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Welfare Reform
Less Than Meets the Eye

by Michael Tanner

Executive Summary

As Congress debates the reauthorization of welfare reform, it is valuable to look back over nearly six years of experience with the Personal Responsibility and Work Opportunity Reconciliation Act to see exactly what welfare reform can and cannot accomplish. Welfare reform has not been the disaster predicted by its critics, but neither has it been the extraordinary success hailed by its supporters.

Welfare reform has led to a substantial reduction in welfare rolls, largely by speeding the exit of those individuals who were most likely to have left eventually even in the absence of reform. Although the decline in welfare rolls has slowed and even reversed in some states as a result of the slowing economy, reform itself, and in particular sanctions, has played an important roll in reducing the number of people receiving cash welfare benefits.

On the other hand, welfare reform has been far less successful in meeting most of its other goals. Neither time limits nor work requirements have been vigorously enforced. Welfare reform has failed to significantly reduce out-of-wedlock births to young women. And, most important, it has not enabled former recipients to become independent and self-sufficient.

In the end, our experience with PRWORA shows the limits of welfare reform. The long-term answer to poverty and dependency does not lie with any government program, no matter how well intentioned. Congress needs to go beyond proposals that simply tinker with welfare and begin to phase out government assistance in favor of private charity. At the same time Congress should aggressively pursue policies that promote economic growth and job creation. When it comes to welfare, we should end it, not mend it.

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Introduction

On August 22, 1996, leaders of both political parties gathered in the White House Rose Garden to watch President Clinton sign the Personal Responsibility and Work Opportunity Reconciliation Act, a bill that, despite its obscure title, represented the most extensive revision of federal welfare policy in more than 30 years. Echoing his campaign theme, Clinton declared, "Today, we are ending welfare as we know it."[1]

Welfare reform made a number of significant changes in the way welfare was provided. Before PRWORA, when most people thought of welfare, they thought of Aid to Families with Dependent Children, the country's largest cash assistance program, which provided direct cash payments to families from which parents—most frequently the mother but other members of the household as well—were absent or were incapacitated, deceased, or unemployed. The program was funded by a combination of federal and state funds (the federal portion varied from 50 to 80 percent), with states setting benefit levels and the federal government determining eligibility requirements.

PRWORA replaced AFDC with the Temporary Assistance for Needy Families block grant. That effectively abolished most federal eligibility and payment rules, giving states much greater flexibility to design their own programs. The TANF block grant was a fixed amount for each state, largely based on the pre-reform federal contribution to that state's AFDC program. The block grants eliminated welfare's "entitlement" status, meaning that no one would have an automatic right to benefits. States could choose which families to help. States were, however, required to continue spending at least 75 percent of what they had previously spent, a provision known as "maintenance of effort."

Widespread work requirements were to be imposed on welfare recipients. States were to initially have at least 40 percent of their welfare recipients either working or participating in work preparation activities, increasing to 50 percent by 2002, although states were given wide discretion in designing their work programs. PRWORA also established a time limit for welfare receipt. Recipients could not remain on the rolls for longer than 60 months (five years). However, this restriction did not apply to child-only families (families whose children receive benefits but the parents do not), and states could exempt up to 20 percent of their recipients from time limits for "hardship" reasons. States also had the option of imposing stricter time limits or of using their own funds to continue paying benefits to families who exceeded the five-year time limit.

The legislation included incentives for states to establish programs to limit out-of-wedlock births. In addition, unmarried teenage mothers under the age of 18 were required to remain in school and to live with an adult. States could prohibit additional benefits for women who conceived additional children while on welfare.

In one of the more controversial provisions, legal immigrants who arrived after 1996 and had not become citizens were made ineligible for TANF, as well as food stamps and Supplemental Security Income.

And, finally, rules were changed to encourage greater state efforts to determine paternity and to collect child support from absent parents. The federal government would also provide additional assistance in collecting child support.

Welfare reform was originally passed for a five-year period, requiring reauthorization in 2002. However, as with so many legislative issues, the Republican-controlled House of Representatives and the Democrat-controlled Senate could not reach an agreement on proposals for reauthorization. As a result, instead of being reauthorized, PRWORA was continued on a temporary basis into 2003, setting up a new debate over reauthorization. The House has now, once again, passed a bill reflecting President Bush's views on the issue, but the Senate is split between rival Republican and Democratic plans. Passage is uncertain.

As Congress takes up this important debate, it is valuable to look back over nearly six years of experience with PRWORA to see exactly what welfare reform can and cannot accomplish. Welfare reform has not been the disaster predicted by its critics, but neither has it been the extraordinary success hailed by its supporters.

Welfare reform has led to a substantial reduction in welfare rolls, largely by speeding the exit of those individuals who were most likely to have left eventually even in the absence of reform. Welfare reform itself, particularly sanctions, and not just the booming economy of the 1990s played an important role in reducing the number of people receiving cash welfare benefits. However, the role of the economy cannot be entirely dismissed, and as the economy has slowed, many states are beginning to see welfare rolls increase once again.

Welfare reform has reduced the number of people receiving cash benefits largely without increasing hardship or poverty among former recipients. In fact, most former recipients have found employment and have marginally improved their economic conditions. Moreover, both current and former recipients suggest that reform has led to nonmonetary gains in the well-being of their families.

However, welfare reform has been far less successful in requiring that recipients work in exchange for benefits. Because of an overly broad definition of "work activities," as well as state credits and exemptions, relatively few welfare recipients appear to be actually working. Likewise, states have used exemptions and state funds to seriously undermine time limits. Therefore, two important goals of PRWORA have been largely unmet.

PRWORA also has had little success at reducing out-of-wedlock births. Although out-of-wedlock birthrates have leveled out, after explosive growth in the 1970s and 1980s, there is little evidence to link that change to welfare reform. Moreover, the rate remains disturbingly high.

Finally, welfare reform has done little to make individuals self-sufficient. Even after leaving welfare, most former recipients continue to rely on a wide variety of noncash government assistance programs.

All of this shows that, while modestly successful, welfare reform has fallen far short of "ending welfare as we know it."

The Disaster That Didn't Happen

When welfare reform passed, critics warned that "wages will go down, families will fracture, millions of children will be made more miserable than ever."[2] One frequently cited Urban Institute study predicted that more than 1 million children would be thrown into poverty.[3]

However, the results do not appear to have borne out those warnings. Poverty rates declined every year between 1996 and 2001. Despite a small uptick in 2002, caused by a slowing economy, poverty rates remain well below those before welfare reform was enacted.[4] The reduction in poverty cuts across demographic groups, even those generally considered most at risk: women, children, and minorities. Child poverty rates declined from more than 20 percent in 1996 to 16.2 percent in 2000, the lowest level in more than 20 years.[5] Perhaps even more impressive, since welfare reform, the poverty rate for black children has fallen at the fastest rate since figures have been recorded.[6] Dependent single mothers, the group most heavily impacted by welfare reform, account heavily for this decline. Since the enactment of welfare reform, the poverty rate for female-headed families with children has fallen from 46 to 32.5 percent.[7] The decline in poverty among female-headed households has been greater than for any other demographic group, although women with children remain six times more likely to be in poverty than two-parent families with children.[8]

There is, of course, anecdotal evidence that in some areas some individuals have suffered hardships because of welfare reform. A 10-state study by Catholic Charities found that

Even after leaving welfare, most former recipients continue to rely on a wide variety of noncash government assistance programs.

one client in eight at food pantries or soup kitchens had left welfare during the previous two years, and a survey of families in Atlanta homeless shelters found that nearly half had left welfare in the previous year. One national study reported that 11.8 percent of former welfare recipients reported that they sometimes did not have enough money to buy food, and 38.7 percent reported that at least once since leaving welfare they had not been able to pay housing costs or a utility bill.[9] The U.S. Conference of Mayors reports a 17 percent increase in the number of people seeking food assistance and a 15 percent increase in the number of people needing shelter.[10]

There are, however, several reasons for reading those reports with caution. First, such surveys tend to be self-selective and therefore overrepresentative of a certain highly afflicted segment of those who have left welfare. While such surveys do provide evidence of a problem, they do not provide enough of a foundation for generalization across the broad population. Second, the premise of such reports is that reliance on private charity rather than public assistance is necessarily a bad thing. In reality, given the consistent record of success exhibited by private charities, there is reason to believe that individuals receiving private services are having their needs adequately met. Finally, there is an assumption that welfare reform itself is responsible for the continued need or poverty of former recipients. However, there is no clear evidence to that effect, and given the fact that many former welfare recipients remain eligible for food stamps, Medicaid, public housing, and other forms of government assistance, it is certainly reasonable to believe that circumstances aside from welfare reform are responsible for the problems encountered by at least some former recipients. A Fraser Institute survey of available literature on the subject concluded that the "problems of homelessness, separation of children from their parents, or hunger were not more prevalent after the time limit or welfare receipt termination."[11]

As a study by the Committee for Economic Development, a business group, noted:

> We recognize that every vulnerable family that ends up in such circumstances is cause for concern. However, *no* affordable public assistance program can eliminate every case of distress, and certainly the previous welfare system did not do so.[12]

There are several reasons why predictions of increased poverty failed to come true. First, most former recipients found employment after leaving welfare. A national Urban Institute survey of those leaving welfare found that 61 percent were employed, two-thirds of them full-time.[13] A broader survey found that employment among single mothers in general has increased significantly since the implementation of welfare reform, rising from 48 to 62 percent.[14] June O'Neill, former director of the Congressional Budget Office and a long-time expert on welfare policy, finds this particularly significant, since the fact that employment is increasing fastest among the group with the highest degree of welfare participation suggests that "welfare reform is likely to have played an important role in the rise of work participation."[15] That would also seem to be borne out by a 1999 Heritage Foundation study that found that the states with the largest decline in TANF rates also had the largest decrease in child poverty.[16]

It is also worth noting that 5 to 10 percent more of the people leaving welfare are finding employment than did before welfare reform, another indication that welfare reform has had a positive impact on moving people from welfare to work.[17]

