What has been the impact of welfare reform? What have we learned and what are the implications for future public policy to best serve our most vulnerable families?

In 1996 President Bill Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act into law. Popularly known as welfare reform, it fundamentally changed the Social Security Act by replacing the Federal Aid to Families with Dependent Children program, a cash entitlement benefit to the poorest families in the nation, with the Temporary Assistance to Needy Families program, block grants to states designed to serve this same population. The stated purposes of the law included helping families achieve economic self-sufficiency, keeping families together, promoting marriage and reducing "illegitimacy" (out of wedlock births of children).

For the very first time, lifetime limits were imposed on the aggregate amount of time a family could receive benefits. Other new regulations established strict and enforceable work requirements, including a time limit for able-bodied recipients to obtain a job or lose all benefits. Immigrants were made ineligible for welfare and other federal benefits, sanctions were prescribed for uncooperative recipients, and child support enforcement was significantly strengthened. Almost all states adopted a "work first" or labor market attachment approach, requiring recipients to take any job available, and they abandoned the human capital investment approach which had emphasized education and training geared to help recipients obtain more secure jobs with opportunities for career and wage growth.

Many states shortened time limits and amended eligibility. For example, a majority of the states, including New Jersey, implemented a "family cap" provision limiting financial assistance no matter how many additional children came into a family nine months after eligibility was initially established. Other innovations were designed to divert families from welfare by providing targeted services and supports and to facilitate the transition from welfare to work.

The popular rhetoric of the day described this reform in catch phrases such "changing welfare as we know it" and "changing welfare from a handout to a hand up". The law was very controversial with strong support from conservatives who believed it stressed such American values as personal responsibility and self sufficiency. On the other side of the ideological divide, liberals argued that this program blamed and punished the victims for society’s failure to provide decent education and employment opportunities to our poorest families.

There has been a dramatic drop in welfare rolls since the law was initiated. Initially, it also coincided with vast increase of employment of welfare recipients, driven, some argued by the personal responsibility required of applicants and recipients. Others viewed the strong economy and proliferation of entry-level jobs in the late 1990s as causative factors.

Today, welfare caseloads are down by two-thirds from the mid-1990s. Yet, poverty and inequality have increased by all measures. The nation’s other large income maintenance program, the Supplemental Nutrition Assistance Program (SNAP), formerly known as the Food
Stamp Program, has vastly increased numbers of recipients. One in seven of America’s children now depend upon this program.

As the former New Jersey commissioner of human services, I had the opportunity to work with Governor Christine Todd Whitman and the legislature to create the New Jersey Work First Program - implementing federal welfare reform in New Jersey. Reflecting our state’s culture and politics, the law balanced strong requirements of recipients with enriched programs and opportunities - a kind of "tough love" approach as it was referred to at the time.

Sufficient time has now elapsed to permit me to identify the lessons that have been learned and the challenges that lie ahead in crafting responsible public policy and programs to serve our neediest families.

Cash benefits to families, both before and after the reform, have been quite low - $424 a month for a parent and two children without any other source of income - and surviving on that amount in adverse circumstances often drains recipients of energy and hope.

The majority of families using public assistance have a relatively short duration of welfare receipt and the reform has been successful in providing an incentive and bridge to self-sufficiency through employment support and an emphasis on making work pay - New Jersey, like many states, has reduced the amount of earnings deducted from a recipient’s benefits. A positive immediate focus on re-entry to the workforce helps recipients avoid the trap that depending on public assistance can create. By requiring work of able bodied recipients we abandoned the unintended patronizing treatment of recipients that came with lowered expectations of them and the assumption that depending exclusively on public welfare was an acceptable choice for them and their families.

But the labor market has been changing rapidly, demanding more and more skills. Welfare reform’s immediate job requirement needs to be adjusted with a greater infusion of investment and opportunity for human capital development. Relying exclusively on immediate employment may no longer work and it may result at best in a trade of one form of poverty, dependence on public assistance, for another, sporadic employment at minimum wage.

Most importantly, in a period of recession and high unemployment, the 1996 law has created a hole in our national safety net for families who have timed out of public assistance. Medicaid, SNAP and other related safety net programs may still be available to this population but it is clear many people have dropped further into poverty.

Welfare reform was never intended to end poverty in the U.S., nor was it capable of doing so. At its best, reform helped families climb one step up the economic ladder out of dependency on governmental cash assistance. We need to design a national policy that provides the additional steps to permit affected families to climb out of poverty altogether - at the same time we continue to support those who lack the opportunity but are doing their very best to become self-sufficient. This is a much broader and more difficult challenge than mere reform. It involves a retooling of the safety net for education, workforce development, decent housing and reinvestment in economically distressed communities. It requires that we transcend partisanship and ideology and have a new national dialogue to create the next level of public policy to support our neediest citizens.

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