



The 1996 Welfare Reform: Revisiting a Successful or Failed Endeavor

การปฏิรูปสวัสดิการสังคมปี 1996: ทบทวนความพยายาม...สำเร็จหรือล้มเหลว

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Abstract

When American welfare reform law was enacted in 1996, it was seen as the culmination of decades of struggle between two political ideologies: the conservatives and liberals. Shortly after that, the reforms were widely considered a great success. This paper revisits this welfare reform two decades later. Since this paper intends to examine the performance of the 1996 welfare reform and reevaluate its effectiveness by reexamining available data and related studies, the background of the American welfare policies as it relates to the area of poverty to the Temporary Assistance for Needy Families (TANF) in 1996 have also been explored and reviewed. Unfortunately, the findings disconfirm the effectiveness of welfare reform in terms of accomplishing its three primary goals: reducing dependence of needy families, decreasing out-of-wedlock pregnancies, and encouraging two-parent families. Even though the welfare reform seems to have excelled in reducing the welfare caseloads, it does not guarantee that the needs of the poor and needy families have been met. Moreover, the effectiveness of TANF for reducing unwed pregnancies and bolstering the formation of two-parent families remains muddled. Finally, this paper suggests some raising issues and considerations for further study.

Keywords: social welfare policy; welfare reform; The United States of America

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บทคัดย่อ

การปฏิรูปสวัสดิการสังคมของประเทศสหรัฐอเมริกาในปี 1996 นับเป็นการยุติระหว่าง การต่อสู้ของอุดมการณ์ทางการเมืองสองฝ่าย คือ ฝ่ายอนุรักษนิยม และฝ่ายเสรีนิยม หลังจากนั้น ไม่นาน กลุ่มผู้สนับสนุนการปฏิรูปสวัสดิการสังคม ก็ได้ประกาศถึงความสำเร็จของนโยบาย เนื่องในโอกาสที่ครบ 20 ปีของการปฏิรูปสวัสดิการสังคม บทความฉบับนี้จึงนำการปฏิรูป สวัสดิการสังคมในครั้งนั้น กลับมาพิจารณา ตรวจสอบผลการดำเนินงาน และประเมิน ประสิทธิภาพ โดยนำข้อมูลต่างๆ รวมทั้งงานวิจัยที่เกี่ยวข้องมาสำรวจและทบทวนใหม่ ทั้งนี้ บทความครอบคลุมถึงความเป็นมาเกี่ยวกับนโยบายสวัสดิการสังคมของสหรัฐอเมริกาใน ประเด็นที่เกี่ยวกับความยากจน จนถึงการใช้ Temporary Assistance for Needy Families (TANF) ในปี 1996 แต่กลับพบว่า ผลการดำเนินงานของการปฏิรูปสวัสดิการสังคม หรือ TANF ไม่สามารถบรรลุวัตถุประสงค์หลักสามประการ อันได้แก่ (1) การลดการพึ่งพาสวัสดิการสังคม ของกลุ่มครอบครัวที่ยากจน (2) การลดการตั้งครกนอกสมรส และ (3) การสนับสนุนการสร้าง ครอบครัวที่พร้อมด้วยบิดาและมารดา แม้ว่าการปฏิรูปจะสามารถลดจำนวนคนที่ต้องพึ่งพา สวัสดิการ แต่ทั้งนี้ความขัดสนของครอบครัวที่ยากจนและตกอยู่ในความทุกข์ยากยังคงไม่ได้รับ การบรรเทา ยิ่งไปกว่านั้นประสิทธิภาพของการปฏิรูปสวัสดิการสังคมในการลดการตั้งครก นอกสมรสและการสนับสนุนการสร้างครอบครัวที่ประกอบด้วยบิดาและมารดานั้น ก็ยังไม่เป็นที่ ประจักษ์ชัด ท้ายที่สุด บทความได้เสนอแนะประเด็น รวมทั้งข้อพิจารณาสำหรับการศึกษาต่อไป

คำสำคัญ: นโยบายสวัสดิการสังคม; การปฏิรูปสวัสดิการ; สหรัฐอเมริกา



Introduction

Public policies have always seemed to pique the interest of scholars, because of their very nature of being the primary instruments used by governments to address social and economic problems. Particularly, social welfare policies in the area of poverty have constantly received a great attention since they worked with the most sensitive of societal issues: work, family, sex, abortion, personal responsibility, and community integrity.

The United States had undergone time periods with long stretches of poverty, and the federal government had made great efforts to handle this serious concern. Welfare policies in the area of poverty had gone through several reforms resulting from heated debates on different welfare provisions driven by different political ideologies. The most recent welfare reform arose with the passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 along with the replacement of the Aid to Families with Dependent Children program (AFDC),

a federal entitlement program, by a state block grant program called Temporary Assistance for Needy Families (TANF).