Not surprisingly, those leaving welfare and finding employment are increasing their income. There is no better route out of poverty than a job. In 2000 the poverty rate among full-time, full-year workers aged 16 to 64 was only 2.4 percent. Even part-time work helped. For part-time workers, the poverty rate was 12.7 percent. But for those who did not work at all, the poverty rate was 25 percent.[18] For

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single mothers, the link between working and getting out of poverty is even stronger. Approximately 12 percent of single mothers who worked full-time were poor, compared with 49 percent of part-time workers and an astounding 74 percent of those who did not work at all.[19]

It is true that most first jobs found by those leaving welfare are entry-level positions and primarily concentrated in six occupational categories (cashier, nursing aide or orderly, waiter or waitress, janitor, secretary, sales clerk) requiring relatively little education, experience, or job skills.[20] Once they have found a job, former welfare recipients actually tend to stay employed longer than typical low-skilled, minimum-wage workers. However, there remains a significant problem of job retention as former recipients cycle in and out of the job market and go on and off welfare. About one-third of former recipients return to the welfare rolls within a year.[21]

However, there is evidence that this situation is improving, that newly employed workers are retaining their jobs for longer periods, finding new jobs, and increasing their earnings over time.[22] For example, a Department of Health and Human Services study of former recipients in eight states found that in every state former welfare recipients who worked increased their earnings over the course of the year following their employment.[23] In addition, access to employer-provided benefits appears to increase over time.[24] That bears out previous research findings by Richard Vedder and Lowell Gallaway that poor individuals who work are nearly twice as likely to be out of poverty within a year as similar people on welfare.[25]

For those working, wages are low but higher than many might suspect. The General Accounting Office estimated that annual earnings of former welfare recipients ranged from $9,512 to $15,144.[26] The Manpower Demonstration Research Corporation found that the median hourly wage of former welfare recipients was between $7.50 and $8.74, which is well above the minimum wage.[27] Those earnings are slightly below the poverty line, but it is important to realize that former welfare recipients remain eligible for a wide variety of non-cash government benefits. Indeed, those benefits may actually have been enhanced under state programs designed to encourage work.[28]

In particular, former welfare recipients may benefit from a major expansion in the Earned Income Tax Credit, which rose from a maximum of $950 in 1990 to $2,428 in 2001 for a low-income family with one child and $4,000 for a family with two or more children, and possibly from state Child Health Insurance Programs established in 1997 to help provide health insurance for children in low-income families. Many states have also significantly increased child-care benefits.[29] David Ellwood of Harvard's Kennedy School of Government estimates that a woman who leaves welfare and goes to work full-time at the minimum wage would have increased her net income by only $2,005 per year in 1986, but by $7,119 a decade later.[30]

A study by the Poverty Research and Training Center at the University of Michigan found that women who left welfare for work had lower poverty rates than those who were nonworking welfare recipients (43 percent vs. 88 percent) and much higher average incomes (112 percent of the poverty level vs. 56 percent).[31]

Clearly, however, conditions are not as sanguine for the 30 to 40 percent of former recipients who do not find work. Actually, "not finding work" may be something of a misnomer because only 15 percent of unemployed former recipients report inability to find a job as their primary reason for being unemployed. More frequent reasons were "disability or illness" (27 percent) and "taking care of family (26 percent). Other reasons include lack of childcare or transportation (12 percent) and attending school or training (9 percent).[32] While such self-reported explanations should be regarded with a certain degree of caution, clearly some former welfare recipients face serious medical, family, or personal barriers to employment. Moreover, those problems may not be transitory. Roughly half of nonworking former welfare recipients have been unemployed for two years or longer.[33]

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The widespread increases in poverty, hunger, and homelessness predicted by critics have not occurred.

There is relatively little information available about how people who leave welfare but do not find jobs are supporting themselves and their families. Many have simply transferred to another government program, continuing to receive government benefits but being considered "off welfare." For example, an Urban Institute study found that between 4 and 12 percent of former welfare recipients reported that they or a family member were receiving SSI benefits.[34] In some states, that number may be much higher. A Wisconsin study found that 47 percent of nonworking former recipients in that state were receiving SSI.[35] Others may be receiving benefits through Social Security, unemployment insurance, or other programs. Many continue to receive food stamps, Medicaid, subsidized housing, and other benefits. After all, sanctions and time limits under welfare applied to only 4 of more than 70 government social welfare programs.

Other former recipients may be relying on family members, working "off the books," or receiving help from private charities. For example, studies show that there is a high degree of cohabitation among welfare recipients, with many unmarried mothers living with the father of their children or another man.[36] It can be presumed that those men are providing at least some income to the household. In addition, there has always been unreported employment of individuals receiving welfare, working "off the books."[37] In some cases welfare reform is assumed to have caused recipients to formalize their employment; in other cases people may simply have dropped out of welfare while continuing their work in the underground economy.[38] And unemployed former recipients can be assumed to make up the bulk of any increase reported in individuals seeking private charitable assistance. But, in the end, it may just be that, in the words of Rep. Mike Castle (R-Del.): "Some people fall off the rolls altogether. We don't know what happened to them."[39]

There is some indication that individuals who have left welfare without finding work have experienced economic hardship. For example, although overall child poverty has declined, the number of children categorized as living in "extreme poverty," defined as less than half the poverty level, increased by 26 percent.[40] However, that may be only indirectly due to welfare reform. The most authoritative study on the subject by Arloc Sherman of the Children's Defense Fund attributes the increase in extreme child poverty to a loss of food stamps, not simply a loss of cash benefits. However, in many cases the families remained eligible for food stamps yet had stopped receiving them for a variety of reasons.[41]

Similarly, while total income for those in the second quintile of American incomes, the group most likely to contain women who have left welfare for work, has increased by approximately 1 percent since reform, the lowest quintile, which would include those who left welfare but did not find work, saw total income decline by 6.7 percent.[42]

Overall, although problems clearly exist for some groups of former welfare recipients, particularly those who are sanctioned out of the program or fail to find work after leaving the rolls, the widespread increases in poverty, hunger, and homelessness predicted by critics have not occurred. On the contrary, the income of poor families with children increased significantly over the 1990s, in part at least because of welfare reform. In fact, the income of poor families with children actually increased slightly faster than that of nonpoor families with children. Moreover, the greatest increases occurred in states that adopted strong work incentives as a part of welfare reform. Only a very small number of families at the very bottom of the income scale showed declines in income or worsening economic situations.[43]

However, if welfare reform has not been the disaster claimed by critics, it has not quite been the success claimed by supporters.

Declining Caseloads

Much of the claim for welfare reform's success rests on the declining caseload. For a

roughly 30-year period from the mid-1960s to the mid-1990s, the number of people receiving welfare rose dramatically. By 1995 more than 5 million Americans were receiving welfare benefits. Nearly one of every seven children lived in a family receiving welfare. More than 20 percent of all children born during the late 1960s and 1970s, and as many as 30 percent of children born in the 1980s, spent at least a year on welfare. For African-American children the numbers were even higher. Between 70 and 80 percent of all African-American children born between 1965 and 1990 would spend a year on welfare.[44]

The trend slowed in the 1990s as the federal government began to allow states to experiment with welfare reform. Some states actually began to see a slight decline in their rolls. Following the passage of welfare reform in 1996, the caseload decline increased rapidly, with nearly every state seeing a significant drop in the number of people receiving benefits. By December 2001 caseloads were 58 percent below their 1994 peak.[45] That was the smallest percentage of the population receiving welfare since 1961. In actual numbers, it was the fewest recipients since 1967 (Figure 1).[46]

There are many reasons for the decline in welfare receipt, not all of them related to welfare reform, and there has been considerable debate over which of those factors has been most responsible.

Welfare reform fortuitously coincided with a period of substantial economic and job growth. The question therefore is whether caseload declines are due to reform or to the improved economic climate. Supporters of reform tend to credit the former, whereas opponents cite the latter. The reality is more mixed.

Certainly the impact of economic growth and the increased availability of jobs cannot be dismissed. One study found that, in states where unemployment fell below 4 percent, the welfare participation of single mothers was 65.5 percent lower than in states where unemployment was above 7 percent.[47] On the other hand, unemployment declined at a faster rate in the early 1990s than it did in the years following welfare reform, suggesting

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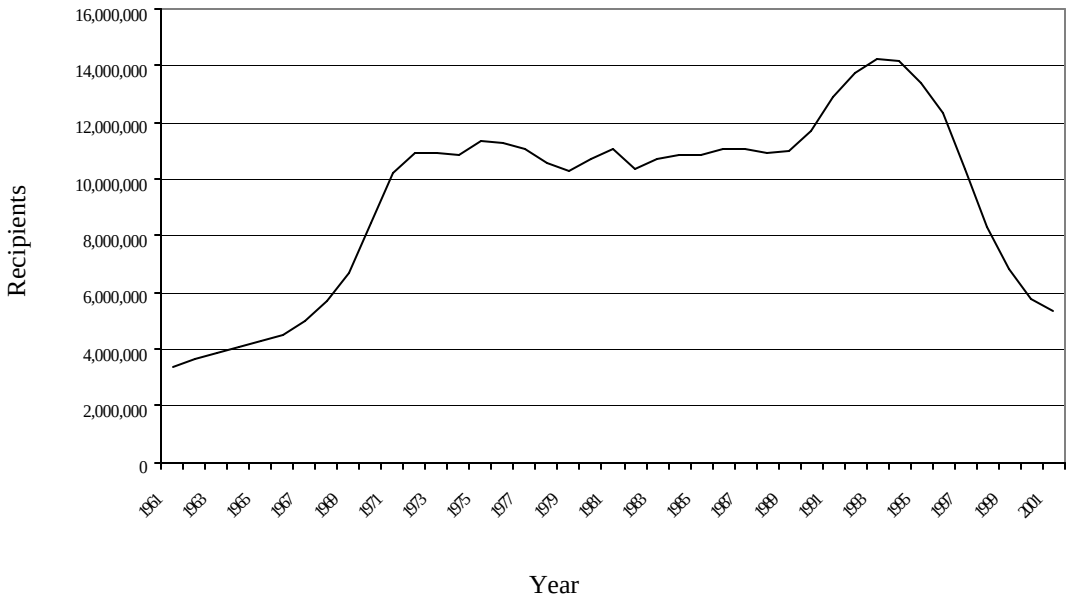
Figure 1
National Monthly Average of Welfare Caseload (1961–2001)



Source: U.S. Department of Health and Human Services, "Average Monthly Families and Recipients for Calendar Years 1936–2001," May 2002, www.acf.dhhs.gov/news/stats/3697.htm.

