Welfare Reform: How Do We Measure Success?

Daniel T. Lichter¹ and Rukamalie Jayakody²

Forthcoming: 2002 Annual Review of Sociology

¹ Department of Sociology, The Ohio State University, Columbus, Ohio, 43210; e-mail: Lichter.5@osu.edu; telephone: 614-688-3476; Fax: 614-688-3571

² Department of Human Development and Family Studies, and Population Research Institute, Pennsylvania State University, University Park, Pennsylvania; e-mail: Jayakody@pop.psu.edu; telephone: 814-863-9569; Fax: 814-863-8342
Welfare Reform: How Do We Measure Success?

Abstract

This paper evaluates a burgeoning literature on the effects of the 1996 welfare reform bill. Our goal is to shift the debate from the current preoccupation with declining caseloads to one focused on the social and economic well-being of fragile families, single mothers, and children. The welfare literature reveals many positive changes: reduced poverty rates, lower out-of-wedlock childbearing, greater family stability, and little indication of more spouse abuse or child neglect. But it is too early to claim success and many questions remain unanswered. Poverty remains high among single mothers and their children, welfare recipients experience serious barriers to stable employment, and poor women and children face an uncertain economic and social future as welfare eligibility is exhausted and the economy wanes. With the welfare debate shifting to family and child well-being, sociology has an important policy role to play as the next phase of welfare reform begins after the 2002 reauthorization.
Welfare Reform: How Do We Measure Success?

INTRODUCTION

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 ended America's largest cash assistance program -- Aid to Families with Dependent Children (AFDC). Its replacement, Temporary Assistance for Needy Families (TANF), emphasizes work, personal responsibility, economic self-sufficiency, and strong families. The "end of welfare as we know it" means that low-income single mothers can no longer receive cash aid indefinitely; the federal legislation places strict time limits on welfare receipt -- two years without working and five years over a lifetime. Indeed, welfare receipt comes with the obligation to work or face sanctions, including being removed from the welfare rolls.

PRWORA continues to be a highly contentious topic. Many sociologists believed its passage would be a legislative calamity -- that it would lead to more poverty and that low-income women and their children would suffer new material hardships (Harris 1996; Sandefur 1996). A widely-cited study by the Urban Institute projected that welfare reform would doom one million additional children to poverty (Zedlewski et al 1996). To critics, the bill scapegoated or blamed low-income women for their circumstances (Rose 2000; Eitzen & Baca Zinn 2000). The welfare reform bill was at once paternalistic and punitive. It ignored or downplayed larger economic forces that have adversely affected the economic stability of low-income single-parent families with children. Indeed, it failed to acknowledge the root causes of poverty, such as economic and social injustice, racial discrimination, and a bifurcating economy that favored the affluent over the poor (O'Connor 2000).
The purpose of this paper is to synthesize a burgeoning new literature on the consequences of welfare reform. Since PRWORA was passed, the early grim forecasts have not materialized. Indeed, the evidence to date has exceeded expectations of even the most optimistic supporters and has silenced critics. Welfare rolls have plummeted by more than 50% nationally since its peak in 1994. TANF surpluses have been put to other uses, including child care subsidies, transportation, and training programs. The official poverty rate of 36% among female-headed families with children (in 2000), although still high, is the lowest on record, while children have experienced falling poverty rates since the mid-1990s (U.S. Bureau of the Census 2001a). Poverty declines are even greater if the expansion of the Earned Income Tax Credit (EITC) is taken into account (Ellwood 2000a).

Our goal is straightforward: to shift the focus from welfare caseloads to other less visible and easily measured social outcomes. We balance the current preoccupation with caseload declines with a broader discussion of whether welfare reform has achieved "success" or not in other important public policy domains. Specifically, we evaluate an emerging welfare literature focused on material deprivation and poverty, fertility and family formation (e.g., out-of-wedlock childbearing), marriage and cohabitation, maternal well-being (e.g., mental health), and child development. We also evaluate the question of whether welfare reform has led to more geographic balkanization among low-income families.

The 107th Congress began the debate over PRWORA re-authorization in Fall 2001 and new welfare legislation goes into effect in 2002 (Haskins & Blank 2001). It is time to ask: Has welfare reform helped or hurt the poor? What do we know and what to we need to know? How do we measure success?
MEASURING SUCCESS OF WELFARE REFORM

Welfare Policy and Evaluation

Despite widespread early criticism of welfare reform, surprisingly few sociologists have engaged the public policy community with scientifically sound evaluations or research-based policy prescriptions. We have turned often to other social science disciplines -- economics, public policy, and social work -- to answer the important questions. Indeed, studies of varying technical sophistication and political persuasion have proliferated in the form of statistical reports, discussion papers, electronic news items, or policy briefs from federal and state welfare agencies, nonprofit research organizations (e.g., Manpower Demonstration Research Corporation, Mathematica), nonpartisan policy "think tanks" (e.g., Urban Institute, Brookings Institute), and university research centers (e.g., Joint Center for Research on Poverty, National Center for Children in Poverty, Institute for Research on Poverty). Peer-reviewed empirical analyses of the impact of welfare reform are a rarer commodity, at least so far.

Our task is made difficult by devolution itself. Each state has implemented a different TANF plan with unique objectives, funding priorities, time limits, and client bases. National indicators, such as welfare caseloads and employment take-up rates, reflect the balance of success and failure played out differently across states, communities, and population subgroups. Yet, lessons learned from state evaluations are often idiosyncratic or hard to generalize broadly. Unbundling the causal effects of specific TANF provisions also are fraught with serious conceptual and technical issues (Meyers et al 2001; Moffitt & Ver Ploeg 2001). In most cases, the impact of state TANF programs has not been fully realized and the complete story is yet to be told. As such, ours is a progress report rather than the final word.
Declining Caseloads

PRWORA sought to end dependence on government handouts. Between August 1996 and June 2000, the number of recipients plunged by 6.5 million, or 53%. Caseloads are lower today (roughly 5.8 million persons) than any time since 1969, and the percentage of persons receiving public assistance income (less than 3%) is the lowest on record (Depart. of Health & Human Services 2001a). Such diverse states as Wisconsin, Idaho, and Mississippi have experienced caseload reductions of 80% or more since 1993. The magnitude of such decline, experienced broadly across the American states, has been nothing short of remarkable. Alone, however, caseloads are an incomplete indicator of success, which ultimately will be measured by the improved well-being of America’s poor families and children.