The performance of the TANF at early years seemed to be successful; for example, in terms of unprecedented drops in the number of families receiving cash assistance. However, a longer period of assessing the TANF's performance should give us a clearer picture of how the TANF performed over two decades. To do so, a large body of literature including extensive data and reports has been considerably examined in order to reassess whether TANF has accomplished its objectives.

Background: Social Welfare and Anti-Poverty Programs

The problem of poverty has long been a serious public concern in American society. Prior to the 1900s, local governments and private charitable organizations provided public welfare—called public relief—to the poor and needy. As population increased and



the economy became more urban and industrialized, state governments were progressively required to respond to the poor even more. For example, some kinds of welfare programs for mothers with dependent children, referred to as mother's pensions, had been established in 40 states in 1926 (Tanner, 2003).

After that, a great deal of attempt in alleviating poverty had been persistently made due to the consequences of the Great Depression of the 1930s. The widespread unemployment and impoverishment during that tough time led to financial difficulties on existing state and local relief programs. State and local governments were unable to respond to extensive periods of economic crisis. As a result, the federal government, having more financial resources, was required to take part in the social welfare "solution" (Poppo & Leighninger, 2011; Tanner, 2003). Decisively, President Franklin D. Roosevelt enacted the New Deal policies designed to provide a very large number of federally

supported public assistance, work relief, and other service programs. In 1933, he created the Temporary Emergency Relief Association (TERA)—the first federal response to the unemployed and needy—providing matching grants to localities for emergency unemployment reliefs.

Through many New Deal programs, there was growing pressure on the federal government to provide more permanent forms of income security. Therefore, a series of social insurance programs, such as Unemployment Insurance (UI) and Social Security, were organized under the Social Security Act of 1935 (SSA) (Neubeck & Cazenave, 2001, p. 46). Besides dealing with the income issue, the Social Security Act of 1935 also established many public assistance programs in order to respond to special classes of the needy. Such programs included Aid to the Aged (OAA), giving cash payments to poor elderly people regardless of their work record; Aid to the Blind (AB), available for blind individuals who are in need; and Aid to Dependent Children



(ADC), furnishing assistance to children whose mothers lacked the support of a breadwinner. Among these programs, public attention had been paid to ADC, renamed Aid to Families with Dependent Children (AFDC) in 1962. With the original purpose of furnishing financial assistance to needy children who are living with mothers but are deprived of normal support or care, the ADC/AFDC afterward expanded rapidly by covering two-parent families in which the father was unemployed.

Along this line, during the Presidency of Lyndon B. Johnson, the “Great Society” was launched with initiatives aimed at improving health, nutrition and education of poor Americans. The so-called “War on Poverty” legislation was also introduced in order to carry out more effective solutions for low-income individuals through a number of policy initiatives. These included education, job training, and citizen participation in community development (McKee, 2011, p. 50). Throughout the 1960s, the federal government

enacted Medicare, Medicaid, Head Start, food stamps, Supplementary Security Income (SSI), and an array of anti-poverty programs.

The anti-poverty programs had been subsequently augmented during both Nixon and Carter administrations. For instance the, Family Assistance Plan, initiated in 1969, replaced cash assistance programs with minimum guaranteed annual income. Under this program, financial assistance for the elderly, the blind, and the disabled became 100 percent federally funded and administered (Sobel, 1977). Additionally, major public welfare—including the AFDC, food stamps, and the SSI—were consolidated by the “Program for Better Jobs and Income,” with its guaranteed income provision and job training and placement plans.

Early Welfare Reform Effort on Aid to Families with Dependent Children

Created by the Social Security Act of 1935 along with the Old-Age Social Security and Unemployment Insurance programs, the



AFDC program provided cash financial support to families with dependent children, who were deprived of the support or care of one natural parent by reason of death, disability, or absence from the home, and were under the care of the other parent or another relative. To administrate this program, the federal-state partnership was required, and both costs and rule-making authority were shared (Moffitt, 2003, p. 292). To be specific, the states had a role in creating and administering their own AFDC programs and setting the level of basic benefits. The federal role, on the other hand, was both regulatory and financial. On the regulatory side, the federal government put many restrictions on the definition of eligibility and allowable resources on the benefit formula. Financially, the federal government was responsible for providing open-ended matching grants to the states, with declining match rates at higher state benefit levels. In its initial implementation, the AFDC recipients expanded, as the number of single-mother families

increased (Hobbs & Stoops, 2002). Later on, when Congress allowed states to claim federal reimbursement for assisting two-parent families in which the principal earner is incapacitated or unemployed,² the AFDC rolls were persistently growing. As in the past, the increase in high-level welfare spending commoved with an increase in welfare recipients. Vice versa, a growing number of the AFDC caseloads resulted in a large amount of public funding. In the 1960s, welfare rolls expanded by 107 percent (Olasky, 1992). The amount of welfare money spent in the 1960s increased from 1,000,784 to 3,563,427 thousands of dollars. Aggressively, public spending on welfare reached its peak during the 1970s when it increased from 4,852,964 to 11,068,864 thousands of dollars (Annual Statistical Supplement, 2005). This spending concern pushed the AFDC to the forefront of welfare reform.