It was not just welfare reform in the abstract but the sanction policies used by different states that had the most significant impact on caseloads.

that caseload declines following the enactment of reform were not caused solely by the strong labor market. In fact, a 1999 report by President Clinton's Council of Economic Advisers suggests that only about 10 percent of the caseload decline following reform was due to the economy. In contrast, about 30 percent of the caseload decline between 1993 and 1996 was brought about by economic growth. The study concludes that welfare reform was responsible for roughly a third of the caseload decline after 1996. Previous state reform efforts contributed to about 26 percent of pre-1996 declines.[48]

As is so often the case, the conclusions of the studies vary according to the factors that were used to measure state economies. For example, a 1999 study by the Heritage Foundation used changes in a state's average unemployment rate to measure the strength of a state's economy and its impact on caseloads and concluded that there was no statistically significant relationship between the two.[49] However, Michael New, studying the issue for the Cato Institute, used real growth in per capita income as a measure of a state's economy and found that there was a relationship between economic growth and caseload decline, although a modest one (about a 5 percent difference between states with a strong economy and states with a weak one).[50] Douglas Besharov of the American Enterprise Institute finds an even larger correlation between the economy and caseload declines, estimating that as much as 35 to 45 percent of the reduction was related to the economy. Besharov speculates that it was not just a growing economy that was responsible, but an employment situation that was particularly "favorable to low-skilled, single mothers."[51]

Both the Heritage and New studies found that it was not just welfare reform in the abstract but the sanction policies used by different states that had the most significant impact on caseloads. Sanctions are penalties imposed on welfare recipients for failing to meet work requirements or otherwise violating the state's welfare policy. The most severe sanction policy withheld the entire TANF check at the first violation. A somewhat more modest policy imposed lesser penalties for the first infraction but withheld the full TANF check for multiple violations. States with the most lenient sanction policy withheld only the adult portion of TANF, allowing recipients to retain the bulk of TANF benefits regardless of the number of violations.[52]

The Heritage study found that, in general, states with more stringent sanction policies experienced a larger caseload decline than those with more modest sanction policies.[53] New, relying on more recent data, generally confirmed the Heritage findings, concluding that as much as 20 percent of a state's caseload reduction can be attributed to its sanction policy. In addition, New found that the relationship between sanctions and caseload declines is not a short-term phenomenon; it is stable over longer periods of time.[54]

That is not to say that large numbers of recipients are being "thrown off" welfare. Only about 6 percent of those who have left welfare have done so as a result of sanctions, though this does represent a significant increase in the past few years. Another 16 percent were reported to have left the rolls as a result of "state policies," which may include sanctions as well as time limits and other administrative regulations.[55] However, this low nationwide average masks a wide variation by state, with more than 30 percent of case closures in Arkansas, Mississippi, and Florida due to sanctions, while 2 percent or fewer of closures are sanction related in New Hampshire, Montana, and Alabama.[56] The same is true of time limits. Time limits account for only 6 percent of case closures in Massachusetts but for fully a third in Connecticut.[57]

Those removed from the rolls through sanctions, however, may experience more severe financial difficulties than other former recipients. For example, sanctioned former recipients are less likely to find employment. Nationally, employment of sanctioned former recipients runs between 20 and 50 percent.[58] In all likelihood, the same problems that led to the sanction contributed to a relative lack of employability.

Two other factors should also be considered in assessing the reasons for declining caseloads. First, research suggests that there is a link between the overall level of welfare benefits and caseloads. A 1996 study by William Niskanen found that increases in welfare benefits led to statistically significant increases in the number of welfare recipients.[59] That basically is the point made by welfare reformers, at least since Charles Murray wrote *Losing Ground*.[60] New's study, however, may be the first to look at benefit levels in the context of caseload declines. He found that a decline in the level of welfare benefits equal to 1 percent of state per capita income led to a nearly one-half percent decline in welfare caseloads. In addition, on a more general level, states with low levels of welfare benefits enjoyed far more success in reducing caseloads than did their more generous counterparts.[61]

Second, along with welfare reform there was a concurrent increase in the Earned Income Tax Credit and other government assistance to low-income working families. Besharov suggests that the availability of this assistance increased the attractiveness of work compared to welfare. He credits this increase in aid with as much as 20 to 30 percent of the decline in welfare rolls.[62] Certainly, we have long known that most welfare recipients have said that they would prefer to work.[63] On the other hand, before welfare reform, relatively few recipients reported that they were actively looking for work.[64] That was, at least in part, explainable because most entry-level jobs paid less than the combination of all welfare benefits.[65] There are two obvious ways to change the equation: (1) Increase the amount paid by work, which occurred both because of increased wages during the 1990s and because of the increased benefits to the working poor cited by Besharov, or (2) decrease welfare benefit levels, as noted by New. Thus, both Besharov and New may be correct. That is essentially the conclusion reached by Rebecca Blank and Robert Schoeni of the University of Michigan, who found that states that combined strong work incentives, such as income disregards, which made work more valuable, with strong penalties for women who do not move into work had the most success at increasing work participation and the income of welfare recipients and former recipients.[66]

In the end, it was likely a combination of factors—welfare reform, the economy, declining benefits, and the availability of other programs—that led to declining caseloads. Those factors worked in combination with one another to produce a "perfect storm," leading to unprecedented results. In this regard it is interesting to note that "employment" has now become the most frequent reason a person leaves welfare, replacing marriage, the most frequently cited reason prior to reform.[67]

Whatever the underlying reason, the largest decline in caseloads occurred in the first two years after the enactment of welfare reform. However, the steep initial decline could not be sustained. By 1998 caseloads were beginning to level out in most states, and some of the states that had experienced the biggest declines were seeing the number of recipients inch back up. For example, New Mexico cut its rolls nearly in half during the first two years after reform but saw a nearly 40 percent increase in 1998. Hawaii, Wisconsin, and Indiana also saw caseloads begin to increase once more.[68]

The era of declining caseloads came to a close once and for all as the economy slowed in 2001 and 2002. By 2002, 26 states had higher caseloads than they had a year earlier, though still considerably below pre-reform levels (Table 1).[69]

One reason that early rates of caseload declines have not continued is that those early declines were, to at least some degree, brought about by creaming the most-employable people who were most able to take advantage of improving economic conditions. Those remaining on the rolls were a hard core of long-term unemployed and difficult-to-place recipients.

The welfare system can be thought of as composed of two very distinctive popula-

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Table 1
Monthly Welfare Recipients by State, 1993–2002

State	Jan. 96	Jan. 97	Jan. 98	Jan. 99	Jan. 00	Jan. 01	Jan. 02
Alabama	108,269	91,723	61,809	48,459	57,522	55,478	43,902
Alaska	35,432	36,189	31,689	26,883	24,576	17,292	18,344
Arizona	171,617	151,526	113,209	88,456	87,964	80,143	90,906
Arkansas	59,223	54,879	36,704	29,284	30,544	28,071	28,404
California	2,648,772	2,476,564	2,144,495	1,845,919	1,330,163	1,258,019	1,174,208
Colorado	99,739	87,434	55,352	40,799	29,589	27,042	31,148
Connecticut	161,736	155,701	138,666	88,304	68,717	59,977	54,891
Delaware	23,153	23,141	18,504	15,891	11,514	12,518	12,254
Dist. of Col.	70,082	67,871	56,128	52,957	48,030	43,932	43,042
Florida	575,553	478,329	320,886	220,216	170,084	129,201	128,083
Georgia	367,656	306,625	220,070	167,400	133,815	124,019	131,111
Guam	7,634	7,370	7,461	8,270	9,598	9,506	10,692
Hawaii	66,690	65,312	75,817	45,582	44,299	37,100	31,640
Idaho	23,547	19,812	4,446	3,061	2,347	2,309	2,368
Illinois	663,212	601,854	526,851	388,334	264,175	186,937	140,474
Indiana	147,083	121,974	95,665	105,069	96,551	110,216	135,643
Iowa	91,727	78,275	69,504	60,380	53,466	53,342	53,275
Kansas	70,758	57,528	38,462	33,376	31,614	32,624	35,545
Kentucky	176,601	162,730	132,388	102,370	91,323	83,272	79,014
Louisiana	239,247	206,582	118,404	115,791	79,520	68,014	63,682
Maine	56,319	51,178	41,265	36,812	28,946	26,590	25,789
Maryland	207,800	169,723	130,196	92,711	73,688	68,147	67,593
Massachusetts	242,572	214,014	181,729	131,139	105,954	96,364	107,373
Michigan	535,704	462,231	376,985	267,749	214,255	192,115	211,277
Minnesota	171,916	160,167	141,064	124,659	117,554	111,407	93,201
Mississippi	133,029	109,097	66,030	42,651	34,014	34,539	39,972
Missouri	238,052	208,132	162,950	136,782	123,947	124,911	122,897
Montana	32,557	28,138	20,137	16,152	14,663	14,891	16,613
Nebraska	38,653	36,535	38,090	35,057	24,476	23,753	25,650
Nevada	40,491	28,973	29,262	21,753	14,759	18,032	27,439
New Hampshire	24,519	20,627	15,947	15,130	14,097	13,398	14,470
New Jersey	293,833	256,064	217,320	164,815	135,436	116,688	105,181
New Mexico	102,648	89,814	64,759	80,828	75,082	57,014	49,939
New York	1,200,847	1,074,189	941,714	822,970	752,006	641,129	416,517
North Carolina	282,086	253,286	192,172	145,596	102,124	93,659	95,955
North Dakota	13,652	11,964	8,884	8,260	8,690	8,818	8,293
Ohio	552,304	518,595	386,239	311,872	255,375	205,294	197,566
Oklahoma	110,498	87,312	69,630	61,894	38,786	35,300	38,347
Oregon	92,182	66,919	48,561	44,219	43,310	40,562	41,855
Pennsylvania	553,148	484,321	395,107	313,821	245,218	218,969	214,780
Puerto Rico	156,805	145,749	130,283	111,361	95,537	75,103	69,150
Rhode Island	60,654	54,809	54,537	50,632	45,753	42,286	40,157
South Carolina	121,703	98,077	73,179	45,648	38,175	39,948	54,463
South Dakota	16,821	14,091	10,514	8,759	6,894	6,529	6,836
Tennessee	265,320	195,891	139,022	148,781	145,561	153,317	162,622
Texas	714,523	626,617	439,824	325,766	339,678	358,094	340,968
Utah	41,145	35,493	29,868	30,276	22,862	21,987	20,306
Vermont	25,865	23,570	21,013	18,324	16,577	14,942	13,430
Virgin Islands	5,075	4,712	4,129	3,541	3,530	2,695	2,317
Virginia	166,012	136,053	107,192	91,544	75,798	65,713	67,198
Washington	276,018	263,792	228,723	177,611	158,151	144,457	146,094
West Virginia	98,439	98,690	51,348	32,161	32,911	38,929	43,446
Wisconsin	184,209	132,383	44,630	47,336	37,619	38,206	45,428
Wyoming	13,531	10,322	2,903	1,886	1,330	1,034	912
U.S. Total	12,876,661	11,423,007	9,131,716	7,455,297	6,108,167	5,563,832	5,242,660