To be sure, welfare reform happened at a propitious time, when unemployment rates were at their lowest level in decades (i.e., less than 4%) and job growth was unparalleled. The question is clear: Is the decline in caseloads mostly due to the new welfare reform legislation or to a robust economy? A recent study of welfare waivers prior to PRWORA found that the 1993-96 declines in AFDC caseloads were largely attributable to changing economic conditions (Ziliak et al 2000). Nationwide, roughly two-thirds of the decline was due to the macroeconomy. Whether these conclusions apply to the post-1996 period is open to debate. The Council of Economic Advisors claims that roughly one-third of the caseload decline between 1996 and 1998 was attributable to TANF, while only 8-10% was due to the economy (U.S. Council of Economic Advisors 1999). Others suggest that the waiver process produced a "threat effect" that caused welfare recipients to act (positively) in anticipation of the changes in welfare eligibility, such as investing more in their own schooling or job skills, or finding a job. A declining caseload also
freed up TANF block grant monies for other innovative programs that built on its success (Blank 2001; Rogers-Dillon 2001).

The recent economic downturn and the rise in unemployment may foreshadow an unhappy future for low-income women and their children. Yet, welfare reform also may have helped many low-income women gain a foothold in the labor force and improved their ability to weather a job layoff. The final test of the effects of welfare policy versus the macroeconomy may not come until a full-fledged recession occurs. In the end, such distinctions are artificial. An expanding economy was surely necessary to absorb welfare leavers, but it also is unlikely that a similarly large percentage of welfare recipients would have sought employment in the absence of welfare reform. Recent expansions of the Earned Income Tax Credit (EITC) and child care subsidies also have provided work incentives and supports that have operated independently of either welfare reform or a robust economy.

Welfare Composition: More Hard-to-Serve Cases?

Who are the "hard to serve" cases – those left behind in the new economy and ill-prepared for TANF's tough work requirements? As lifetime welfare eligibility is exhausted, sanctioned leavers may be harder to serve than earlier leavers (Tweedie 2002). New TANF enrollees also may be different from past recipients. State "diversion" programs provide low-income persons short-term cash or housing assistance while discouraging enrollment in TANF (Corcoran et al 2000). Only the truly needy, as a last resort, may now be receiving monthly cash assistance through TANF.

Recent changes may suggest a more disadvantaged caseload today than in the past (US Dept. of Health & Human Services 2001b). Hispanics increased from 17 to 25% of all caseloads
between 1990 and 1999, while Blacks were over-represented among recipients (38% in 1999) by roughly a factor of three. Average age of recipient adults also increased from 29.7 to 31.8 over this period, while those without young children declined from 30 to 21% (US Dept. of Health & Human Services 2001b). Current welfare recipients may be longer-term recipients, with more intractable problems (i.e., few skills or inadequate child-care). A longitudinal study of welfare recipients in Michigan found that non-working women on welfare are less likely to have a high school degree, have fewer job skills, and have more physical and mental health problems than employed recipients (Danziger 2001). On the other hand, Moffitt & Stevens (2001) and Smith (2001) found little evidence that leavers are selective of the most skilled.

Another approach is to compare the early TANF leavers with the later leavers, those with presumably fewer job skills or with personal circumstances that prevent success. For example, after exhausting eligibility, low-income mothers must necessarily adopt new survival strategies, including marriage or cohabitation, doubling up in other households, and work. Indeed, the National Survey of American Families reveals that recent TANF leavers have worse physical and mental health than early leavers, and more worries about food and paying rent and utility bills (Loprest 2001). But, paradoxically, they also are less likely to be poor. Zedlewski & Alderson (2001) also found few caseload differences between 1997 and 1999 in the distribution of new entrants, leavers, and cyclers (on and off welfare). Welfare mothers are no more likely than in the past to be long term recipients -- those women who typically have low education, few job skills, and multiple barriers to employment.
BEYOND CASELOADS

Work, Earnings, and Poverty

An overriding goal of PRWORA is to promote economic self-sufficiency through work (Ellwood 2000a; Pavetti & Wemmerus 1999). Between 1994 and 2000, for example, the percentage of unmarried mothers who were employed grew 11.6 percentage points to 78.9%. This compares 68.8% among married mothers (Bureau of Labor Statistics 2001). Even among poor urban female heads with children, employment increased from 46.5% in 1994 to 65.4% in 1999 (Lichter & Jensen 2001). Roughly twice as much family income, on average, came from earnings as from welfare in 1999. The reverse was true in 1995. Moreover, the average income of female family heads with children in the second fifth of post-tax income increased during 1993-99 from $4,815 to $9,603 (in 1999 dollars), a 99% increase, while cash welfare declined 56% (Haskins et al 2001b).

Falling welfare caseloads have not translated easily into reductions in poverty and inequality. The number of poor female-headed families with children dropped from 3.8 million to 3.1 million between 1994 and 1999, a 22% decline compared to a 48% decline in caseloads (U.S. Census Bureau 2001; US Dept. of Health & Human Services 2000). States with the fastest declining caseloads between 1994 and 1998 had a 8.97% average drop in the poverty rate, only slightly faster than the 8.05% drop in states with the slowest caseload declines (Adkisson 2001). The policy implication is clear: The working poor now constitute a greater share of all poor people. Family income among the poor has been “repackaged,” while remaining low and unchanged. Indeed, the top 1% of the population enjoyed a 40% (or $194,000) increase in average income, while the bottom fifth gained only 1% (Shapiro et al 2001).
Unmarried women with children became employed at unprecedented levels in the late 1990s – at rates higher than their married counterparts (Danziger 1999; Cancian et al 1999). A growing economy has absorbed the large influx of former welfare recipients, apparently without displacing other marginal workers or driving down wage rates (Burtless 1998). In fact, the percentage of all employed women with poverty wage rates actually declined during 1995-2000, from 36.8 to 31.1% (Mishel et al 2001); it dipped from 29.7 to 25.0% for all workers. The income-to-needs ratio of all female heads increased slightly after 1996, while the income-to-poverty ratio for poor female heads was .50 throughout the 1990s (Lichter & Jensen 2001). Other studies, however, indicate that disposable income (including earnings, food stamps, EITC) of the poorest poor declined, at least during the first few years of PRWORA (Primus et al 1999).