Aside from the welfare spending issue, the seeming ineffectiveness of the welfare program ignited pressure to reform the AFDC



program. The AFDC had been considerably criticized as producing counterproductive incentives for recipients to work less, therefore lengthening their experience of poverty. The AFDC, to some degree, resulted in the prevalence of an anti-work attitude among welfare recipients. Moffitt (2003) supports this statement with his explanation regarding the taxation issue. He states that means-tested welfare programs like AFDC are designed in a way that once recipients reach a certain threshold, benefits they received are always decreased as more income they earned. This happens because welfare benefits are untaxed while earned incomes are taxed. It is admitted that when welfare beneficiaries earn more taxable income, they must face higher implicit marginal tax rates. As a result, welfare recipients certainly receive lower benefits as they earn more income. Since going to work cannot give them more money as they expected, they would rather stay on welfare and do nothing. Hence, there is undoubted

why this anti-work attitude spreads among welfare recipients. Further, the research conducted by the Seattle Income Maintenance Experiment (SIME) examining the effect of guaranteed income supports on the poor shows that every dollar of guaranteed income supports subsidized reduced labor supply and earnings by 80 cents. The number of hours worked declined by 25 percent for unmarried women with children (Tanner, 2003, p. 5). Furthermore, the welfare system was blamed for contributing to out-of-wedlock births and more or less causing unhealthy family structure. It is believed that, from an economic perspective, “the more attractive the welfare benefits, the higher the birth rate to unmarried women is expected to be, *cæteris paribus*” (Kimenyi & Mbaku, 1995, pp. 45-46). Likewise, the impact of generous welfare benefits on stimulating the rise in out-of-wedlock births have been testified by many (e.g., Grogger & Bronars, 2001; Hoynes, 1997; Lichter, McLaughlin, & Ribar, 2002; Murray, 2001). Tanner (2003), additionally,



underpins that welfare recipients who have an out-of-wedlock birth tend to be on welfare for longer periods than other recipients (p. 38).

Pressure to reform welfare continued to increase during the Reagan administration. President Reagan made a great effort to diminish welfare programs by restricting eligibility to the truly needy. States were required to set eligibility and income verification standards. Moreover, under the Family Support Act of 1988,³ the Job Opportunities and Basic Skills (JOBS) Training Program, a combined job-training and job-search program, was created. Individuals participated in job-search programs and the requirements for receiving benefits were established by the states (Poppo & Leighninger, 2011).

Correspondingly, under the Clinton administration, there was an attempt to reform welfare by announcing “an end to welfare as we know it.” The goals of welfare reform were to eliminate welfare dependence by stimulating work, promoting healthy marriages,

and reducing nonmarital births. Work was promoted both by making continued receipt of cash welfare conditional on serious efforts to prepare for and find work, and by making it clear to recipients that welfare was temporarily provided. To do so, the Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), calling for returning responsibility for many welfare programs to the states. Central to this legislation was the provision that the AFDC and JOBS programs be replaced by a new block grant called the Temporary Assistance for Needy Families (TANF) (Holcomb & Martinson in Weil & Finegold, 2002, p. XIV).

The 1996 Welfare Reform: Temporary Assistance for Needy Families

With the TANF block grant, the federal government allows state governments to operate their own welfare programs by using these funds. In order to receive federal funds, states must also provide their own dollars on such programs for needy families.



This requirement, known as the Maintenance of Effort (MOE), replaced the state match that the AFDC had required. Besides enforcing the new spending requirement, Section 407 of the PRWOR also set up a work participation requirement with three core elements with the hope of fostering welfare recipients to participate in workfare (Rector & Marshall, 2013):

1. Approximately 30 to 40 percent of the work-eligible adult TANF caseloads are required to take part in work activities.

2. Work activities broadly include unsubsidized employment; government-subsidized employment; on-the-job training; up to 12 months of vocational education; community service work; job search and job readiness training; high school or General Education Development (GED) education for recipients under age 20; and high school or GED education for those who are 20 and over when combined with other listed work activities.