Sources: U.S. Department of Health and Human Services, "TANF Total Number of Families and Recipients January–March 2002," November 2002, www.acf. dhhs.gov/news/stats/jan_mar2002_rev.htm; HHS, *2001 TANF Annual Report to Congress* (Washington: Government Printing Office, 2002), Table 2:2; and HHS, *1998 TANF Annual Report to Congress* (Washington: Government Printing Office, 1999), Table 1:1.

tions. One group uses welfare as a temporary safety net; the other remains stuck in long-term dependency. The latter group consists heavily of single mothers who have given birth out of wedlock. Thus, while the average length of time that most welfare recipients are on the program is less than two years, single mothers average 9.33 years on the program and are 39.3 percent of individuals on welfare for 10 years or longer.[70] The latter group is far more likely to lack education and job skills and an employment history, is more likely to have substance abuse or other problems, and, in general, encounter more difficulties in making the transition from welfare to work.[71]

Studies of people leaving welfare since reform suggest that the majority are part of the easiest-to-place, least-dependent group of recipients. While they may have left more rapidly under reform, they were not the people most at risk for long-term dependency. As a group, the first wave of those leaving welfare has had better education, higher levels of basic skills, and more previous experience in the labor market than those remaining on the rolls.[72] As Charles Murray points out, "The reduction in caseloads is occurring disproportionately among women who wouldn't have spent much time in the system anyway and are not part of the underclass."[73]

On the other hand, those remaining on the welfare rolls are most likely to be families headed by unmarried women under the age of 30 and increasingly concentrated in high-poverty areas.[74] Roughly 30 percent have less than a high school education, and 21 percent lack basic job skills.[75] Nearly half have inadequate transportation, and 30 percent have substance abuse or mental health problems.[76] Approximately two-thirds of those remaining on the rolls face two or more "barriers to work" as defined by HHS (problems with childcare, disabilities, domestic violence, emergency financial needs, housing instability, lack of health insurance, substance abuse problems, and lack of transportation).[77] And, as an Urban Institute study has demonstrated, the more obstacles encountered, the less likely welfare recipients are to leave welfare for work.[78]

Thus, even as caseloads decline, the proportion of long-term recipients in the system is increasing. For example, while the percentage of welfare recipients who have been on the program for one year or less has declined slightly, from 36 to 33 percent, the percentage of recipients on the program for five years or more has increased from 19 to 24 percent.[79]

The Well-Being of Former Recipients

Of course, the success of welfare reform should not be judged by declining caseloads alone. For example, the well-being of those both leaving welfare and remaining on the program should be considered every bit as important as the number of people receiving checks.

As we have seen, the results of welfare reform on this score are mixed but modestly positive. Former recipients who have found work after leaving welfare have slightly improved their economic conditions. Former recipients who have not found work are struggling, but there has been no widespread increase in poverty or economic hardship.

Surveys of former recipients indicate that they themselves believe their quality of life has improved since leaving welfare. Studies of former recipients in South Carolina and Wisconsin, for example, found that a majority of former recipients disagreed with the statement, "Life was better when you were on welfare."[80] In fact, in Wisconsin, 70 percent agreed that "getting a job was easier than living on welfare."[81]

Even among those still on the welfare rolls, there appears to be a generally positive feeling about the reforms. A survey by the Manpower Demonstration Research Corporation found that a majority of welfare recipients thought that their lives would be better one to five years into the future. Many of those recipients actually praised welfare reform as a stimulus for their beginning to

Surveys of former recipients indicate that they themselves believe their quality of life has improved since leaving welfare.

look for work and as an opportunity for a fresh start and a chance to make things better for themselves and their children.[82] As one woman put it:

> It is just going to make me strive to get a job more so than I would have if they didn't . . . have welfare reform. I might sit back a couple more months. I might say to myself, "Well, he's going to school next year." I might sit back and wait for that, but it is making me more ready.[83]

In general, the children and families of former recipients appear to have benefited as well. When welfare reform passed, many critics predicted that it would lead to increased child abuse and neglect and family disintegration, because parents would be required to work. However, a study by the General Accounting Office found no evidence of increased abuse or neglect of children of former recipients. There was no increased involvement with child protective services and no increase in placement of children in foster care.[84] Indeed, in many cases welfare reform has had a beneficial impact on children. As the Urban Institute puts it, "Children in certain subgroups will benefit from welfare reform to the extent that new policies succeed in moving parents into jobs and increasing economic resources for families; bringing about greater and more positive father involvement (both economic and social) in children's lives; placing children in care settings that are safe, stimulating, and supportive; and reducing family size."[85]

However, families leaving welfare because of sanctions seem to be the exception.[86] An Illinois study found that families sanctioned off welfare were 53 percent more likely to have a child placed with the state welfare agency than recipients who left welfare for other reasons.[87] Again, the same factors that contributed to the family being sanctioned are likely to contribute to family problems after leaving welfare, particularly in families afflicted by substance abuse, mental or physical illness, and domestic violence.[88] As the *Washington Post* put it: "New welfare rules have exacerbated problems for families whose lives were already chaotic. . . . The same regulations that are pushing some families toward self-sufficiency are causing other, more troubled families to unravel."[89]

There may also be long-term benefits to the families of those leaving welfare, since several studies have demonstrated the negative consequences for children of growing up on welfare. For example, women who grew up in families that received welfare are nearly twice as likely to drop put of school as women who grew up in families that did not receive welfare but were otherwise identical in terms of race, family income, family make-up, and childhood residence characteristics. They also spent twice as much time on welfare themselves and were nearly 50 percent more likely to have an out-of-wedlock child.[90] For men raised on welfare, studies have found a negative impact on both levels of long-term employment and earning capabilities.[91] Children whose families spent more than two years on welfare were found to be less prepared for school than children who spent less time, or none at all, on welfare.[92] One study even found that the longer a child spends on welfare, the lower his or her scores on standardized IQ tests.[93] Another indicated that children with mothers currently on welfare scored lower on letter-word achievement tests.[94]

There is little information on whether moving families off welfare will reduce those problems for current recipients, though at least one study found that children of former welfare recipients have higher math achievement scores, especially if their mothers earn higher wages.[95] It is reasonable, though, to assume that employment provides structure and consistency to families, while increasing self-esteem and self-efficacy, leading to improved family well-being.[96] Of course, others point to the strain and anxiety of leaving welfare for unfamiliar labor markets that may initially cause increased problems for families.[97] Reviewing the body of evidence, the Manpower Demonstration Research Project suggests that welfare reform results in strong improvements,

It is reasonable to assume that employment provides structure and consistency to families, while increasing self-esteem and self-efficacy, leading to improved family well-being.

both psychological and behavioral, for young children, although there may be some increase in behavioral problems among adolescents, perhaps due to a lack of supervision by working parents.[98]

Overall, the evidence indicates that welfare reform has been a positive experience for recipients. Especially for those leaving welfare for work, there have been economic gains. But the most important benefits are not those measured in dollars. As Rep. Michael Castle (R-Del.) put it: "If you get beyond the numbers, you are teaching responsibility and self-respect. I think that is improving family situations."[99]

Reducing Out-of-Wedlock Births

By several other measures, the success of welfare reform has been more limited. For example, many proponents of reform have long argued that one of the leading causes of poverty and welfare dependency is out-of-wedlock births. PRWORA itself specifies one of its objectives as "prevent[ing] and reduc[ing] the incidence of out-of-wedlock pregnancies."[100]

An overwhelming body of research has shown a correlation between the availability of welfare benefits and the rise in out-of-wedlock births. That occurred both because pre-reform welfare provided economic support for out-of-wedlock childbearing (and a corresponding bias against supporting childbearing by low-income married couples) and because the welfare system contributed to an attitudinal shift on the part of the American public that removed much of the social disapproval associated with out-of-wedlock births.[101]

PRWORA contained few specific programs aimed at reducing out-of-wedlock births.[102] Welfare reform, therefore, could be expected to reduce out-of-wedlock births by reducing the incentives to become a single mother and increasing the incentives to marry. In particular, work requirements, time limits, sanctions, and other restrictions all make it more difficult for single mothers to receive public assistance. Certainly it becomes difficult to receive assistance on the same terms as under the old AFDC program.