Obviously, highly aggregated economic indicators mask the diverse experiences of welfare leavers (O'Neill & O'Neil 2001; Loeb & Corcoran 2001). Do they find work that pays a living wage? Do they stay employed or return to welfare? Most studies show that employment is the primary reason for leaving TANF in about one-half the cases, while roughly one-quarter of adult TANF recipients are employed (earning, on average, $598 per month in FY 1999)(US Dept. of Health and Human Services 2001). However, because of the nature of jobs available to them and their poor preparation for the labor market, many low-skilled former TANF recipients find jobs that pay poorly and that do not last (Corcoran et al 2000). Data from the National Survey of American Families indicate that 60% of those who went off welfare were working (Loprest 1999). About 20% of leavers report no income whatsoever; they make ends meet in the underground economy, by babysitting, or by receiving assistance from boyfriends and relatives. Some may have married. Also, employment rates and earning are lower among the least skilled
and educated and among sanctioned leavers -- those forced off of welfare because they failed to seek or find work. Haskins & colleagues (2001a) claim that 20% of former TANF recipients are unable to hold a job and often recycle back onto welfare.

Although poverty rates have fallen among single mothers, critics rightly worry that the official poverty measure distorts levels of material hardship and no longer accurately tracks the economic circumstances of poor people (Citro & Michael 1995; Lichter 1997; Bernstein et al 2001). Income poverty thresholds may be unrealistically low, and family survival strategies, such as doubling up with relatives or moving in with boyfriends, may nominally reduce poverty (as currently measured) but misrepresent serious economic problems. The official poverty rate does not adjust for geographic cost-of-living differentials or in-kind benefits, ignores wealth and other financial assets, and underestimates alternative sources of cash income (including off-the-book income and income from live-in boyfriends or relatives) while distorting family consumption patterns (Iceland & Kim 2001; Short et al 1999).

To date, however, alternative measures of poverty tell a no less optimistic story of declining economic deprivation among low-income women (Haskins & Primus 2001). Ethnographic studies indicate that single mothers often spend more income than they report, implying that income by source is misreported (Edin & Lein 1997). Meyer & Sullivan (2001) address this issue by examining consumption levels -- pre- and post-PRWORA -- using the Consumer Expenditure Survey. They found that total consumption was higher for single mothers in 1996-98 than in earlier periods. More significantly, consumption at the 25th percentile of income (i.e., the near-poor) also was higher than during the 1984-90 period. Consumption
increased no more slowly among single mothers than among either single childless women or married women.

**Out-of-Wedlock Childbearing and Female-headed Families**

Public attitudes and discourse about welfare reform are often formed by a singularly negative image: single mothers with one or more children -- idle, poor, disproportionately minority, and living off government handouts. In the debate proceeding passage of PRWORA, some argued that unwed childbearing is “the most important social issue of our time” (Murray 1993), and that “the fastest ticket to poverty is to have a child out of wedlock” (Shaw 1996). Welfare hurt rather than helped low-income women (Murray 1984). It created disincentives to work and equally unwelcome incentives to bear children out-of-wedlock, reinforcing the economically disadvantaged circumstances of low-income women. Indeed, Rosenzweig (1999) found that a 10% increase in state AFDC benefit levels was associated with a 12% greater likelihood of unwed childbearing among poor women (cf. Moffitt 1998). For some groups, poverty and welfare dependency became "a way of life," inculcated during childhood, and passed on from generation to generation through a variety of adaptive and maladaptive behaviors, including unwed childbearing (see Gottschalk 1996).

In the end, PRWORA aimed to "prevent and reduce the incidence of out-of-wedlock pregnancies" and to "encourage the formation and maintenance of two-parent families" (P.L. 104-193, section 401(a)). Scholars hold widely differing views about whether AFDC was the problem and whether PRWORA is now the solution. To be sure, some states have expanded programs to discourage unwed childbearing, while the family adaptive responses to state TANF programs are myriad (Wertheimer et al 2000; Wu & Wolfe 2001). For example, low-income
single mothers, by working, may improve their chances of marriage and thus escaping from poverty (McLaughlin & Lichter 1997). Non-working or sanctioned welfare women may move in with boyfriends, relatives, or friends. Under tough TANF regulations, the financial and emotional costs of pregnancy and childbearing have increased; single women may avoid unwed pregnancy by changing their sexual or contraceptive behavior. If they become pregnant, they may be more likely today to choose marriage, abortion, or adoption over unwed childbearing. If married, low-income women, faced with time limits on welfare receipt and tough work requirements, may no longer view divorce as a viable alternative to staying in troubled marriages.

What is the evidence for such claims? For one, the long-term rise in single parent families ended after PRWORA was passed in 1996 (Dupree & Primus 2001). The upward rise in lifetime divorce rates also stopped or even reversed slightly (Bramlett & Mosher 2001), while nonmarital fertility rates have stabilized (i.e., about 45 births per 1000 unmarried women per year) (Ventura et al 2001). Unwed childbearing among teenagers declined 20% among 15-17 year olds and 10% among 18-19 year-olds between 1994 and 1999. Since 1996, declines in unwed childbearing and single-parent families also have been observed disproportionately among disadvantaged groups -- the targets of welfare reform. They have been most rapid among African Americans (Ventura et al 2001). Moreover, Acs & Nelson (2001) report larger declines in the percentage of single-mother families over 1997-99 among the lower-income and poorly educated than among other groups. We cannot unambiguously declare that reductions in unwed childbearing are due to TANF (or, for that matter, to a strong economy), but the largely unanticipated turnaround in many key family indicators is a welcome development.
To make stronger claims of success, we must evaluate several specific welfare reform provisions aimed at reducing unwed childbearing. For example, PRWORA provides cash bonuses to states with the largest reductions in unwed childbearing without experiencing more abortions. The first "illegitimacy bonuses," totaling 20 million per state, were awarded in 1999 to Alabama, California, The District of Columbia, Massachusetts, and Michigan. An Allan Guttmacher survey in 1998 indicated that 34 states and the District of Columbia took specific steps to win the bonus. But identifying specific winning strategies has thus far proven elusive and the lessons learned are modest (Haskins et al 2001a).