3. Individuals are required to engage

in activities for 20 hours per week if the individual has a child under age six at the home and 30 hours per week if all children are over six

Restrictedly, to be eligible for cash assistance from state governments, welfare recipients are required to comply with time limits and some kind of eligibility imposed by federal law as follows:

1. Time limits. Although states can set their own time limit policies, they cannot provide cash assistance from federal TANF funds for longer than 60 months to a family with adult recipient; nonetheless, states can exceed the 60-month limit for up to 20 percent of their caseload based on hardship. Federal law does not set up a time limit on “child-only families” or on families receiving assistance funded entirely with state MOE funds.

2. Immigrant eligibility. Federal law prohibits states from using federal TANF dollars to assist most legal immigrants until they have been in the United State for at least five years (Center on Budget and Policy



Priorities, 2015, pp. 3-4).

Since its enactment in 1997, the TANF has been reauthorized in 2002 and 2005, respectively. In 2009, Congress passed a new TANF Emergency Fund (TANF EF), funded at \$5 billion for fiscal years 2009 and 2010, to reimburse jurisdictions for 80 percent of the cost of increased spending in the three areas (Office of Family Assistance, 2012):

1. Basic assistance: cash or non-cash designated for low-income families with children to meet ongoing basic needs.

2. Non-recurrent short-term benefits: benefits or services assigned to respond to a specific crisis situation or episode of need with four-month limit.

3. Subsidized employment for low-income parents and youth.

The TANF block grant was scheduled for reauthorization in 2010. Nonetheless, Congress did not work on legislation to reauthorize the program and instead extended the TANF block grants multiple times. During the multiple extensions, TANF returned into

the spotlight in July 2012 when the Obama administration granted itself authority to constitute permanent changes in the TANF program. That is, the federal Department of Health and Human Service (HHS) has been allowed to “waive compliance” with every provision in Section 407 and to enable states to operate under alternative standards set up by HHS without approval from Congress. However, the House of Representatives passed legislation to block the waiver of TANF work requirements, and Congress ultimately decided to maintain the welfare work requirement (Committee on Ways and Means, 2013).

State Policy Choices under Welfare Reform

As imposed by the federal government, states must comply with time limits and work requirements in order to receive federal cash assistance. Nevertheless, the TANF block grant allow states to have flexibility in designing and operating their own TANF policy that best matches their needy families’ needs. To do so, states may adopt some



policies or provisions that may or may not be required by the federal TANF statute.

Along with the state TANF implementation, some prominent provisions adopted by states include family caps and sanctions. In terms of family caps, states can determine whether to provide no additional assistance or increase cash assistance when an additional child is born to a family already receiving TANF benefits (National Conference of State Legislatures, 2011). Regarding sanction policies, the federal TANF rules normally impose sanctions for violations of work or of child support cooperation requirements, while states may impose additional sanctionable requirements with harsher penalties, such as a full family sanction (Bloom & Winstead, 2002, pp. 1-2).

The Performance and Effectiveness of TANF

As stated earlier, this paper intentionally covers a review of the implementation of TANF and a reassessment of its effectiveness on the three main objectives of welfare

reform/TANF—reducing dependence of needy families by promoting work, decreasing the incidence of out-of-wedlock pregnancies, and promoting two-parent families. Since each state has implemented their own TANF programs, it is beyond the scope of this paper to examine various TANF programs offered by states. Thus, a review and reassessment of TANF at the national level is being focused here. Relevant studies of TANF at the state level, nonetheless, are not neglected.

Reducing Dependence of Needy Families

To assess how the 1996 welfare reform accomplishes this goal, a large amount of attention has been paid to a particular key indicator—the number of welfare caseloads since it is widely employed by policymakers to explain the reduction of dependence of needy families. Basically, policy experts interpret a decrease in the number of welfare caseloads as a decrease in need. In other words, they believe that those who leave the welfare because they become financially



independent. It is obvious that after TANF implementation, there was a rapid decline in the number of welfare recipients. The Eighth Annual Report to Congress stated that from 1996 to 2003 the number of TANF recipients markedly lowered by 59 percent from 12.2 million to 4.96 million recipients (Office of Family Assistance, 2005, p. 1-1). Along the same line, by 2005 the TANF caseload was over 1.9 million families, representing a decrease of nearly 51 percent since 1997 (Slack et al., 2007, p. 4). Afterward, the number of TANF caseloads continued to decline slightly from 2006 to 2016 except from the year of 2011 with a small increase of roughly 10,000 families (Office of Family Assistance, 2017, p. 18).

