2000). By 1994 welfare caseloads had reached an all time high with 5.1 million American families receiving assistance through the AFDC (Besharov, 2003). When President Clinton took office in 1993, there was little hope for the administration to gain any headway in the area of policy reform. Nevertheless, the Clinton Administration pressed on. The first three attempts of the Clinton Administration were never even voted on in Congress, and the two reform packages passed by the Republican-controlled Congress were vetoed by the president (Weaver, 2000). This was the result of an ongoing political battle between Republicans and Democrats that preoccupied Washington from September to the end of 2005 and eventually produced an unpopu-
lar government shutdown (Blank & Haskin, 2001). Although Republicans and Democrats continued to disagree on welfare reform, legislation was eventually passed in 1996 creating The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). The PRWORA replaced the AFDC with a block grant titled Temporary Assistance for Needy Families (TANF) (Herrick et al., 2002). TANF promised to end dependency on governmental assistance, through mandating work and responsibility and encouraging two-parent families (Cato Institute, 2000).

**Personal Responsibility and Work Opportunity Reconciliation Act: An Overview**

When the PRWORA was passed the “law covered eight major programs or policy domains: TANF, Supplemental Security Income (SSI) for children, child support enforcement, welfare for noncitizens, child protection, child care, child nutrition, and food stamps” (Blank et al., 2001 p.7). Additionally, the PRWORA produced funding designed to reduce pregnancy outside of marriage. The following provides a brief overview of most issues; however, because this article only discusses the most important provisions in the PRWORA, the review of the 1996 provisions is somewhat selective.

**Temporary Assistance for Needy Families (TANF)**

Temporary Assistance for Needy Families (TANF) was the most comprehensive welfare reform passed in the PRWORA. TANF replaced the AFDC program with a federal block grant giving states primary responsibility for designing their cash assistance programs. This allowed states to determine eligibly, enforced greater numbers of work and behavioral requirements, and provided states with financial incentives to help families become self-sufficient. Additionally, states were required to decrease caseloads by fifty-percent or have TANF recipients working thirty hours a week by 2002. States were also prohibited from providing TANF funds to families who had been receiving benefits for more than five years. If states failed to comply with any of the mandates they would risk having TANF funds reduced. This type of conservative policy forced states to create stricter guidelines for eligibility and renewal. The federal government considers this a success because of the decrease in caseloads. However, low-income families in the United States will be affected and will not receive needed assistance.

**Supplemental Security Income for Children (SSI)**

Supplemental Security Income for Children (SSI) experienced tightened restrictions as well. The Individualized Functional Assessment test used to assess eligibility was seen as too subjective and was prohibited. Policymakers developed a general definition of childhood disability; this would ensure only children with the most serious of disabilities were admitted to the SSI program.

**Child Support Enforcement**

Child Support Enforcement received extensive revision in the PRWORA. Almost every single piece of child support legislation was amended. The purpose of the reforms was to increase the number of children with paternity established at birth, to provide access to new sources of employment and financial information for state programs, to reform state programs by automating information and case processing as much as possible, and to provide additional child support payments to mothers who left welfare. The amendments were designed as a reimbursement for providing cash welfare assistance to low-income women.

**Welfare for Noncitizens**

Some of the most controversial provisions of the PRWORA were in the area of welfare for noncitizens. These provisions virtually ended all governmental assistance for noncitizens. The provisions were influenced by the Republican-controlled Congress. Republicans were able to eliminate all welfare for noncitizens for the first five years of the PRWORA and access was seriously restricted after the fifth year.

**Child Care and Development**

Childcare was the least controversial program in the PRWORA. Several of the programs that provided childcare services for children were merged. A single block grant was created, known as the Child Care and Development Block Grant. The block grant included all poor and low-income families, even those who were leaving welfare. The legislation increased funding for childcare by 4.5 billion dollars over five years.

**Food Stamps**

The Food Stamp program provisions gave each state most of the responsibility. The state responsibility included: expanded options, control of food stamps, and responsibility of sanctions and noncompliance. The provisions also included stricter eligibility guidelines for those 18 to 50 years of age without dependents, re-
strict eligibility for aliens, and reduced basic food stamp benefits by 3%.