States also are required to eliminate cash benefits to unwed teens under age 18 who do not reside with their parents. Studies have shown that state welfare benefit levels are associated with the growth of female-headed families with children (Ellwood & Bane 1985; Moffitt 1998). PRWORA sought to remove incentives to leave home through unwed childbearing. Although it is unclear whether this provision has affected unwed childbearing, the growth in “child only” welfare recipients (i.e., those not living with parents) is troubling. Rather than relinquish independent living, teen mothers may now be more likely to give custody of their children to relatives or nonrelatives. Unlike the new welfare regime, AFDC kept mothers and their children together, for good or ill (Brandon 2000; Hu 2001).

PRWORA also allowed family caps on the receipt of additional cash benefits from unwed childbearing. To date, however, quasi-experimental data have revealed either modest or no effects on unwed childbearing for the 21 states choosing this option. Birth rates among mothers receiving welfare income are very low -- much lower than among all unmarried women -- and any marginal effect from small dollars lost to mothers is not easily revealed statistically.
A heavily-criticized New Jersey study found that welfare mothers subjected to the family cap had slightly lower birth rates than other mothers still enrolled in AFDC (cf., Camasso et al 1998; Murray 2001). In a comprehensive cross-state comparison, Horvath-Rose & Peters (2002) studied nonmarital birth ratios in states with and without family cap waivers over the 1986-1996 period, finding that family caps reduced nonmarital birth ratios. The behavioral mechanisms (e.g., abstinence or diligent contraception) that produced such effects, however, are largely unknown (Argys et al 2000). Any fears that family caps would lead to more abortions is allayed by declining numbers and rates of abortion (Henshaw 2001). Claiming success of family caps is premature, however. Whether newly-born or previously-born “capped” children suffer developmental consequences is unknown.

Title III of PRWORA also promotes male responsibility by establishing legal paternity for births to unmarried women and by writing more child support orders that benefit single mothers (Garfinkel et al 2001). Tougher child support enforcement make men accountable for their sexual behavior and for children born outside of marriage. Unfortunately, only a handful of studies have systemically examined the impact of these policies or identified specific successful administrative programs, especially for teens (see Garfinkel 2001). The early evidence, however, is encouraging. Lichter & Jensen (2001) showed increases in the percentage of poor single mothers receiving child support, and Garfinkel et al (2001) found that strict child support laws reduced unwed childbearing. Horvath-Rose & Peters (2002) similarly found that paternity establishment was significantly associated with lower nonmarital fertility ratios in states that adopted such waivers over 1987-1996.
In the final analyses, the passage of PRWORA has coincided with declines in unwed childbearing and modest reductions in the share of children living with single mothers. Whether the turnaround in many key family indicators is both permanent and a direct consequence of specific provisions of PRWORA is too early to tell.

**Marriage, Cohabitation, and Divorce**

Marriage is described in the 1996 welfare bill as the “foundation of a successful society” and as an “essential institution… that promotes the interests of children.” With re-authorization, marriage promotion policy has moved to the forefront in debates about how best to keep welfare caseloads low (Fagin 2001; Ooms 2001). The pro-marriage or “marriage first” agenda has been set forth in a report published recently by the Heritage Foundation (Feagan 2001), and critiqued by progressive advocacy groups such as the Center for Law and Social Policy (Ooms 2001) and the Progressive Policy Institute (Lichter 2001). Any success of welfare reform is likely to be short-lived unless states take up the challenge of promoting marriage as a context for childbearing and child-rearing (Sawhill 2000). Some states, like Oklahoma and Florida, have already earmarked TANF funds for marriage counseling, and have introduced marriage preparation courses into the school curriculum. Critics worry that states lack the knowledge or means to effectively influence personal decisions about marriage and cohabitation, however well-intentioned their goals.

The logic of marriage promotion activities is straightforward: married women have lower poverty rates than single mothers (Besharov & Sullivan 1996). Welfare benefit restrictions (including time limits) also have "unambiguous implications for marriage, as single mothers confronted with a significant income cut have a clear incentive to marry to secure
alternative financial support” (Fein 1999:4). In addition, many marriage proponents are less interested in creating new incentives than in removing unintended financial disincentives to marry or stay married (cf., Horn & Sawhill 2001; Ellwood 2000b). A few programs, for example, have experimented with eliminating marriage eligibility restrictions on TANF enrollees. The Minnesota Family Investment Program (MFIP) has received the most attention. By making two-parent families eligible for public assistance, MFIP participation modestly increased marriage and decreased family instability (Knox et al 2000). Other studies show that the EITC creates a "work bonus" for low-income single working women (Ellwood 2000b), but that getting married exacts a financial cost, often a severe one (Steurle 1997). Ellwood (2000b) showed that EITC penalties from marriage outnumbered those receiving rewards. Couples that had a child after they married, however, were more likely to benefit from EITC. The EITC created a financial incentive for nonworking single mothers to marry (i.e., she would reap the EITC benefits of her working husband), but also encouraged working single mothers to cohabit rather than marry.

Other studies have produced only modest or inconsistent evidence that marital and cohabitation decisions are influenced by welfare benefits and anti-poverty policies (Moffitt et al 1998). For example, in an analyses of annual data from the Current Population Survey, Blau et al (1999) found that welfare benefit levels were negatively associated with marriage and positively related to female headship, but that these associations disappeared when state fixed effects were controlled. Lichter et al. (1997) reported similarly modest family incentive effects of welfare. Moreover, Blackburn (2000) found little relationship between state welfare payment
levels and marriage among non-Blacks. Benefit levels were associated with unexpectedly higher marriage rates among Blacks.