Moreover, PRWORA gave the states both incentives and flexibility to develop their own programs targeted at reducing out-of-wedlock births. Many states took advantage of the opportunity, imposing requirements that teen mothers must continue to live at home with their parents and establishing "family caps," refusing to increase benefits for women already on welfare who have additional children out of wedlock. States, however, did not appear to enact any new programmatic initiatives aimed at reducing out-of-wedlock births. The Center on Budget and Policy Priorities estimates that states are spending only about one-half of 1 percent of TANF funds on reducing out-of-wedlock births.[103]

As Figure 2 shows, the out-of-wedlock birthrate, which had been rising steadily since the expansion of welfare in the mid-1960s, began to stabilize in the early 1990s (about the time some states began to receive waivers allowing them to experiment with initial versions of welfare reform) and has now actually begun to decline, albeit slightly.[104] Further, despite a continuing national trend toward an increasing number of families with children headed by never-married women, the growth in the number of low-income families fitting this description has slowed since the passage of welfare reform.[105] More significant, the number of African-American children in families headed by single mothers declined dramatically in the late 1990s.[106]

Further good news can be found in the modest decline in the rate of out-of-wedlock births to teenagers, those most at risk for long-term welfare dependency, although the gains are muddled somewhat by the wide variation from state to state.[107] For example, Vermont has reduced teen pregnancy to just 11 births per 1,000 teens, while Mississippi remains stuck at 58 births per 1,000 teens.[108] There was also a decline in even more problematic second births to teenage mothers. However, initial gains in this area have leveled off at about 22 percent.[109] Given the problems associated with teen pregnancy, there is

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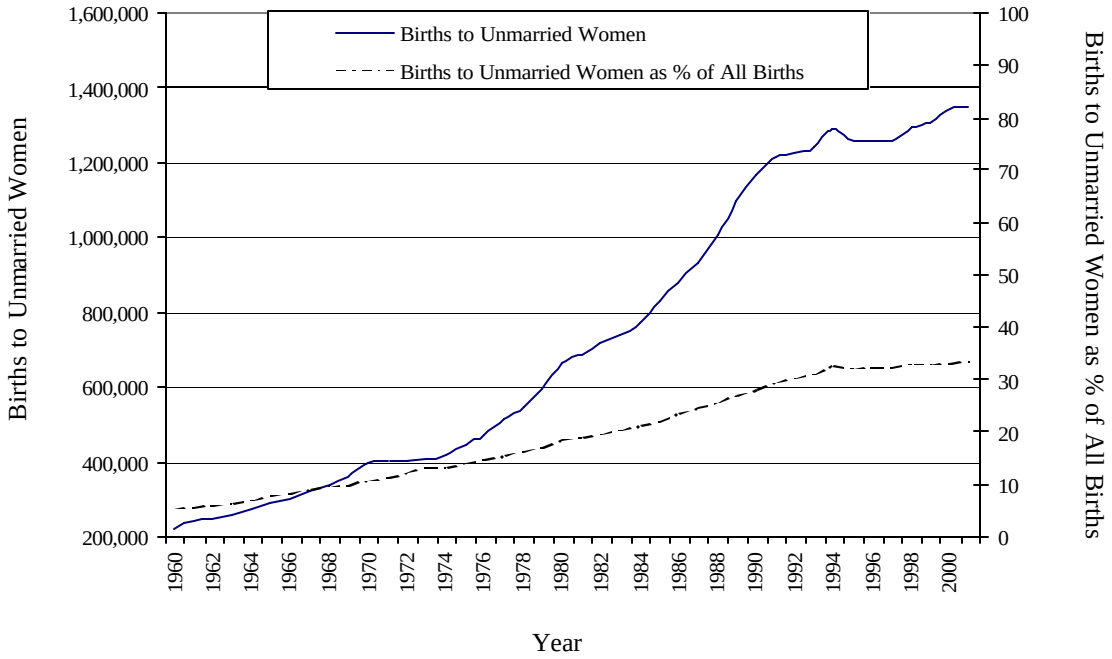
Figure 2
Births to Unmarried Women (1960–2001)



Sources: Center for Disease Control, "Births: Final Data for 2001," *National Vital Statistics Reports* 51 no. 2 (December 2002): Table C, p. 10; and "Nonmarital Childbearing in the United States, 1940–99," *National Vital Statistics Report* 48, no. 16 (October 2002): Table 1, p. 17.

Even as the total number of teen pregnancies inches downward, the percentage of births to unmarried teen mothers continues to rise.

certainly reason to cheer this good news.

However, a look behind the statistics reveals some reasons for continued concern. For example, even as the total number of teen pregnancies inches downward, the percentage of births to unmarried teen mothers continues to rise.[110] In short, the decline in total teen pregnancies is largely attributable to a decline in pregnancies of married teens, rather than unmarried teens. In fact, the percentage of births to unmarried teenagers has risen in nearly every state.[111]

There is also considerable debate about whether welfare reform has had anything to do with the changes that we have seen in out-of-wedlock birthrates. There have been relatively few studies on the impact of specific reform measures on family formation and out-of-wedlock birthrates, and even a staunch proponent of the link between welfare and out-of-wedlock births, Charles Murray, admits, "Virtually nothing is known about the effects of PRWORA on family formation."[112] Moreover, as with much of welfare reform, progress has been inconsistent across the states. The District of Columbia, along with Arizona, Michigan, Alabama, Illinois, and Oregon, has done the best at reducing out-of-wedlock births, while Maine, Oklahoma, Montana, and North and South Dakota have been the least successful.[113] No program or approach is common to the successful states, which makes it difficult to generalize.[114]

Still, the few studies that are available provide some encouragement, suggesting small but positive gains.[115] Isabel Sawhill of the Brookings Institution, who has studied this issue for years, notes that the slowing of out-of-wedlock births during the first part of the 1990s was largely due to a decline in second out-of-wedlock births to women who had already had one child out of wedlock. She attributes this decline to the availability of new and more popular methods of birth con-

trol. However, since welfare reform, we have started to see a decrease in first out-of-wedlock births as well, and Sawhill believes that welfare reform may be a factor.[116]

Work Requirements

The response to welfare reform's work requirements has also been mixed. Under PRWORA states are required to have at least 40 percent of eligible welfare recipients from single-parent families participating in work activities.[117] For two-parent families, the participation requirement is 90 percent.

As of 2000, every state, the District of Columbia, and Puerto Rico had technically met the mandate for single-parent families. Of the jurisdictions subject to the work participation mandate, only Guam and the Virgin Islands fell short. Eight states failed to meet the requirements for two-parent families.[118]

However, looking behind the raw numbers, we can see that far fewer welfare recipients are working than is supposed. States are given a credit based on their caseload reductions, meaning that states with large numbers of people leaving welfare do not have to meet the same levels of work participation for those remaining on the rolls. Without those credits only 19 states would have met their participation requirements for single parents and only two states would have met the requirement for two-parent families.[119] In fact, for 31 states, the credit reduced the actual work requirement to zero. In addition, roughly 14 states have continuing waivers under the old AFDC program that may override work requirements under TANF.[120] Vermont, in fact, claims that existing waivers exempt it from all work requirements.[121] Those exemptions make it possible for states to meet federal work participation mandates and make it seem like far more welfare recipients are working than actually are.

Given the real-world weakness of the work requirement, few states have made real efforts to require welfare recipients to participate in work activities, and nearly all states have carved out large exemptions from their work requirements. The states also vary in how quickly they require welfare recipients to work. In 30 states, recipients are supposed to begin work immediately upon receipt of benefits. However, 8 states do not require work for at least six months after an individual starts to receive benefits. Twelve states allow individuals to receive benefits for up to two years before they are required to participate in work activities. And Vermont exempts recipients from work requirements for 30 months.

Most states (47) exempt parents of young children from their work requirements. The next largest group of exemptions is for the disabled; 34 states exempt those who are disabled or temporarily incapacitated, and 34 states exempt those who care for a disabled household member. More than half of states (28) exempt individuals over the age of 60. In addition, 30 states exempt victims of domestic violence; 28 states exempt parents who cannot find adequate childcare; 21 states exempt pregnant recipients; and 28 states exempt individuals who lack transportation, live in remote areas, or have other "barriers" to work (Table 2).[122]

After all the credits, waivers, and exemptions are taken into account, fewer than 30 percent of welfare recipients are working.[123] Although that percentage is low, it does represent a substantial improvement over pre-reform welfare. Under the old AFDC program, only about 10 percent of recipients were working.[124] Again, there is wide variation among states. Barely 6 percent of recipients in Maryland, and 7 percent in Massachusetts, are working, but nearly 60 percent are in Wyoming, and a phenomenal 73 percent are in Wisconsin (Table 3).

It is important to realize that the fact that a recipient is participating in "work activities" does not mean that the individual is actually working. In fact, it sometimes seems that a person engaged in "work activities" may be doing almost anything except working. For example, in all 50 states "job search," or simply looking for work, constitutes a

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Table 2
Exemptions from State Work Requirements by State

State	Parents of Young Children	Disabled/ Temp. Incap.	Disabled Household Member	Advanced Age	Domestic Violence	Inadequate Childcare	Pregnant	Other
Alabama	☞	☞	☞	☞	☞	☞	☞	☞
Alaska	☞	☞	☞		☞	☞		☞
Arizona	☞	☞	☞		☞	☞		☞
Arkansas	☞	☞	☞	☞	☞	☞	☞	☞
California	☞	☞	☞	☞	☞	☞	☞	☞
Colorado					☞	☞		
Connecticut	☞	☞	☞	☞			☞	☞
Delaware	☞	☞	☞		☞			☞
Dist. of Col.	☞	☞	☞	☞	☞	☞	☞	
Florida	☞	☞	☞		☞	☞	☞	
Georgia	☞							
Hawaii	☞	☞	☞	☞	☞	☞		☞
Idaho	☞					☞		
Illinois	☞			☞				
Indiana	☞	☞	☞	☞	☞		☞	☞
Iowa		☞						
Kansas	☞		☞	☞	☞			
Kentucky	☞				☞			☞
Louisiana	☞							
Maine	☞							☞
Maryland	☞	☞	☞		☞	☞		
Massachusetts	☞	☞	☞	☞	☞		☞	☞
Michigan	☞	☞	☞	☞	☞	☞		☞
Minnesota	☞	☞	☞	☞	☞			☞
Mississippi	☞	☞	☞	☞	☞	☞	☞	☞
Missouri	☞	☞	☞	☞	☞	☞	☞	
Montana	No automatic categorical exemptions. Waivers allow flexibility.							
Nebraska	☞	☞	☞	☞	☞	☞	☞	☞
Nevada	☞					☞		
New Hampshire	☞	☞	☞	☞			☞	
New Jersey	☞	☞	☞	☞	☞	☞	☞	☞
New Mexico	☞	☞	☞	☞	☞	☞	☞	☞
New York	☞	☞	☞	☞			☞	
North Carolina	☞					☞		☞
North Dakota	☞	☞	☞	☞	☞	☞		
Ohio	☞							
Oklahoma	☞							
Oregon	☞			☞			☞	☞
Pennsylvania	☞	☞						☞
Rhode Island	☞	☞	☞	☞	☞	☞	☞	☞
South Carolina	☞	☞	☞		☞	☞		☞
South Dakota	☞	☞	☞		☞	☞		
Tennessee	☞	☞	☞	☞	☞	☞		☞
Texas	☞	☞	☞	☞		☞	☞	☞
Utah	No automatic categorical exemptions. Waivers allow flexibility.							
Vermont	☞	☞	☞	☞	☞	☞	☞	☞
Virginia	☞	☞	☞	☞			☞	☞
Washington	☞							
West Virginia	☞	☞	☞	☞	☞	☞	☞	
Wisconsin	☞		☞			☞		
Wyoming	☞	☞	☞	☞	☞			☞
Total States	47	34	34	28	30	28	21	28