Overall, the number of welfare caseloads became flatten after the TANF implementation, however, whether TANF or welfare reform resulted in a decrease in welfare caseload is debatable. It is worth pointing out that the implementation of TANF occurred during a period of strong

economic growth, so if TANF was responsible for welfare caseload reduction needs further investigation. The Council of Economic Advisers (1999) reported that for the caseload reduction between 1996 to 1998, strong economic condition had smaller effect on caseloads, accounting for only 8-10 percent of the caseload decline, whereas the TANF program led to a larger effect explaining approximately 35 percent of the caseload decline. At the state level, New (2002, p. 4) illustrates that the economic expansion to some degree affected the reduction in welfare caseload, while state policies, especially state sanctions, implemented under TANF restriction had a greater impact on reducing welfare rolls. In the similar vein, the results unveiled by Rector and Youssef (1999, p. 1) showing how the state sanction policy impacted the number of welfare caseloads. They confirm that the more stringent sanctions resulted in larger caseload declines. Likewise, the effects of the mid-1990s welfare reform specifications—including work requirement,



time limits, the family cap, and sanction policy, on welfare caseloads—are revealed in Jagannathan’s study (2011, p. 718). The findings exhibit that during the study period welfare reform was responsible for the major share of the decline in caseloads, whereas the economy played a minor role in hastening caseload declines analyzing.

In favor of an economic explanation, arguments on the effect of economic growth on TANF caseload reduction have been expressed (e.g., Bell, 2001; Figlio & Ziliak, 1999; Klerman & Haider, 2004; Moffitt, 1999; Ziliak, Figlio, Davis, & Connolly, 2000). Grogger and Karoly (2005), by investigating a large body of literature, point out that, of those studies conducted during the first few years after PRWORA, TANF policies explained about 20 percent of the decline in welfare caseloads, in spite of the fact that the macroeconomy accounted for the remaining 80 percent. They also disclose that, not only coinciding with the economic growth, but welfare reform also coincided

with the expansion of Earned Income Tax Credit (EITC),⁴ along with expansions of public health coverage for low-income families and increases in the minimum wage.

Changes in the number of caseloads have also been justified as a result of other contributing factors. Beyond the impact of welfare reform and economic condition, researchers have made a great attempt to identify those factors (e.g., Blank, 2009; Ellwood, 1999; Schram, 2008; Schram & Soss, 2001). Summarized from many studies, Ziliak (2015) concludes three factors contributing to the caseload declines: (1) the strong economy, (2) TANF policies that discourage welfare entry and encourage exit, and (3) increased public benefits for the working poor such as the increased EITC (pp. 85-86). Interestingly, Cheng and Wong (2013) analyze that neither the economic conditions nor other factors claimed by many researchers can largely account for the decline in TANF caseloads. Their study demonstrate that the TANF administrative effect factor played a



mediating role contributing to the effect of social needs, political factors, and fiscal expenditures on the TANF caseload changes (p. 52).

The statistical data have helped us affirm that changes in welfare caseloads have reduced since the welfare reform in 1996; however, we are unable to justify that the welfare caseload reduction directly resulted from welfare reform or TANF itself due to wide disagreement in the aforementioned results across studies. Hence, the achievement of welfare reform on reducing dependence of needy families remains subtle.

Reducing the Out-of-Wedlock Pregnancies

The 1996 welfare reform emerged in the hope of discouraging births outside marriage and assisting welfare recipients to transition away from nonmarital childbearing. It is believed that, under restrictive TANF regulations, the financial and emotional costs of pregnancy and childbearing would combat out-of-wedlock births or help single women

avoid having nonmarital childbearing (Lichter & Jayakody, 2002, p. 13). To evaluate the effectiveness of TANF in reducing the out-of-wedlock pregnancies, the birth rate is considered as the most straightforward indicator. Upon available statistics data collected by the National Center for Health Statistics, prior to the TANF implementation, the number of all births to unmarried women aged 15 to 44 has steadily increased up until the year of 1994 while dropped only in 1995, one year prior to TANF. Once TANF has been implemented, the number of all births to unmarried women has never decrease for nearly 12 years. That is, the birth rate for unmarried women aged 15 to 44 years rose from 44.8 births per 1,000 unmarried women in 1996 to 51.8 births per 1,000 unmarried women in 2008. Thereafter, the birth rate for unmarried women decreased for eight consecutive years to 42.4 births per 1,000 unmarried women in 2016 (Martin, Hamilton, Osterman, Driscoll, & Drake, 2018). By focusing on the decreasing nonmarital birth



rates during the last seven years, one may argue that welfare reform has started to work things out. Notwithstanding, we cannot assure the successful accomplishment of TANF since we are unable to find clear explanation for the increasing nonmarital birth rates for the first twelve years since the TANF implementation and/or why the diminishing number of out-of-wedlock pregnancies were rather delayed.