The incentive effects of AFDC and TANF on marriage have rarely been compared. An exception is Schoeni & Blank (2001). They found that pre-1996 welfare waivers were associated with modest increases in probabilities of marriage and a reduction in household headship among low-income women. A parallel analysis of post-TANF welfare effects, however, revealed less consistent results. Nationally, only .4% of “closed cases” gave marriage as the reason for leaving welfare (http://www.acf.dhhs.gov/programs/opre/characteristics/fy98/tab31_98.htm), but marriage may keep women from recycling back onto welfare. A study of Ohio closed cases examined marital status changes among “leavers” and subsequent returns to welfare (Center for Human Resource Research 2001). Nearly 60% of those who did not return to welfare got married, compared with about 40% of those who returned to welfare. Getting divorced was associated with returning to welfare.

Clearly, we cannot make unambiguous claims that welfare reform has fundamentally altered marital decision making among the low-income and welfare-dependent population without additional research (Lichter & Graefe 2001). Whether newly-initiated marriage promotion activities under TANF will reinvigorate marriage, reduce poverty, and benefit children are empirical questions.

**Well-Being of Single Mothers**

The tough work requirements and time limits of TANF raise serious concerns about the coping strategies of low-income welfare-dependent women. Welfare reform may have created new stressors that are counterproductive in the longer run. For example, has TANF adversely
affected mental health, contributed to more substance abuse, and undermined effective parenting, steady employment, and strong families? Time limits on eligibility may encourage some women, unable to adequately support themselves, to enter or stay in unhealthy or abusive relationships (Riger & Krieglstein 2000). Indeed, welfare mothers face disproportionately high rates of physical abuse, which takes an emotional toll, and male partners often sabotage or discourage women’s efforts for economic independence through TANF (Lyon 2001).

Fortunately, the National Crime Victimization Survey indicates that the number of female victims of intimate violence declined from 1993 to 1998, from 1.1 million to 876,340 violent incidents (Rennison & Welchans 2000).

At the same time, we know surprisingly little about the changing physical and emotional well-being of welfare mothers since TANF. Instead, evaluations have centered on the debilitating personal circumstances of welfare mothers. The reasons are partly pragmatic. To achieve PRWORA’s work participation guidelines, welfare administrators must confront barriers to employment, such as inadequate schooling or job skills, lack of affordable child care, and transportation costs (Corcoran et al 2000). More recently, mental health problems and substance use among the welfare population have moved center stage (Riger & Krieglstein 2000; Semidei et al 2001). Indeed, Joseph Califano, former Secretary of Health, Education and Welfare, stated in a New York Times op-ed that “all the financial lures and prods and all the job training in the world will do precious little to make employable the hundreds of thousands of welfare recipients who are addicts and abusers” (Califano 1995: 40). Differences in what constitutes use and abuse have produced prevalence estimates that vary widely, from 7 to 27% (Olson & Pavetti, 1996). One study estimated that 21% of welfare recipients, compared to 13% of single mothers not
receiving welfare, used an illegal substance in the past year; marijuana use was the most common (Jayakody et al 2000). National studies indicate that drug use is more common among welfare recipients than non-recipient comparison groups (Olson & Pavetti 1996; Schmidt & McCarthy 2000).

Today, TANF receipt comes with the obligation to behave responsibly, including remaining free of illegal drugs. Federal guidelines require states to deny benefits to women with drug conviction felonies; 17 states have sought exemptions from this requirement. Section 902 of PRWORA also authorizes chemical testing to detect substance use by TANF recipients. Among the states, only Michigan has instituted mandatory testing. Testing began in October 1999, was halted by a court injunction in November 1999, and the state is currently appealing a September 2000 injunction against further testing. To date, only 258 Michigan women have been screened for illicit substances, with 21 (8.1%) testing positively, mostly for marijuana (Pollack et al 2001). Whether drug testing has paid dividends in reduced drug use among welfare mothers is unclear.

Although no less important, mental health has received somewhat less policy attention (Jayakody et al 2000). One recent study indicated that 42% of welfare mothers exhibited high levels of depressive symptoms (U.S. Depart. of Health & Human Services 1995), a rate about twice the general population. The National Household Survey of Drug Abuse (NHSDA) indicates that 20% of welfare women experienced psychiatric disorders within the past year (Jayakody et al 2000). The NHSDA, however, includes information on only four disorders: major depression, anxiety disorders, panic attacks, and agoraphobia. The National Comorbidity
Survey (NCS), which contains information on over 10 psychiatric diagnoses, indicates that almost 40% of single mothers had experienced a psychiatric disorder in the past year.

The unresolved question is: Are psychiatric problems a cause or consequence of poverty and welfare dependence? And does maternal work improve low-income women’s mental health? The fact that many poor, single mothers have experienced rape, domestic violence, and sexual molestation seemingly implicates the debilitating personal circumstances of many hard-to-serve welfare or low-income mothers. Indeed, Post-Traumatic Stress Disorder (PTSD) is missing from the NHSDA, but is disproportionately experienced by welfare recipients. Among participants in a welfare-to-work program in New Jersey, 22% reported having been raped; 55% had experienced domestic violence; and 20% had been sexually molested as a child (Curcio 1996). NCS results indicate that 14% of single mothers had experienced PTSD in the previous year and 15% of welfare recipients in a Michigan sample were suffering from PTSD (Danziger et al 2000).

Unfortunately, these women often have difficulty making the transition from welfare to work and achieving self-sufficiency (Jayakody & Stauffer 2000). Many welfare mothers must shoulder the emotional burden of caring for children with physical or psychological disabilities – a situation which some estimates suggest may be faced by up to 40% or more of poor families. Psychiatric problems are associated with a higher probability going on and staying on welfare (Jayakody et al 2000). Recent results from the Women's Employment Study, a longitudinal survey of welfare recipients in Michigan, indicated that women on welfare, but not working, are more likely to have mental health and other problems than former welfare recipients now
working (Pollack et al 2001; Danziger 2001). Mental health problems also place women at risk of sanctioning, due to non-compliance with work requirements and other TANF regulations.

Clearly, mental health problems and substance abuse threaten healthy family functioning and undermine the long-term (often numerical employment) goals of TANF (Zurivan & Grief 1989). For children, the implications for psychosocial development also are potentially large, but are often overlooked in debates over welfare-to-work programs.