Source: U.S. Department of Health and Human Services, *2001 TANF Annual Report to Congress* (Washington: Government Printing Office, 2002), Table 13:3, pp. 356–57.

Table 3
Percentage of Welfare Recipients Working (absent credits, waivers, and exemptions) by State (FY 2002)

State	Absent Waiver	State	Absent Waiver
Wisconsin	73.4	Minnesota	29.3
Illinois	59.2	Utah	27.9
Wyoming	59.0	California	27.5
Ohio	52.8	Kentucky	25.6
Washington	52.8	Rhode Island	25.0
Kansas	49.0	South Carolina	25.0
Idaho	47.7	Tennessee	24.9
South Dakota	46.5	Virginia	24.6
Alaska	42.1	Hawaii	24.5
Iowa	41.8	Dist. of Col.	24.4
Indiana	40.8	Arkansas	20.8
Maine	40.0	Puerto Rico	20.0
Arizona	39.7	North Carolina	19.2
New Jersey	37.8	Mississippi	17.8
Alabama	37.7	West Virginia	17.1
Nevada	37.4	Delaware	16.8
New Mexico	36.9	Nebraska	15.8
Colorado	36.6	Georgia	12.2
Michigan	36.4	Vermont	11.6
Montana	36.2	Pennsylvania	11.2
North Dakota	35.7	Oregon	10.6
Oklahoma	33.9	Texas	7.8
Louisiana	33.5	Massachusetts	7.1
Connecticut	33.2	Maryland	6.3
New York	33.2	Virgin Islands	6.1
Florida	33.0	Guam	0.0
Missouri	30.4		
New Hampshire	30.0	U.S. Total	29.7

Source: General Accounting Office, "Welfare Reform: With TANF Flexibility, States Vary in How They Implement Work Requirements and Time Limits," GAO-02-770, July 2002, pp. 11–12.

work activity. Some states limit the amount of time that can be spent in job search, generally to six or eight weeks of any 12-month period, but 29 states have no limit to the amount of job search a recipient can substitute for actual work. Nearly all states (47) count vocational education or training as a "work activity," and in 6 states there is no time limit on training. In 12 other states, between 24 and 36 months of training can be substituted for work. In addition, 47 states consider adult education or the study of English as a second language to meet work activity requirements, and in at least 35 states there is no time limit on those activities. Going to college or pursuing other postsecondary education is considered a work activity in 38 states. Training in "job readiness skills," such as completing a job application, writing résumés, interviewing skills, "life skills," career goal setting, and workplace expectations, count as work in 48 states. Finally, 4 states include alcohol and drug abuse treatment as work activities.[125]

It is fair to presume that relatively few families will be removed from the welfare rolls as a result of time limits.

There is evidence that states will go to great lengths to avoid actually imposing time limits.

A great many welfare recipients are taking part in such nonwork "work activities." In fact, of all the people that states consider "working," only about 31 percent are in jobs, either subsidized community service jobs or private-sector employment.[126] Those recipients are working "at least one hour" a week. Far fewer are working full-time, since about 18 percent of those with jobs are also participating in other "work activities." Therefore statistics regarding work participation may be extremely misleading.

That is particularly troubling because the evidence strongly indicates that the most successful form of "work activity" is work itself. There have been several studies that compared "work-first" programs that attempt to push recipients into jobs as fast as possible with programs that emphasize education and training. The work-first programs increased earnings and decreased welfare dependency far more quickly than did the education- and training-based alternatives.[127] In particular, the "National Evaluation of Welfare to Work Strategies," a comprehensive review of 11 welfare-to-work programs, conducted by HHS, followed former welfare recipients over a five-year period and found that employment-based programs were more successful at moving recipients into jobs, and did so at far less cost, than education and training programs.[128] An even more telling study by Bruce Meyer of Northwestern University and Dan Rosenbaum of the University of North Carolina–Greensboro actually found a negative correlation between education and training programs and employment.[129] Welfare recipients who participated in training programs were actually less likely to find work.

Moreover, although many labor economists have suggested that education and training programs would lead to greater long-term gains, there is little evidence that such programs actually lead to higher incomes or increased hours even two to three years after a worker enters the labor force.[130]

The effects of the work component of welfare reform, therefore, seem exaggerated. Because of exemptions and credits built into the law, most states are not really required to make large numbers of recipients work. And few states have chosen to do so on their own. Rather, states have exempted many recipients from work requirements altogether and, in other cases, substituted nonwork "work activities" for actual jobs (subsidized or otherwise). That would seem to run contrary to what people believe welfare reform is and may ultimately reduce the program's success at moving people "from welfare to work."

Time Limits

Under the old AFDC system, a small hard-core group of welfare recipients seemed trapped in almost permanent dependency on government aid. To combat that, welfare reform established time limits to prevent welfare from becoming a way of life. PRWORA set a federal limit of five years but allowed states to set shorter time limits if they wished. Although that sounds fairly strict, it was undercut somewhat because states were allowed to exempt up to 20 percent of their caseloads from time limits and were also allowed to use their own funds, including maintenance-of-effort funds, to continue benefits for families that exceeded the federal time limit.[131] In addition, so-called children-only cases, where the child is eligible for welfare benefits but the adult parent is not, are not subject to federal time limit requirements.

It is still far too early to really assess the effectiveness of time limits. In most states, the first recipients did not start running up against the five-year limit until late 2001 or early 2002.[132] However, it is fair to presume that relatively few families will be removed from the welfare rolls as a result of time limits.

First, the majority of welfare recipients use welfare as a short-term safety net. Those individuals can generally be expected to leave welfare on their own long before time limits apply. Welfare reform itself appears to have speeded the exit of those individuals from the rolls. At the same time, the group of long-

term, hard-core recipients most likely to face time limits is also the most likely to be sanctioned for other violations of the welfare program.[133] Therefore, many of the individuals who would have faced time limits may already have been removed from the program through other sanctions.[134]

States are expected to use either their own funds or the 20 percent federal exemption to exclude families that have been on welfare for five years from the limits. In addition, some 18 states have pre-reform waivers that allow them to exclude all or part of their caseloads from time limits. Some 46 states have put in place exemptions for parents or caretakers of children with disabilities and others caring for a disabled family member. Forty-two states exempt women in cases of domestic abuse, and 26 states exempt elderly recipients. Other states grant exemptions for individuals making a "good faith effort" to find work (23 states), parents with young children (22 states), recipients engaged in "work activities" (22 states), recipients enrolled in educational or training programs (21 states), and families in areas of high unemployment (19 states).[135]

As of the fall of 2001, about 42 percent of all welfare recipients were not subject to time limits; the vast majority of those were child-only cases.[136] However, as more families reach the five-year limit, states are expected to increase the number of exemptions, particularly through the use of state funds. For example, officials in California and New York already have suggested that they will attempt to exempt virtually all recipients. Indeed, of the 44,000 families that had reached the five-year time limit in New York by December 2001, roughly 65 percent were immediately switched to state-funded benefits, while another 22 percent were exempted from the time limits under federal provisions.[137]

Studies of previous attempts to impose time limits on welfare receipt provide little cause for optimism, suggesting instead that, whatever the talk of time limits in theory, "experience suggests that states may respond quite differently when recipients actually reach time limits."[138] Indeed, there is evidence that states will go to great lengths to avoid actually imposing time limits.[139]

As more individuals bump up against the five-year time limit, we will have an opportunity to see if PRWORA is successful in preventing welfare from becoming a way of life. Initial evidence, however, is not encouraging.

Welfare Spending

Anyone who thought that welfare reform would lead to a reduction in welfare spending was sadly mistaken.[140] In 1996, the last full year of federal funding under the old AFDC program, welfare spending was $16.3 billion.[141] Under PRWORA states were given an annual block grant of $16.5 billion, an amount that was frozen through 2002. Of course, some critics have complained that freezing the grant at $16.5 billion for six years was the same thing as reducing the overall grant if one factors in the annual level of inflation. (For fiscal year 2003, President Bush has requested a slight increase in the block grant to about $17 billion.)[142]

However, it is important to recognize that the number of welfare recipients was declining dramatically after 1996, so states had far fewer individuals to serve with the same size grant. As a result, on a per recipient basis, spending has increased from about $7,000 to more than $17,000.[143] In addition, under maintenance-of-effort provisions, states must continue to spend on welfare at 80 percent of pre-reform levels, even if the number of recipients falls. Therefore, states are also continuing to appropriate substantial funds for welfare, and state spending on a per recipient basis is rising.[144] Total welfare spending for FY 2000 (the last year for which figures are available) actually topped $23.5 billion. Roughly 53 percent of that was federal money, the remainder state funds.[145]

The composition of welfare spending has changed, however. Prior to reform, direct cash assistance accounted for 73 percent of welfare spending under AFDC and related programs.[146] Under PRWORA cash assistance has shrunk to 49 percent. The second largest category of expenditure was for child-

Anyone who thought that welfare reform would lead to a reduction in welfare spending was sadly mistaken.

care, roughly 13 percent. Despite rhetoric about the importance of work to welfare reform, work-related expenditures, including those on education and training, as well as subsidized employment, job search activities, employment counseling, and outreach efforts to employers, account for less than 10 percent of expenditures.[147]

Most state governments are now encountering severe budget problems as a result of both the economic downturn and their own overspending during the 1990s.[148] They are seeking additional funds from Washington. Several advocacy groups and Democratic members of Congress have also advocated increases in the size of the federal block grant. Given the enormous increase in per recipient spending that has taken place, it is not at all clear that new or increased spending is necessary. Indeed, there has been no comprehensive effort to show the efficacy of current spending.