The effect of welfare reform on the incidence of out-of-wedlock pregnancies can be found in Jagannathan's (2012) study. In her study, the confirmation of the 1996 welfare reform's impact on the trajectories of pregnancies and nonmarital births has been announced. By using state level panel data from 1992 to 2005, the study elucidates that the decline in pregnancies, nonmarital births, and abortions have been reinforced by welfare reform (p. 381). In addition, how specific components or provisions of welfare reform affected the fertility rates have received attention. One of the specific

provisions tested is the family cap. It is exhibited that the family cap was significantly associated with a decline in nonmarital birth ratios, but perversely, marital births were significant higher after the implementation of the family cap (Horvath-Rose, Peters, & Sabia, 2008).

In contrast, some studies showed the opposite results. Kearney (2002), using Vital Statistics Natality Data from 1989 to 1998 compiled by the U.S. National Center for Health Statistics, suggests that there was no systematic effect of the family cap on fertility rates of women age 15 to 34. Nonetheless, since women age 15 to 34 are not considered as being at-risk of welfare dependence, they perhaps do not respond to the family cap (p. 15). Along the similar line, by applying a difference-in-difference estimator to compare birth rates among a high-welfare risk group of unmarried women (unmarried women with 12 years of education and unmarried women with 12 years of education) to a comparison group of married women



(married women with less than 12 years of education and unmarried women with between 13 and 15 years of education), there is a little consistent evidence for the effect of welfare reform on nonmarital childbearing of less-educated, unmarried women (Joyce, Kaestner, & Korenman, 2002, p. 19).

Obviously, the findings and evidence from previous research were inconsistent: some arguing the positive outcomes while some producing the negative ones. This makes the achievement of welfare reform difficult to be apparently perceived. Besides the inconsistency issue, most of the research we found used data of less than 10 years since the introduction of the welfare reform/TANF. Especially, studies employing data on fertility rates since the year of 2008, when the nonmarital birth rate has begun to reduce, are rare. Due to such limitation, no literature is capable of explaining factors leading to changes in the fertility trend. Thereby, the effectiveness of welfare reform in decreasing out-of-wedlock pregnancies is

doubtful.

Encouraging the formation of two-parent families

Welfare reformers expect marriage and family stability to bring about the preferable outcomes. Many claim that children do better on average in two-parent families than in single parent families (e.g. Dunifon & Kowaleski-Jones, 2002; Manning & Lichter, 1996; Waite, 1995). Specifically, from the policymakers' perspective, marriage and family stability are assumed to lower transmission of welfare dependence across generations (Balistreri, 2010). To foster the formation of two-parent families and healthy marriage, the reformers believe that "welfare benefit restrictions including time limits have unambiguous implications for marriage, as single mothers with a significant income reduction would be driven by a clear incentive to get married in order to secure additional financial support" (Fein, 1994, pp. 16-17).



By examining a large body of research on the effect of 1996 welfare reform on boosting the formation of two-parent families, the mixed results have been discovered. On the one hand, many studies confirm that welfare reform yielded an increase in marriage and a decrease in divorce. Gennetian & Miller's (2004) study shows that the effects of the Minnesota Family Investment Program (MFIP)⁵ increased marriage rates among single-parent long-term welfare recipients and secured marital stability among two-parent recipient families, while the same effect could not be captured among single-parent short-term welfare recipients (pp. 295-296). Another study of the consequences of state's welfare policies and practices on living arrangements of low-income families with children suggests that while family caps were correlated with declines in single parenting and increases in dual parenting, the effect of sanction policies is statistically insignificant suggesting that children are more likely to live with a single mother in

states with tough sanction policies (Acs & Nelson, 2004, pp. 286-287).

On the other hand, some studies present opposite results. That is such welfare reform/TANF has no or insignificant impact on marital rates of women on welfare (e.g. Blank, 2002; Gennetian & Knox, 2003; Moffitt, 1998; Murray 2001; Peters, Plotnick, & Jeong, 2003; Ratcliffe, McKernan, & Rosenberg, 2002). Among them, one examining the effect of welfare reform on marriage and divorce illustrates the interesting results. This study shows that welfare reform was associated with significantly reduced flows into both marriage and divorce; however, there was less decisive evidence relating to the effect of TANF on divorce compared to marriage (Bitler, Gelbach, Hoynes, & Zavodny, 2003, p. 23). Further, in a more longitudinal study, how TANF participation affects entry into marriage among unwed mothers, using data from the Fragile Families and Child Wellbeing Study, was studied by Teitler,



Reichman, Nepomnyaschy, and Garfinkel (2009). Their study focuses on whether, to what extent, and who had nonmarital births by interviewing mothers in the hospital at the time of their child's birth (baseline). Baseline interviews were conducted from 1998-2003 and follow-up interviews were done over the telephone at one, three, and five years respectively. The results present that welfare/TANF participation reduced the likelihood of transitioning to marriage, while the mother was receiving welfare benefits. Once the mother left welfare, past receipt had little impact on marriage. Curiously, TANF participation negatively affected marriage only in the short term and showed up inconsequentially for women's marriage prospects in the long term (p. 19).