**Child Well-Being**

Indeed, proponents of work-based welfare argue that encouraging maternal employment will, on balance, enhance children’s cognitive and emotional development (see Hofferth et al 2000; Zaslow et al 1999). A working mother provides a positive role model for her children. Through regular employment, she may instill values in her children that emphasize work over welfare. Steady employment also “routinizes” daily life and gives children needed structure to their lives. By working, mothers also enhance their own mental health, self esteem, and sense of personal self-efficacy. In turn, they become better parents, more effective in supervising their children and meting out appropriate discipline as needed. High-quality child care and after-school programs may also have positive benefits for low-income children.

The opposing view is that working at low pay creates additional stress on mothers, reduces the time – especially quality time – spent with children, and diverts income to work-related expenses, such as transportation and child care. Early on, critics worried that welfare reform would lead to more cases of child abuse and neglect, fosterage, and abandonment. Effective parenting and supervision (e.g., making sure their children meet immunization and school attendance standards) may be undermined. Some needy single mothers, unable to cope,
would be forced to “give up” parenting altogether, turning over this responsibility to grandparents or other relatives. If mothers are unable to find work and are sanctioned – forced off of welfare – the loss of income also may adversely affect children’s psychosocial development (Klebanov et al 1994; Morris et al 2001).

It is too early tell which view is correct. In an evaluation of a set of welfare-reform random assignment experiments, Duncan & Chase-Landale (2001) found that welfare program impacts varied by age of the children, with generally positive effects on school achievement among elementary-school age children and negative effects on adolescents, especially on risky or problem behaviors. Greater financial or in-kind work supports produced more positive outcomes. In an evaluation of the New Hope Project in Milwaukee, Mistry et al (2002) found large and significant positive effects on educational progress and aspirations, and on social behavior (i.e. teacher assessments of compliance and self-control, competence and sensitivity, and autonomy) and fewer externalizing behaviors, especially among boys. Much of the positive effect was due to the quality of child-care arrangements and after-school programs, rather than to maternal psychological benefits (e.g., self esteem) or improved parenting practices (e.g., warmth of relationship) associated with the New Hope Project. Because New Hope’s benefits package is unusually generous, the results give hope to what is possible with well-designed welfare packages. Indeed, under a less generous program in Michigan, Kalil et al (2001) found that maternal work (measured in months and hours per week) had little overall effect on children’s antisocial behavior, anxious/depressed behavior, or positive behavior. The important point remains: maternal work apparently has not harmed and may benefit many children in welfare families (see Huston et al. 2001).
Reports of child maltreatment and neglect are higher in low-income and welfare dependent families than other families, and the effects on children’s healthy development are well-documented (Fein & Lee 2000; Duncan & Brooks-Gunn 2000). With tougher welfare policies under TANF, early critics feared more neglect and abuse among children of welfare mothers. Work requirements and time limits would affect the availability of time for supervising children, and force single mothers to rely on potentially ill-suited caregivers (such as live-in boyfriends). A new government study (US Dept. of Human & Human Services 2001b), however, reports national declines in child maltreatment. A nationally representative study by the Urban Institute also found no evidence of increased child abuse or neglect following welfare reform (Geen et al 2001), but this may be due an improved economy rather than to benign welfare policy (Paxson & Waldfogel 2001).

These findings contrast with results from a study in Delaware, which randomly assigned 3,959 single parent families to A Better Chance (ABC) program, which included strong work requirements, time limits, and parenting and other personal responsibility requirements, while the others remained on AFDC (Fein & Lee 2000). ABC participation was associated with slightly evaluated risks of child neglect, but overall impacts on physical, emotional abuse, or sexual abuse, or on foster care placements were insignificant. However, the most disadvantaged children – those with parents having low education, long-term recipients, and minorities – fared worse than the comparison group. A Illinois study found that neglect and "risk of harm" were roughly 1.8 times greater in sanctioned families than in those not sanctioned (Shook 1998). Whether sanctions "caused" greater neglect or sanctioned mothers had multiple problems that affected their children could not be discerned from the study design.
Other studies have evaluated the effects of welfare-induced changes in family living arrangements. Presumably, if TANF reduces the incidence of single-parent families, children in the aggregate should benefit. Zedlewski & Alderson (2001) reported a doubling of the rate of cohabitation among welfare recipients between 1997 and 1999. Women who cohabit have a 74% higher rate of physical violence than similar married women (Tjaden & Thoennes 2000). The developmental implications are unclear but suggestive of longer-term negative outcomes for adolescents (Thomson et al 1994; Manning 2001). For example, Nelson et al (2001) reported that white adolescents living in cohabiting families are significantly more likely than those living in single-parent families to exhibit low school engagement, and to be suspended or expelled from school. The effects for Blacks are much less dramatic.

Finally, the number of children living with other relatives (usually grandparents) increased 1.4 million to 2.2 million between 1990 and 2000, while the number of children living with nonrelatives also increased from 346,000 to 837,000 (US Bureau of the Census 2001b). Government statistics show 588,000 children in foster care in March 2000, up from 414,000 in 1991 (Administration of Children 2001). Whether increases are due to the waiver process or to specific TANF provisions is unclear. The economic and developmental implications for children, however, are unambiguous. Over 60% of children living alone with a grandmother were poor, and 90% received public assistance (Bryson & Casper 1999). In a national study, Ehrle et al (2001) reported that living with relatives placed disadvantaged children at risk -- 22% experienced three or more risks, compared with 8% among all U.S. children. The implications of the counterfactual -- if these same children had remained with their parents -- is unknowable. Indeed, moving in with a grandmother is often associated with family crisis -- a parent with
serious emotional problems, substance abuse, imprisonment, or family violence (Pruchno 1999; Fuller-Thomson et al 1997).

WELFARE REFORM AND SPATIAL INEQUALITY

Race to the Bottom?

Critics of PRWORA also have been concerned that some states, in an effort to save money and fearing that generous welfare benefits would attract low-income migrants, may cut spending and tighten eligibility on welfare and work support programs. A "race to the bottom" among competing states would usher in new material hardship for low-income people (Schram & Beer 1999; Weir 1999). The alternative view is that the “devolution revolution,” by giving states flexibility to design and implement their own welfare programs, would reinforce existing spatial economic inequalities. Progressive states -- those with comparatively generous TANF benefits and programs -- would distance themselves from poorer states lacking a history of support for welfare.