**Reducing Illegitimacy**

Programs to reduce illegitimacy were propagated throughout several laws in the 1996 version of the PRWORA. Conservatives pushed the notion that non-marital births was the most severe social problem the United States was facing and the cause of many other social problems the nation faced, such as juvenile delinquency, crime, welfare use, and poor school performance. The fundamental problem with this type of legislation is programs designed to lower non-marital births have consistently been shown not to work in the past (Blank et al., 2001).

**State and Local Initiatives**

The TANF block grant provided a $16.5 billion per year fixed federal funding stream to the states. The PRWORA incorporated maintenance of effort provisions which required states to maintain a large portion of their historic financial commitments to welfare initiatives (GAO, 2006). Maintenance of effort provisions ensured states would remain strong fiscal partners in the fight to end poverty. With the shift of power, states were now responsible for creating their own new welfare programs. These innovative programs were intended to pull low-income families, working poor, and the homeless out of the depths of poverty into self-sufficiency.

Larrison, Nackerud, Lane-Creu, and Dolley, (2005) examined innovative welfare programs in the state of Georgia, developed by the Division of Family and Children Services (DFCS). The results concluded only 6.4% of local DFCS offices in the state of Georgia were truly innovative, 37. 6% were identified as developing innovation, and the other 56% were considered traditional. The programs considered traditional were found to only complete the state requirements of TANF, but did not move beyond these requirements. Additionally an examination of welfare programs both in the state of Georgia and around the nation showed that innovation did not occur. One of the primary goals of the PRWORA was to reinvigorate individual welfare programs in each state. The progressive programs were intended to be creative, original, and present new ideas to fight poverty. Instead recipients received mediocre programs similar to those of the past. The programs have proven unsuccesful, yet as a whole our states continue to use the traditional model.

One of the major problems for states are the “harder to serve” populations such as those with substance abuse disorders, poor mental health, intimate partner violence, learning disabilities, and poor education. Recipients that possess any of these characteristics remain in state TANF caseloads for prolonged periods. Currently, there are an estimated 5.5 million “harder to serve” TANF recipients in the United States. Little is known about the relationship between substance abuse and long term welfare dependency. Since the enactment, the PRWORA has left the responsibility in terms of the assessment, evaluation, and treatment of substance abuse among welfare recipients up to the individual states.

Substance abuse by welfare recipients continues to plague the system with insurmountable barriers. Research has shown women with substance abuse problems are less likely to engage job training, work either part or full time, and have additional emotional and behavioral problem. Furthermore, those with substance abuse problems that have become “self-sufficient” are more likely to return to welfare as the dependence on alcohol/drugs makes it more difficult to be a productive member of society (Shinn & Choi, 2007).

A recent study was conducted exploring TANF initiatives of four states regarding substance abuse among women in four states’ welfare systems. The states contained 42% of the total TANF recipients and are considered to have the largest state TANF caseloads in the country. When researchers began to examine data from each state, they noticed one of the states, Texas, had no official procedures for assessment, evaluation, and treatment which contradicted the Fourth Annual Report to Congress. Consequently, the data for Texas had to be thrown out. With three states remaining, researchers found only one state had a mandatory screening process. The three remaining states relied on caseworker discretion, which was followed by a brief written test. This test was found to be extremely ineffective. In states such as these, clients are inadequately assessed and are unable to receive any sort of cash assistance. The PRWORA has adopted this “work first” mentality. This type of conservative doctrine creates impenetrable barriers for those who struggle with substance abuse disorders. Studies have shown that 39% of those receiving welfare have substance abuse disorders (Shin & Choi, 2007). In order to adequately serve these clients, states must adopt policies that adequately assess these disorders, guide recipients to
sobriety and recovery, and help them attain and maintain employment and self-sufficiency.

Policy initiatives regarding welfare reform vary from state to state. Recently, there has been a considerable amount of attention placed on the impact state welfare policies have on their neighbors. Rogers, Payne, and Chervachidze (2006) sought to explore whether or not states set policies that will protect them from becoming “welfare magnets.” A comprehensive body of research has validated these hypotheses and found “neighboring state policies do have an impact in policy design and generosity of benefits” (Rogers et al., pg. 665). Additionally, Rogers et. al. (2006) examined factors that best explained state poverty levels, including changes in poverty rates after the implementation of the PROWRA. Results of the study found states with the highest tax bases, highest per capita income, and least stringent TANF guidelines had low poverty rates. The PROWRA was found to have no effect in the poverty rates in each of these states. There was no indication state policies had any effect on the neighboring states. These findings suggest a strong economy plays the most predominate role in welfare participation.

