The Decline of Cash Welfare and Implications for Social Policy and Poverty

Sandra K. Danziger

Gerald R. Ford School of Public Policy and School of Social Work, University of Michigan, Ann Arbor, Michigan 48109; email: sandrakd@umich.edu

Key Words
public assistance, single-mother families, employment

Abstract
This article highlights the scope of cash welfare as a poverty program and the policy context that led to the legislative distinctions between pre- and post-1996. Trends in welfare, employment, and poverty for single-mother families are presented, as are hypotheses that guide studies of the effects of welfare reform. Social science and policy research on how the reforms have affected economic outcomes, how reform has been implemented, and how it affects children are highlighted. I next summarize research on child care subsidies, an example of an effective family support that was part of welfare reform. I also highlight lessons from studies of recipient perspectives and those focused on how leavers get by without welfare. I identify gaps in understanding the reduced role of cash welfare for low-income families and offer continuing policy and research questions for addressing poverty in the current economic crisis and recovery.
INTRODUCTION

This article reviews changes in U.S. welfare policy and trends in program participation and poverty since the major welfare reform of 1996. The major social science and public policy research findings on the effects of welfare system changes for family well-being are reviewed. A synthesis of lessons learned from this past decade of research points to gaps in what is known about the declining role of cash assistance in the lives of low-income families. I address some continuing policy and research questions that are critical for reducing poverty in the aftermath of the economic crisis that began in December 2007, the Great Recession.

The highlighted issues include that spending on cash assistance—welfare—has become a relatively small part of total spending on the U.S. social safety net programs. Welfare caseloads have fallen precipitously since the mid-1990s and did not increase following the Great Recession. Poverty has increased since 2007 without increasing welfare receipt, and this failure of the welfare system to respond raises concern for how single mothers and their children will fare in the coming years. By contrast, the number of food stamp recipients, which fluctuates with unemployment rates, reached an all-time high in 2009.

After the 1996 reform, more single mothers worked, many fewer received welfare, and a rising number were disconnected from both work and welfare. Even though child poverty fell modestly after welfare reform, the current rate is similar to that in 1966, when the War on Poverty was launched.

There was disagreement among social scientists and policy analysts about the likely effects of the 1996 welfare reform. Liberals and conservatives had divergent assumptions about the willingness of the poor to work and the availability of jobs for the poor. Yet little attention was given to the many personal and employment barriers of welfare recipients. Studies after the 1996 reform have documented high levels of health and mental health problems, for example, and that these problems make it difficult for recipients to get and keep jobs.

Implementation studies of the changing policies of welfare offices and frontline staff practices document that most states adopted “work first” models that emphasized job search and not training or the provision of services. In most states, the reforms significantly reduced caseloads but had only small effects on the well-being of recipients. Many welfare leavers have a tenuous hold on the world of work and lack access to needed services.

Child outcomes in the aftermath of welfare reform were mixed. Children benefitted when their mothers left welfare for work, and family income increased substantially. However, many mothers left welfare without improvements in economic status, and their children did not experience developmental gains in the short run. For welfare leavers who experienced increased stresses and material hardships, child well-being was negatively affected.

Government spending on child care assistance expanded dramatically after welfare reform. Mothers who use subsidies are more likely to work. However, child care subsidies are not an entitlement. As a result, many eligible parents are not able to access them. Future social science research and policy analysis in the aftermath of the Great Recession should consider how a cash welfare system that restricts entry, pushes welfare exit, and simply offers a work-first message can be reformed to better meet the needs of poor families and children.

THE SCOPE OF SOCIAL WELFARE SPENDING AND CASH ASSISTANCE

Temporary Assistance to Needy Families (TANF) is the federal cash welfare program in the United States that replaced the Aid to Families with Dependent Children (AFDC) program in 1996. TANF accounts for only a small share of government spending for the poor. According to the Congressional Research Service, more than 80 federal programs provide cash or noncash benefits to persons with...
limited income (U.S. House 2008). These include cash assistance or public welfare; food programs such as food stamps, school lunch, and the Women’s Infant and Children Program (WIC); health care, which is primarily Medicaid and the State Child Health Insurance Program (SCHIP); Supplemental Security Income (SSI) for the disabled, blind, and elderly poor; and the Earned Income Tax Credit (EITC) for low-income working families with children.