Indeed, while the average monthly TANF benefit in FY 1998 was $358, this figure masks substantial state-to-state differences in welfare generosity. The average benefit was only $101 in Mississippi and $136 in Alabama, but $497 in California and $462 in Connecticut (http://www.acf.dhhs.gov/programs/opre/characteristics/fy98/tab09_98.htm). These differences are muted, to some extent, by eligibility for more food stamps in the least generous states. To date, however, there is little evidence to support either scenario --- that states are degrading their welfare systems through TANF or that rich and poor states have become more polarized. Unexpectedly large and sweeping declines in caseloads have eased budgetary pressure to cut
welfare spending and “maintenance of effort” provisions in PRWORA mandating that welfare spending cannot be less than 80% of 1994 levels.

The “race to the bottom” never really started (Bruekner 2000). The race could begin, however, if TANF funding levels under reauthorization are benchmarked to the lower caseloads of 2000 or 2001 (Haskins & Blank 2001). State budget constraints created by smaller TANF block grants may place new fiscal pressure on states to reduce welfare spending on benefits and other work supports.

**States as welfare magnets**

The passage of PRWORA has also reinvigorated concerns that welfare-generous states (like New York or Wisconsin or Massachusetts) would become “welfare magnets” that attract low-income and welfare-dependent in-migrants from less generous states (Corbett 1991). State welfare officials, fearing becoming welfare magnets, included residency requirements in their early TANF plans. They could not deny cash benefits, but many required a waiting period that effectively discouraged welfare in-migration (although residency requirements have now been ruled unconstitutional in some states).

Unfortunately, cross-state studies of the association between welfare generosity and in-migration of the poor have an unsatisfying history. Plagued with conceptual and technical problems -- such as the use of static definitions of the welfare population, reliance on highly aggregated data, or limited controls for other factors that affect migration – this literature has produced little consensus (see Corbett 1991; Meyer 2000; Danaher 2001). For example, comparison group studies using retrospective migration questions (residence one or five years ago) often measure economic circumstances at the destination rather than at the origin. Low-
income people may experience upward socioeconomic mobility as a result of moving to welfare-generous state destinations -- which may also have greater employment opportunities not found in their origin state or alternative destinations.

Since 1996, few systematic evaluations of population flows between welfare-poor and welfare-generous states exist. Available studies reveal inconsistent results. For example, using data from the 1990 Census *Public Use Microdata Sample*, Enchautegui (1997) found that migrants responded positively to benefit differences between sending and receiving states, while the multi-method approach used by Meyer (2000) showed modest welfare-induced migration. Levine & Zimmerman (1999), however, provided no support for the view that the welfare-eligible population was responsive to state variation in welfare benefit levels. In general, migration flows of the poor (from the NLSY) paralleled those of the non-poor. But this conclusion may not apply to all population subgroups. For example, immigrant welfare recipients are more heavily clustered in high-benefit states than are other natives or immigrants. Income-maximizing immigrants, once the decision is made to move to the United States, have fewer marginal costs than natives associated with which state to choose as a destination (Borjas 1999). Immigrants may therefore be especially sensitive to welfare policy changes.

**Forgotten Places: Rural Areas and Pockets of Poverty**

Most state "work first" programs have been formed from an urban-based political and cultural agenda. Rural America -- including isolated and impoverished areas in Appalachia, Mississippi Delta, the Lower Rio Grande valley, and on Indian Reservations in the desert Southwest and in the Dakotas -- is too often forgotten in the welfare policy debates. Most predominately rural states provide low TANF benefits in comparison to generous urban states.
Yet rural single mothers face serious barriers to work, including limited employment opportunities, low wages and underemployment, shortages of child care providers, and chronic transportation problems (Weber et al 2001; Parisi et al 2001). A recent study of the Mississippi Delta showed only one job available for every two welfare recipients (Howell 1997), while rural labor markets nationally may be unable to accommodate a large influx of unmarried mothers (Jensen & Chitose 1997).

The implication is that PRWORA may have exacerbated longstanding economic problems among low-income single mothers in rural areas (Dyk & Zimmerman 2000; Weber & Duncan 2001). Welfare-eligible poor people in rural areas also are less likely than their urban counterparts to receive welfare benefits (Jensen & Eggebeen 1994). Stigma, limited knowledge of eligibility, and inefficient local welfare offices contribute to this problem (Hirshl & Rank 1991; Tickamyer et al 2000). Unfortunately, comparatively few national and comprehensive studies have evaluated the economic and social implications of PRWORA for rural America (Meyer et al 2001). An early evaluation by the Rural Policy Research Institute (1999) found that labor force participation among the working-age poor did not increase in the first two years following TANF, unlike patterns found in metropolitan cities and suburbs.

More recently, Lichter & Jensen (2001) showed that trends in employment, earnings, and poverty among single mothers have largely mirrored metropolitan patterns over the past decade. Welfare reform has similarly affected employment rates among single mothers in nonmetro and metro areas (McKernan et al 2001). Like metropolitan single mothers, rural women became less dependent on public assistance income and food stamps since 1996, and more dependent on earnings from work (Lichter & Jensen 2001). The ameliorative effects of public assistance on
poverty (i.e., the percentage lifted above poverty income thresholds), however, decreased by
36% since 1996 in rural areas.

For rural America, the problem is working poverty. Indeed, rural workers have suffered
disproportionately high rates of poverty and this problem has grown since welfare reform
legislation was passed. Today, over one-third of working rural female heads are poor, a figure
higher than any time since 1989 (Lichter & Jensen 2001). Clearly, optimistic statements based
on national economic indicators mask the situation in many parts of rural America.

CONCLUSIONS

Welfare reform has, in combination with a good economy, ushered in many positive
changes. Welfare caseloads, poverty and maternal employment, and several key family and
child indicators (e.g., unwed childbearing) have moved in positive directions since PRWORA
was signed into law. And, equally important, there is little evidence that the early fears of
growing child poverty, spouse abuse, or child neglect have become more commonplace. The
American public and policy makers also have a less malevolent view of “hard to serve” mothers
and children who remain on welfare. Welfare receipt has become much less stereotypical (i.e.,
fewer references to the "welfare queen") and fewer attributions are given to individual failings.
As such, there may be greater willingness to help low-income mothers who "play by the rules"
by working and behaving responsibly.