**Self-Sufficiency**

One of the largest components of the PROWRA is the “work first” perspective. Advocates of “work first” suggest education and training are not effective treatments for unemployed parents; the more effective approach is to employ the person immediately regardless of their job quality. Since the implementation of this approach welfare caseloads have declined dramatically, but most of the newly employed are in low-wage jobs and evidence suggests those who leave welfare are more likely to lose their jobs and have limited upward mobility (Strawn, Greenberg, & Savner, 2001). The National Governors Association summary of 1998 found 50 to 60% of former recipients found jobs; however, the average wage was between $5.50 and $7.00 an hour.

Getting welfare recipients off the backs of the government does not necessarily imply real “self-sufficiency.” In order to truly understand if former welfare recipients are becoming more self-reliant one must ask the question: to what extent do leavers rely on work and earnings to support themselves? A study conducted by the Cato Institute (2000) revealed in the first three months off welfare, two-thirds of those who had left reported using one or more of the following: Medicaid, emergency aid, assistance with transportation, and assistance with meeting other work expenses. The range of supplemental benefits available for those who leave welfare suggests that policy has failed to create a country of self-reliant workers and created a working welfare state (Cato Institute, 2000).

At the state level the “work first” failure is even more apparent. Wisconsin, a state that aggressively pursued welfare reform, reported that although 63% of those who left welfare were working, 68% of those described themselves as “barely making it.” A second study conducted in the state found former recipients were financially better off when they left welfare because their wages were so low it did not cause any deductions in cash assistance and food stamps. In Oregon 35% of recipients who left welfare returned in 18 months, and in Maryland 23% returned within 12 months (Lens, 2002). The “work first” model is an ineffective approach to self-sufficiency. A person cannot truly rise out of poverty unless they are given adequate training, employment, and child care. This approach has only continued the cycle of poverty policymakers were trying to break when it became apparent the AFDC was a failed system.

**Immigrants**

There has been much debate over the amount of governmental assistance immigrants should receive in the United States. Three related issues have dominated the discussion: anxiety over the increase of immigrant welfare recipients, the idea that generous governmental welfare programs are magnets for noncitizens, and the debate over whether immigrants “pay their way” in the welfare state. With the enactment of the PRWORA Congress responded to many of these issues with a new set of rules for determining eligibility for immigrants. These new stringent guidelines denied many types of assistance to noncitizens who arrived after the passage of the PRWORA and limited those who were presently living in the country (Marchevsky & Theoharis, 2008).

A recent two year ethnographic study of welfare reform’s impact on Mexican immigrants was conducted in California. Researchers documented a pattern of heightened anti-immigrant sentiment and disentitlement within L.A. County’s welfare system. The study found a majority of eligible immigrants lost some or all of their cash assistance, food stamp benefits and were systematically denied work and support systems promised under welfare reform. Confusion and misinformation-
tion among welfare officials, coupled with pressure to decrease caseloads by any means necessary lead to the widespread removal of immigrants from the welfare systems. The most alarming finding indicated that all immigrants in the study were eligible for governmental assistance under the guidelines; however, many were told by state caseworkers that only citizens were eligible for TANF, and many faced significant reductions or termination. All of the participants in the study were channeled into poverty and unstable jobs. The burden of racial disparities such as these do not lie on the federal government but with the state. Evidence shows welfare participation among noncitizens dropped nearly 10% in states less generous and in states considered more generous it only dropped 5% (Marchevsky & Theoharis, 2008).

Women and Children

Historically, welfare legislation has acknowledged the dependency of poor women in the United States. The federal government not only assumed women to be dependent, but needed them to be dependent to care for young children and stay out of the running for competitive jobs. The objective was to strengthen and maintain family life and to help mothers to maintain capability for maximum self-reliance and personal independence (Gatta & Deprez, 2008a).

The federal government has abandoned these old sentiments of dependency and adopted new ideology concerning women and welfare assistance. Currently, welfare reform has had a tremendous negative effect on women and children; making them more susceptible to hunger and homelessness (Lens, 2002). With the passage of the PRWORA and the implementation of the “work first” models, the federal government has removed any notion that welfare is an entitlement and severely restricted education and job training skills needed to become self-reliant. The most common theme among studies conducted on the effects welfare reform has had on women concluded that many women remain stuck in low-income jobs and their earnings are not enough to pull them out of poverty (Gatta & Deprez, 2008a). In Wisconsin, more than half of former recipients claimed to have a problem paying for rent and food. In food pantries across the country caseworkers and volunteers reported significant increases in people requesting food (Lens, 2002).