Whatever the case, welfare reform has certainly not saved the taxpayers much money.

The Big Question: Self-Sufficiency

Welfare reform's biggest failure comes in the area of preparing former recipients for self-sufficiency.

Welfare reform's biggest failure comes in the area of preparing former recipients for self-sufficiency or, as the legislation itself puts it, to "end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage."[149] After all, the goal of welfare reform was always more than simple caseload reduction. The long-range goal was to end the cycle of dependency on welfare by moving recipients into jobs and making them self-reliant to the extent that they could meet their basic needs by relying on their own wages and family earnings rather than on continued government assistance.

Many supporters of welfare reform seem to believe that caseload declines mean that that is what has happened. As President Bush puts it, "Welfare reform helped to move 4.7 million Americans from welfare dependency to self-sufficiency within three years of enactment."[150]

In reality, however, self-sufficiency appears to be eluding the grasp of many, if not most, former recipients.[151] As one welfare caseworker put it, "If success is measured in client self-sufficiency, then my caseload suggests we have a way to go."[152] According to the Urban Institute, at least one-third of former welfare recipients used one or more of the following government services during their first three months off welfare: childcare, Medicaid, transportation assistance, "emergency assistance," or other forms of assistance in meeting work-related expenses.[153] An even higher level of reliance on government-provided services was reported by the University of Wisconsin—Madison's Institute for Research on Poverty, which found two-thirds of former recipients receiving some type of government benefit during their first year off welfare.[154] Use of supplemental benefits does decline, however, the longer a family remains off welfare; only 35 to 45 percent of recipients are still receiving government benefits five years later.[155] Still, that means a significant number of former recipients are still dependent on government even after formally leaving welfare. Or in the words of another critic, "Replacing one open-ended entitlement with another does not serve self-sufficiency, welfare reform's real goal."[156]

Health care is the area in which former recipients are most likely to require government assistance, generally through Medicaid and the Children's Health Insurance Program. PRWORA "delinked" Medicaid and welfare so as to make it possible for individuals to continue receiving Medicaid regardless of their eligibility for cash assistance. In addition, the law permits former welfare recipients to continue to receive Medicaid benefits for up to a year after they begin work, even if their incomes would otherwise disqualify them.

Overall, slightly more than 60 percent of former welfare recipients receive Medicaid during their first year off the rolls.[157] The other half is divided about equally between those with employer-provided health insur-

ance and those who are uninsured.[158] Children are particularly likely to continue to use Medicaid coverage, with 80 to 90 percent enrolled in the program at some point during the first year after leaving welfare.[159] Reliance on Medicaid drops off sharply in subsequent years, and after three years only about 15 percent of former recipients are still receiving Medicaid, compared with 38 percent who are privately insured and 47 percent who are uninsured.[160] The decline in Medicaid participation does not appear to be the result of any concerted policy of either the federal government or the states; it seems, rather, to be a combination of lack of information on the part of those eligible for benefits and various administrative and bureaucratic problems.[161] The number of former welfare recipients who are uninsured three years after leaving the rolls is particularly troubling, and another telling reason why we need to overhaul our health insurance system.[162]

About half of former welfare recipients also continue to receive food stamps.[163] That is about a one-third decline in food stamp usage since January 1996, which may well be considered a partial success of welfare reform.[164] Indeed, the U.S. Department of Agriculture estimates that roughly one-third of the decline is attributable to recipients escaping poverty and becoming more self-sufficient.[165] However, there remain a sizable number of former welfare recipients who are eligible for food stamps but fail to claim them.[166] Again, that seems less a matter of conscious public policy than a result of lack of information, combined with bureaucratic impediments.[167]

There has been an effort at both the federal and the state level to provide former welfare recipients with greater child-care assistance. As a result, between 15 and 25 percent of former recipients receive some subsidy for child care.[168] The amount of the subsidy as well as the number of recipients varies widely across the states, with only about 5 percent of former recipients receiving child-care subsidies in the District of Columbia but nearly 43 percent claiming assistance in Massachusetts.[169] The differences may be attributable to the way states earmark and allocate funding for child-care, as well as the cost and availability of local childcare.

Housing assistance is less common among former welfare recipients, as it is among those still receiving cash benefits. Yet approximately 25 percent of those leaving welfare continue to live in public housing or receive some other form of housing subsidy.[170] It is difficult, however, to draw conclusions about whether this relatively low level of continued reliance on housing benefits represents increased self-sufficiency or simply a lack of availability of housing assistance. Only about 23 percent of people on welfare receive housing assistance, although the longer people remain on welfare, the more likely they are to receive housing assistance. Post–TANF housing assistance is in line with housing assistance provided to those still on welfare. As with childcare, the assistance rate varies widely from state to state, ranging from more than 53 percent of former recipients in Massachusetts to just 14 percent in Illinois.[171]

Finally, we should recognize the importance of the Earned Income Tax Credit to those leaving welfare for work. The EITC expanded dramatically during the 1990s, leading to a substantial increase in income for the working poor, including many of those leaving welfare. The result has been a substantial positive work incentive, especially when combined with welfare reform.[172]

Bear in mind, however, that when the program was established in 1975 it was designed to offset the payroll taxes paid by low-income workers, so in that sense the program should not be considered a welfare program or form of government assistance. Rather, it is a mechanism for countering the way government taxation can penalize work. However, subsequent expansions of the program have turned it into a tax rebate scheme under which workers can receive back far more than they pay in both payroll and income taxes. A large portion of the EITC, thus, becomes simply another income transfer mechanism.[173]

Most of the young mothers who head welfare families have limited education and job experience and several young children to raise on their own. Job coaching and low-paying employment aren't going to offer any miracle cures.

We should begin to remove the incentives that contribute to out-of-wedlock births. That means phasing out the availability of welfare benefits for young women who continue to make untenable life decisions.

Several states have also begun experiments under which welfare recipients can continue to receive a portion of their cash benefits after beginning to work. Under the old AFDC program, if a recipient earned a dollar working, her benefits were reduced by a dollar, clearly a disincentive to work. However, under income-disregard programs, the reduction in benefits is less than one for one, allowing the recipient to increase her income by working. Generally, the programs using income-disregards also include other benefits, such as childcare, designed to make work more attractive.

Perhaps the best known of those programs is the Minnesota Family Investment Program, which allows welfare recipients to earn up to 140 percent of the poverty line while still receiving a portion of their welfare benefits.[174] Similar programs have been put in place in Connecticut and Vermont, and Florida and Iowa have smaller income-disregard programs.[175] Initial results of those programs show, not surprisingly, not only that they increase the incomes of welfare recipients but also that they increase the likelihood that the recipient will work.[176] Blank and Schoeni suggest that such programs are particularly successful when coupled with strong sanctions for failing to work.[177]

It should not come as a surprise that many former welfare recipients continue to rely on government assistance. Most of the young mothers who head welfare families have limited education and job experience and several young children to raise on their own. Job coaching and low-paying employment aren't going to offer any miracle cures. As far back as 1995, a Cato Institute study pointed out that, for an individual receiving the full range of welfare benefits, leaving welfare for an entry-level job would likely produce a significant initial drop in income.[178] Studies indicate that reducing the value of welfare benefits compared to work increases the likelihood that recipients will leave welfare for work, but so does increasing the value of work compared to welfare.[179] States have generally chosen the latter. Not surprising, but also not self-sufficiency.

Conclusion: The Limits of Reform

Looking back at more than six years of welfare reform, we can see that it has been neither the stunning success claimed by its supporters nor the unmitigated disaster feared by its detractors. It has not resulted in increased poverty or caused significant hardship for current or former recipients. But its success in moving people from welfare to work has been largely confined to the most easily employable recipients, and much of the reduction in caseloads is a result of that group's profiting from the booming job market of the 1990s. Indeed, as the economy has slowed, caseloads have begun to edge upward again. And judging from the states' recent willingness to go soft on time limits and work requirements, it is unlikely that recidivism will be effectively prevented when jobs start to disappear.

Most of those who have left the rolls and found work still remain deeply entangled in the public safety net. Few former recipients are earning enough to support their families on wages alone. In fact, two-thirds of former welfare families continue to turn to government for assistance in meeting their health care, food, childcare, transportation, and housing needs. That's hardly self-sufficiency.

As the reauthorization debate moves forward, lawmakers should look realistically at both the successes and the failures of welfare reform. And, in particular, they should understand the limits of reform.

Tinkering with the current system can make modest improvements, leading to both reduced welfare usage and improvements in both the economic and psychological well-being of recipients. But welfare reform, by itself, will do little to end dependency or lift large numbers of people out of poverty. Therefore, while continuing to experiment with the best ways of working with people currently on the welfare rolls, we should turn our attention toward renewed efforts at prevention—keeping people from getting caught up in the welfare system in the first place.