The lack of longitudinal or panel data on families and children – both before and after
PRWORA -- prevents a full assessment of potential consequences of welfare policy. We do not
yet understand the short- and long-term consequences for women and children who have

30
exhausted their TANF eligibility or been sanctioned. We know little about the circumstances of families who have been denied TANF benefits through state diversion programs. The working poor are growing segment of America’s low-income population, but we do not know whether work – even at low pay – translates into positive outcomes in the longer term (e.g., better maternal mental health, satisfying and stable marriages, or positive role modeling for children) or leads to additional suffering. Indeed, we do not know whether TAFN will ultimately attenuate the intergenerational transmission of poverty and welfare dependence by promoting work values and traditional families as a context for childbearing and child rearing. We do not now whether tough work requirements and time limits will encourage single women to marry or cohabit unwisely or to give up custody of their children. More important, we do not know whether increased exposure to alternative care givers will help or hurt children of low-income working mothers. Although the preliminary evidence is generally positive, we cannot yet discern whether more generous work and income supports have translated into healthier outcomes among poor children, now and when they grow into adulthood.

In the end, the usual caveat applies: welfare reform has made many low-income families less dependent on government and more self-sufficient. But it also has undoubtedly hurt others. And we do not know whether TANF has promoted personal responsibility or stronger families, as envisioned by its early proponents. As such, sociologists have a large and unprecedented policy role to play during the next phase of welfare reform, after reauthorization of PRWORA and when the welfare debate shifts from declining caseloads to promoting healthy families and children. To be sure, policy research has its limitations, including its potential for political bias and its penchant for misplaced policy assumptions (e.g., “culture of poverty”). But our
admonition to engage in research-based policy research and solutions reflects our positive view of the sociological perspective – one focused on inter-related family and economic systems, structural constraints and opportunities, and changing cultural values.

Indeed, at least three major data collection efforts promise new insights about welfare reform and family functioning. The *Fragile Families and Child Well-being Study* follows a birth cohort of (mostly) unwed parents and their children over a four-year period, and, among other things, provide information on welfare policy effects on family formation, stability, and child well-being (see [http://crcw.princeton.edu/fragilefamilies/](http://crcw.princeton.edu/fragilefamilies/)) (McLanahan et al 2001). The first wave of the *Welfare, Children, and Families: The Three-City Study* was conducted in 1999. This is an intensive longitudinal survey and ethnography in Boston, Chicago, and San Antonio which tracks the adaptive responses of families to welfare reform and evaluates implications for children's health and development (http://www.jhu.edu/~welfare/)(Cherlin et al 2001). Finally, the initial waves of *National Survey of America Families* have been released ([http://newfederalism.urban.org/nsaf/](http://newfederalism.urban.org/nsaf/)), providing comprehensive assessments of maternal and child well-being in states with wide variations in TANF provisions. None of these studies provide adequate data on family and child well-being in (still forgotten) rural areas. The USDA’s *National Research Initiative*, however, has recently funded several studies that confront the welfare-to-work issues facing rural mothers (Findeis et al 2001; Parisi & McLaughlin 2001).

Welfare reform is here to stay. It has not been the unmitigated disaster first imagined by its critics, and the declining caseloads now provide a strong political base for more welfare experimentation. But it is much too early for policy makers and the social science research community to become complacent or to claim success. The complete story of welfare reform –
PRWORA and beyond -- has not yet been told.

ACKNOWLEDGMENTS

Support was provided by a National Science Foundation Grant and Ohio State University’s Initiative in Population Research. The authors acknowledge the helpful comments and suggestions of J. Brian Brown, Sheldon Danziger, Greg Duncan, Deborah Graefe, Leif Jensen, and Sharon Sassler. The authors acknowledge full responsibility for the content and views expressed herein.
LITERATURE CITED


Camasso, Harvey, Jagannathan, Radha, and Killingsworth. 1998. *New Jersey’s Family Development Program, Results on Program Impacts, Experimental-Control Group Analysis.* Trenton, NJ


Corbett T 1991. The Wisconsin welfare magnet debate: what is an ordinary member of the tribe to do when the witch doctors disagree? Focus Vol. 13


and Urban Places in Kentucky. University of Kentucky College of Agriculture, Lexington, KY

Wage Work. New York: Russell Sage Foundation

Ehrle J, Geen R, Clark R. 2001 Children Cared for by Relatives: Who Are They and How Are
They Faring? Number B-28 in New Federalism: National Survey of America's Families. The
Urban Institute, Washington, DC

Eitzen DS, Baca Zinn M. 2000. The missing safety net and families: A progressive critique of

Ellwood DT. 2000a. Anti-poverty policy for families in the next century: From welfare to work

Ellwood DT. 2000b. The impact of the Earned Income Tax Credit and social policy reforms on

Ellwood DT, Bane MJ. 1985. The Impact of AFDC on family structure and living


Fagin, P. 2001. Encouraging married and Discouraging Divorce. Heritage Foundation,
Washington, DC

ABC Experiment. Abt Associates, Cambridge, MA

Maltreatment. Abt Associates, Cambridge, MA


Harris KM. 1996. The reforms will hurt, not help, poor women and children. 

Chron. Higher Ed. October 4, B7


Welfare Reform Academy


Soc. Forces 70(1):225-35


Brookings Inst.


Hu WY. 2001. Welfare and family stability: do benefits affect when children leave the nest? 

J. Human Resour. 36(2):274-303


Meyer BD. 2000. Do the poor move to receive higher welfare benefits? Northwestern University, unpublished manuscript


Ooms, T. 2001 Testimony before the Subcommittee on Human Resources, House Committee on Ways and Means, May 22


Rogers-Dillon RH. 2001. What do we really know about welfare reform? *Society* Jan/Feb 7-15


Schoeni RF, Blank RB. 2001. *What has welfare reform accomplished? Impacts on welfare*
participation, employment, income, poverty, and family structure. Rand Corporation, unpublished paper


Reform Legislation on Family Incomes. The Urban Institute, Washington, DC