Moreover, pre- and post-welfare reform differences in transitions into marriage have been verified in the study done by Graefe and Lichter (2008, p. 494).). By using 1995 and 2002 waves of the National Survey of

Family Growth and utilizing the difference-in-difference models, the researchers compare pre- and post-welfare reform differences in marriage rates among unwed mothers. The results unveil that welfare reform was not strongly associated with pre- and post-welfare reform changes in marriage among unwed mothers. Furthermore, Blau and Van Der Klaauw (2013) study the effects of the 1996 welfare reform on family structure, employing data from the 1979 cohort of the National Longitudinal Survey of Youth, prospective data on female respondents through the 2004 interview along with retrospective reports from the first interviews about pre-1979 marriages. The findings indicate that the proportion of children living with no father insignificantly increased from the 1970-1979 (pre-welfare reform) to 2000-2004 (post-welfare reform) (p. 597). According to such existing findings, contribution of welfare reform or TANF to the formation of two-parent families is less possible to be announced.



In accordance with the aforementioned literatures, we notice both positive and negative effects of the 1996 welfare reform on the formation of two-parent families. Among the studies discussed, it is of interest that the effect of welfare reform on family structure could bring different outcomes on different groups of welfare recipients. Clearly stated, the positive effect of TANF emerged only for welfare recipients who were on welfare for a lengthy period of time, not for ones who were recently on welfare. Thereby, the success of the welfare reform in promoting two-parent families is staggering and needs further examination.

Raising Issues and Considerations

Throughout the paper, a large number of literature and statistical reports with regard to the 1996 welfare reform/TANF have been attentively reviewed. Substantial evidence examined in this paper demonstrated that the 1996 welfare reform has been unsuccessful in achieving its three objectives, and is

therefore considered a failed endeavor. For further study, raising issues along with considerations are proposed and suggested as follows:

Issues Regarding the Effectiveness of TANF in Reducing Dependence of Needy Families

To evaluate the effectiveness of TANF in reducing dependence of needy families, past studies heavily concentrated on the decline in the number of welfare caseloads as a sole indicator. Of those studies, many identified that TANF or welfare reform mainly caused the caseload reduction. Whereas, some diagnosed that other causes had a larger effect on the welfare caseload reduction rather than the 1996 welfare reform/TANF. Therefore, it has become a very challenging task for policy scholars to cope with at least two issues: (1) whether change in the number of welfare caseloads is a good indicator to justify the effectiveness/ineffectiveness of welfare reform, in other words, if a decline in caseloads



really means having less people in need, and (2) if not, what are other indicators that could better identify the effectiveness /ineffectiveness of welfare reform or TANF.

In terms of change in the number of welfare caseloads, we notice that, besides TANF itself, the issue of exclusion might be another possible explanation why the number of welfare caseloads seem to decline. The problem of exclusion—when real needy families cannot be included or participate in the welfare reform system—is unveiled that some families are being subjected to welfare reform requirements or have not been able to meet such requirements, and some groups of the needy families have no chance to be counted on welfare rolls. Claimed by Danziger and Seefeldt (2002, p. 76), families with multiple barriers to employment faced difficulties in reaching the time limit thus making public assistance unattainable for them. In addition, Loprest (2012) points out that over time “TANF has provided basic cash assistance to fewer and fewer needy

families, even when need has increased” (p. 3). She exhibits that when TANF first became implemented nationally, 68 families received assistance for every 100 families in poverty. This was significantly reduced down to only 23 families received assistance for every 100 families in poverty in 2014. Therefore, when taking this issue into consideration, the assertion that the 1996 welfare reform effectively assisting needy families to be independent can be validated only because TANF rarely includes real needy families in their welfare reform system. By the same token, the caseload reduction would conceivably result from the inability of welfare program to embrace the real number of need families on welfare rolls, not the real effect of TANF in reducing dependence of needy families.

The problem of exclusion also leads to another raising issue—the causality of the number of caseloads and the dependence /independence of needy families. We strongly propose that considering the decreasing



number of welfare caseloads alone as representing more families being more independence is misleading. As with Lichter and Jayakody's (2002, p. 6) argument, the caseload reduction is not a complete indicator of success because it does not assure the well-being of needy families and children. That is, we cannot guarantee that after leaving cash assistance, former TANF recipients or needy families are completely out of poverty and able to obtain self-sufficiency. Data from the National Survey of America's Families collected by the Urban Institute exposes that most people who left welfare in the first years of TANF were working, but usually at low-wage jobs that required little training and provided no benefits. Average earnings were below the poverty line, and at least one third relied on extended families for support, and had difficulty providing enough food for their children (Hildebrandt & Stevens, 2009, pp. 795-796). It is not overstated that former TANF recipients still live in poverty.