In the short run, that means greater emphasis on diversion, finding ways to meet the immediate needs of families or individuals in crisis without formally taking them into the welfare system. Roughly 35 states are currently using some form of diversion tactic, such as writing one-time checks or arranging no-interest loans instead of offering monthly benefits, referring individuals to private charities, or requiring potential recipients to spend several weeks searching for work before they receive their first welfare payments.[180]

We should also begin to remove the incentives that contribute to out-of-wedlock births. That means phasing out the availability of welfare benefits for young women who continue to make untenable life decisions. No other reform will go as far in reducing welfare dependency or poverty. That approach will almost certainly be more effective than current proposals that the federal government spend as much as $300 million on promoting marriage.[181]

At the same time, we should continue efforts to reinvigorate our system of private charity. That does not require direct government subsidies to private and religious charities, a proposal of dubious constitutionality, which may undermine the very things that make private charity most successful.[182] However, there are steps that the government can take to remove restrictions and regulatory barriers to charitable assistance. And Congress can approve legislation to make charitable contributions tax-deductible for individuals who do not itemize.

In the long run, however, there is unlikely to be a solution for poverty and welfare dependency without increased economic growth and general prosperity, something Congress should keep in mind as it pursues tax, regulatory, and education reform.

All this is not to say that welfare reform should not go forward. But as Congress debates reauthorization, it should do so with its eyes wide open.

Notes

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117. The requirement for single-parent families increased to 50 percent in 2002, but data are not yet available on state compliance.

118. U.S. Department of Health and Human Services, *2001 TANF Report to Congress,* "Specific Provisions of State Programs," Table 13.14, pp. III-1–2.

119. Ibid.

120. Ibid., p. XIII-18.

121. Ibid., p. III-1.

122. Center for Law and Social Policy, State Policy Documentation Project, "State Policy Regarding TANF Work Activities and Requirements," June 2000.

123. LaDonna Pavetti, "Creating a New Welfare Reality: Early Implementation of the Temporary Assistance for Needy Families Program," *Journal of Social Issues* 56, no. 4 (2000): 609.

124. Ibid.

125. Center for Law and Social Policy, p. 2.

126. Author's calculations, based on U.S. Department of Health and Human Services, *2001 TANF Annual Report to Congress*, chap. 3, Tables 3.4a, 3.4b, 3.5, pp. III-16–27.

127. See, for example, Paul Street, "Only Work Should Pay: A Short History of Welfare Reform in Six Midwestern States," Northern Illinois University, Office for Social Policy Research, 1997.

128. U.S. Department of Health and Human Services, "HHS Releases Evaluation of Welfare-to-Work Strategies," Press release, November 7, 2001. The press release summarizes 26 separate studies. A complete list of these studies can be found at aspe.hhs.gov/hsp/NEWWS.

129. Bruce Meyer and Dan Rosenbaum, "Welfare, the Earned Income Tax Credit, and the Labor Supply of Single Mothers," *Quarterly Journal of Economics* 116, no. 3 (August 2001): 1064–1114.

130. However, some studies indicate that gains do show up seven to nine years later. See V. Joseph Hotz, Guido Imbens, and Jacob Klerman, "The Long-Term Gains from GAIN: A Reanalysis of the Impacts of the California GAIN Program," National Bureau of Economic Research, paper no. 8007, 2000.

131. The 20 percent federal exemption may actually be much larger than 20 percent. As mentioned below, child-only families are exempt from time limits under other provisions of PRWORA. However, in calculating the 20 percent, all recipients including child-only cases are considered. Therefore, the number of adults exempted can vastly exceed 20 percent. For example, it is estimated that in Wyoming 77 percent of adult welfare recipients fall under the federal exemption, 53 percent do so in Wisconsin, 49 percent in Florida, and so on. Given the dynamics of welfare usage, few if any recipients in those states will ever face time limits. General Accounting Office, "Welfare Reform: States' Implementation Progress and Information on Former Recipients," Appendix VII, pp. 35–36.

132. Indeed, as of early 2002, in 22 states TANF had not been in effect for long enough for anyone to reach the time limit. Ibid., p. 19.

133. Blank, pp. 1113–14.

134. LaDonna Pavetti and Dan Bloom, "Sanctions and Time Limits: State Policies, Their Implementation, and Outcomes for Families," in *The New World of Welfare*, pp. 245–69.

135. General Accounting Office, "Welfare Reform: States' Implementation Progress and Information on Former Recipients," pp. 16–18.

136. Ibid., p. 18.

137. Ibid., pp. 19–20.

138. Dan Bloom, *Welfare Time Limits: An Interim Report Card* (New York: Manpower Demonstration Research Project, 1999), p. 1.

139. See, for example, Barbara vobejda and Judith Havemann, "States' Welfare Shift: Stop It before It Starts," *Washington Post*, August 12, 1998.

140. The focus here is on TANF and the other programs covered by PWRORA, as well as the programs funded by states with TANF-connected funds. There are more than 70 other federal, and numerous state, programs that may justifiably be considered welfare, in that they are means-tested programs designed to provide assistance to poor and low-income individuals. Spending on most of those programs has also continued to rise.

141. Vee Burke, "Welfare Reform: TANF Trends and Data," Congressional Research Service, September 10, 2001, p. 3.

142. Ibid.

143. White House, Office of the Press Secretary, "Fact Sheet: President Calls for Action on Welfare Reform," January 14, 2003.

144. Ibid.

145. U.S. Department of Health and Human Services, *2001 TANF Report to Congress*, chap. 2.

146. Burke.

147. U.S. Department of Health and Human Services, *2001 TANF Report to Congress*, chap. 2.

148. Chris Edwards, Stephen Moore, and Phil Kerpen, "States Face Fiscal Crunch after 1990s Spending Surge," Cato Institute Briefing Paper no. 80, February 12, 2003.

149. Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Title I, part A, sec. 401.

150. White House.

151. See Oliphant.

152. Quoted in Janet Schrader, "Lost on the Road to Reform," *Washington Post,* May 11, 1997.

153. Loprest, p. 18.

154. Maria Cancian et al., "Work, Earnings, and Well-Being after Welfare: What We Know," University of Wisconsin, Madison, Institute for Research on Poverty, January 1999, pp. 19–23.

155. Friedman. See also Loprest, p. 19.

156. "The New Welfare Trap," *Detroit News,* January 13, 2000.

157. Miller.

158. Ibid. See also Johnson and Meckstroth.

159. Miller.

160. Johnson and Meckstroth.

161. Bowen Garrett and John Holahan, "Welfare Leavers, Medicaid Coverage, and Private Health Insurance," Urban Institute, Assessing the New Federalism Program, National Survey of American Families no B-13, March 2000.

162. Because our health care system links health insurance to employment, those who are unemployed or who work for businesses that do not provide insurance are left at a disadvantage in trying to purchase insurance on their own. Cato Institute studies have recommended the creation of a universal health care tax credit to enable people to individually purchase health insurance. See Sue A. Blevins, "Restoring Health Freedom: The Case for a Universal Tax Credit for Health Insurance," Cato Institute Policy Analysis no. 290, December 12, 1997.

163. General Accounting Office, "Food Stamp Program: Various Factors Have Led to Declining Participation," GAO/RCED-99-185, July 1999, pp. 1–2.

164. Sheila Zedlewski and Sarah Brauner, "Decline in Food Stamp and Welfare Participation: Is There a Connection?" Urban Institute, Assessing the New Federalism Program, Discussion Paper, October 1999, pp. 24–26.

165. Ibid., p. 6.

166. Zedlewski and Brauner, p. 3.

167. Victoria Wegener, "Food Stamp Education and Outreach: Working to Provide Nutrition Benefits to Eligible Households," Welfare Information Network Information Note no. 3, December 1999.

168. Acs, Loprest, and Roberts. See also Tamar Lewin, "Study Finds Welfare Changes Lead a Million into Child Care," *New York Times,* February 4, 2000.

169. Johnson and Meckstroth.

170. State of Wisconsin, Department of Workforce Development, pp. 1–2.

171. Acs, Loprest, and Roberts.

172. Meyer and Rosenbaum, "Welfare Reform, the Earned Income Tax Credit, and the Labor Supply of Single Mothers."National Bureau of Economic Research Working Paper no. 7363, September 1999. Although the work incentive is positive for those first leaving the welfare rolls, there may well be negative work incentives for those earning slightly more, especially those in the program's phase-out range. Edgar Browning, "Effects of the Earned Income Tax Credit on Incomes and Welfare," *National Tax Journal* 45s (March 1995): 23–45. The General Accounting Office found that the EITC increases work effort among the lowest-paid workers but, in the phase-out range, reduces the number of hours worked by 7 percent. General Accounting Office, "Earned Income Tax Credit: Design and Administration Could Be Improved," GAO/GGD-93-145, September 1993, pp. 51–52. The GAO report also suggests that the EITC may act as a disincentive to marriage.

173. John Merline, "The Democrats' Taxing Rhetoric, Claims on Working Poor Tax Credit Strain Belief," *Investor's Business Daily,* October 24, 1995.

174. For a detailed description of the program, see Cynthia Miller at al., *Reforming Welfare and Rewarding Work: Final Report on the Minnesota Family Investment Program* (New York: Manpower Resources Demonstration Project, 2000).

175. Blank, pp. 1149–50.

176. Charles Michalopoulos and Christine Schwartz, "What Works Best and for Whom: Impacts of 20 Welfare-to-Work Program

Subgroups," U.S. Department of Health and Human Services, National Evaluation of Welfare-to-Work Strategies, 2001. There is also evidence that income-disregard programs may have a positive impact on the children of recipients as well. Pamela Morris et al., *How Welfare-to-Work Policies Affect Children: A Synthesis of Research* (New York: Manpower Resources Demonstration Project, 2001).

177. Blank and Schoeni.

178. Tanner, Moore, and Hartman. See also Tanner and Lopez.

179. Meyer and Rosenbaum.

180. U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, "A Description and Assessment of State Approaches to Diversion Programs and Activities," 1998.

181. Isabel Sawhill and others, for example, while certainly not endorsing the welfare cut-off proposed by this author, have emphasized that reducing out-of-wedlock births should be a far more important goal than increasing marriage rates. See, for example, Isabel Sawhill, "Welfare Reform and the Marriage Movement," Brookings Institution, October 2001.

182. See Michael Tanner, "Corrupting Charity: Why Government Should Not Fund Faith-Based Charities," Cato Institute Briefing Paper no. 62, March 22, 2001.

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