Feminization of poverty continues to be a reality in this country. The major predictor of poverty in the United States is the head of the family. Women-headed family units are seven times more likely to be poor than coupled families and only average two-thirds the income of men who head the family (Henslin, 2005). This is the true picture of welfare in the United States. If new innovative programs are not developed to fight this growing problem, more women and their children will experience the grueling cycle of poverty.

Welfare Fraud

Americans have developed a negative perspective about welfare and its role in contemporary society. There is a common misconception among the public that most welfare recipients abuse the system. Since the aftermath of the PRWORA it has become important for those concerned with economic and social justice to examine the experiences of those affected by welfare reform.

In a study conducted in San Diego, researchers explored the reasons why women committed welfare fraud. Fraud occurred in most cases when they received some form of assistance not calculated into their determined aid. The quantitative analysis of the findings revealed most of those convicted of fraud were women of color, 35 years of age, had an average of two children, and received little or no child support. Most of the fraud convictions were for unreported monies of a median amount of $2,423, which on average was only $164 a month per household member. In contrast to popular assumptions, the case files revealed most committed fraud unknowingly or out of desperation. Many had been misinformed by their caseworkers about the method of reporting rules concerning secondary income and others felt they had to work in order to support their families. This is a more accurate picture of fraudulent welfare activity in the United States. Bureaucratic agencies designed to educate those on welfare are misinformed or confused about the rules and guidelines themselves, creating an even larger problem. Those recipients who do understand feel they have to “cheat the system” to support their families. Welfare fraud convictions carry fines, community service, jail time, and felony records create more barriers and make it difficult or impossible to provide for their families (Swan et al., 2008). More education on rules of reporting and consequences of fraud must be provided to
those receiving assistance or travesty’s such as this will continue to happen.

Restructuring Welfare Policy: Recommendations for Effective Change

The future of welfare is extremely unclear. The United States economy is in its worst condition in decades. With more Americans losing their jobs there will be an influx of individuals racing to government offices throughout the country seeking assistance. It is clear the current welfare system is extremely flawed and welfare reform has failed. Many states have experimented with welfare reform with some success. The creation of innovative programs must be developed and implemented across the country to fight this ever growing problem. The following is a blueprint for effective change in welfare policy.

First, policymakers must develop strategies that increase the pay of welfare workers and allow for flexibility in the workplace so parents will be able to balance the responsibility of being a parent and employee. When workers receive higher wages and achieve a sense of economic stability they are able to better provide for their families and feel empowered by their new found freedom.

Second, policy needs to provide destitute families with support and encourage employers to provide more expansive healthcare coverage. Policymakers have failed to realize TANF recipients receive inadequate or no healthcare at their places of employment. Welfare recipients live on a very limited budget and if someone were to become sick it would be difficult to pay for rent and utilities. If transitional healthcare and child care were extended, it would allow TANF recipients to qualify for healthcare benefits at their new place employment or find adequate benefits bridging the gap between dependency and sustainability.

Third, tax law should be reviewed ensuring a progressive income ladder would be provided for low-income families. Education about existing tax laws that may benefit welfare recipients’ overall income must be provided to those receiving assistance. Federal estimates suggest the expansion earned income tax credit lifted more than 4.7 million people out of poverty; 2.6 million of those were children. However, even with the dramatic decrease in poverty across the nation, those who leave welfare are still less likely to use this tax credit. This underutilization may occur because families are unaware of this tax credit or they did not file taxes. Recipients must be aware and be able to utilize every resource given to them to truly become self-sufficient.

Finally, welfare policy must reflect the reality that some recipients may need assistance for lengthier periods of time. There are many underlying factors affecting sustainably that need to be addressed. Many recipients struggle with a gamut of barriers to self-sufficiency such as substance abuse, mental illness, domestic violence, and learning disabilities. Recipients who possess risk factors such as these must be given the proper treatment and care so they may become productive citizens (Lien et al., 2007).

Notes

1. Social welfare can be defined as “organized public or private social services for the assistance of disadvantaged groups” (Merriam-Webster Online Dictionary, 2008).

Michael D. Nino holds an MA in political science.
References