In short, besides taking an economic approach (focusing on descriptive studies of poverty, taking into account whether people are poor, dependent, or employ related statistically to their demographic features, such as age, race, marital status, levels of education or to the benefits they receive), a political science/policy approach (i.e. how states implemented the TANF programs and if there are any flaws on policy design preventing real needy families to participate in the TANF programs) should not have been ignored. A blending of two approaches would provide better answers to why we have seen change in welfare caseloads and what factors have truly contributed to welfare recipients to become welfare independent or offer viable suggestions to policymakers on how to make the welfare policy more effective.



Issues Regarding the Effectiveness of TANF in Reducing the Out-of-Wedlock Pregnancies and Promoting Two-Parent Families

According to a survey of existing literature, the effects of welfare reform on out-of-wedlock pregnancies/births and the formation of two-parent families display mixed and inconsistent results. In regard to literature on the welfare reform effect on the out-of-wedlock pregnancies/births two raising issues are of our particular concerns:

First, welfare reformers steadily assert that the previous welfare system targeted benefits on vulnerable groups that society generally wishes to protect, such as single parent families and children. Because benefits are easy to obtain by one-parent families, women may become pregnant or have nonmarital birth without a second thought. Once the 1996 welfare reform tackled this assumption by limiting the level of welfare benefits for unwed mothers, a large number of studies present the results in an opposite

way from what the reformers expected. That is, there is no significant reduced number of pregnancy rates and/or nonmarital birth rates for more than a decade after the implementation of welfare reform/TANF. Thereby, for further study, whether the assumption of the welfare reform is correct needs to be reinvestigated. If there is no causal relationship or even a consistent correlation between welfare benefits and nonmarital pregnancies/births, any circumstances and influences surrounding the decision to bear a child outside of marriage are necessary to be included in the model in order to possibly provide a clearer explanation, we recommend.

Second, our attention has been paid to the decreasing number of unwed births detected more than a decade after the TANF implementation. We notice that the number of unwed births or pregnancies has started to decline after 2008. It is worth considering what happened in 2010 coinciding with TANF practices that might take part in contributing to the decreasing number



of unwed births. Also, it is essential to reexamine whether reform-based incentives and/or welfare reform practices/components have lagged effects that might have been concealed or overlooked for years after the welfare reform implementation. They may help disentangle this complex incidence. To do so, we suggest that employing longitudinal data may produce a more thorough understanding.

With respect to previous studies about the effect of welfare reform on the formation of two-parent families, another two issues emerge. The first issue is that, once reviewing past and recent literature, we found that research in this area using national data is very rare. Thus, it is hard to capture a wider picture about how TANF works on the formation of two-parent family nationally. For further study, doing research with national data is needed. Another issue is when the mixed results from state-level data encourage us to engage in deeper investigation. Such results display that

the 1996 welfare reform produce different impacts on different groups of welfare recipients. That is, a stronger impact found only in a particular group while other groups have received little or no impact. Thereby, beyond typical differences, such as race and ethnicity, the vast difference in welfare experiences must be taken into consideration. For further study, different target groups with different welfare experiences need different strategies to foster the building of healthy two-parent families, determining what factors need to take into account when policymakers designing a particular welfare policy inclusively for various target groups of welfare recipients are in need of serious empirical research.



Conclusion

The review of a large body of research, available statistical data, and government reports yields unconvincing support on an extraordinary success of the 1996 welfare reform, particularly when we investigate such welfare reform over the last two decades. Considered as a failed endeavor, some fundamental questions appear: whether the key elements of welfare reform, namely TANF's work requirements, undeniably help reduce welfare dependence,

and how these components can elevate the human capital of welfare recipients up to the point in which they are financially able to take care of themselves or live independently. A final thought: because of dealing with changing behavior which might vary across target groups, geographical areas, time, and so on, students or scholars of public policy, if possible, should work on conceiving and recommending more dynamic welfare policies with variability and/or volatility.



Endnotes

²Under the AFDC-Unemployed Parent (AFDC-UP) program which included families in which both natural parents were present but where the primary earner was unemployed, with unemployment defined as the inability to find work in excess of 100 hours per month.

³The 1988 Family Support Act (FSA) is a federal law established to amend Title IV of the Social Security Act. It supplies the Aid Families with Dependent Children with child support and the founding of paternity.

⁴EITC is a federal tax credit for low- to moderate-income working families with children. The amount of EITC depends on a recipient's income, marital status, and number of children.

⁵MFIP is the state's welfare reform program operated by the State of Minnesota for low-income families with children.

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