The actual amount spent per poor person on all of these programs grew (in constant 2004 dollars) at an annual rate of 5.4% between 1968 and 2004, with the most rapid growth in the period prior to the late 1970s. However, the proportion of this sum that was spent on cash welfare has fallen (Burke 2003). In 1987, for example, 29% was for cash, 29% for medical services, 11% for food programs, and 11% for work/training programs. In 2002, the highest proportion, 54%, was for medical services, and the proportion for cash fell to 20% and for work/training programs to 1.5%.

The figures on the extent of reliance among poor families on these various programs are also telling. While receipt of cash welfare has fallen dramatically since 1996, far more families now receive food stamps (now called the Supplemental Nutrition Assistance Program, SNAP), the EITC, and even disability benefits for themselves or their children than the numbers who receive cash aid (Moffitt 2008, U.S. House 2008). In 2004, 56 million people received Medicaid, and SCHIP covered about 7 million poor children. About 25 million persons were on the food stamp rolls, and on a typical school day 14 million children received free school lunches. Just over 19 million families received the EITC, and there were 7.1 million SSI recipients. By contrast, TANF recipients numbered 4.7 million, and almost as many families were in subsidized housing: 4.57 million. The next largest program for low-income families, child care subsidies, was received by 1.7 million families.

More recently, the numbers of children in these programs indicate that seven times as many receive health assistance than cash assistance, and three times as many children receive food assistance than the number on cash welfare. By 2007, there was an average of 23.5 million children on the Medicaid rolls per month, compared with 12.7 children receiving food stamps (SNAP), and 3.1 million received TANF (Falk 2009). Welfare has become a small portion of the government’s efforts to address poverty.

Yet if we examine the composition of the poor, especially those who live in deep poverty, we find that a high proportion of the neediest is single mothers with children, the family unit traditionally eligible for public cash welfare. In 2006, 37% of families with incomes less than 50% of the poverty line were single individuals with no children (Blank & Kovak 2009), but 34.9% were single-mother families. Most of the rest of the poor were married couples with or without children and a very small group were single-father families (2.5%).

As a result of the shrinking role of welfare, poor families have proportionally less of their income generated by public sources and benefits (Danziger & Danziger 2009, pp. 250–51) than in prior decades. Census data from all one-parent families indicate that in 1979 25.4% of their post-tax income came from government sources including cash welfare, food stamps, disability, and the EITC. This fell to 13% by 2006 (p. 259). Public cash sources of support are contributing about half as much as they previously did in terms of how families get by.

**THE 1996 WELFARE REFORM: AFDC BECOMES TANF**

No federal role in cash aid to the poor existed before 1935; only assistance from state and local governments and from private charities was available, and much of that assistance continued remnants of the English Poor Laws of 1601. The first federal welfare program, Aid to Dependent Children, was part of the 1935 Social Security Act. The name of the program changed at mid-century to Aid to Families with Dependent Children (AFDC), and the number
of recipients increased dramatically from the mid-1960s to the mid-1970s after major program changes from the War on Poverty, the Great Society, and the civil rights movement.

Federal court decisions during this period struck down several state restrictive and discriminatory eligibility requirements, such as local residency requirements and “man in the house” rules (Weaver 2000, pp. 17–18). In addition, the welfare rights movement is generally believed to have contributed to rising welfare rolls (Heclo 2001, pp. 175–76). Throughout the 1970s, several major welfare reforms were proposed, but all were rejected by Congress. These included President Nixon’s Family Assistance Plan and President Carter’s Program for Better Jobs and Income, both of which would have expanded eligibility for cash assistance. Nonetheless, controversy about the effects that increased income support for the poor might have on their work effort raged during the 1980s, even though caseloads did not increase (Danziger 2001).

Several welfare policy changes in the 1980s paved the way for the 1996 reform (Danziger & Danziger 2009). The 1981 Omnibus Reconciliation Act signed into law by President Reagan represented the first reduction in cash welfare in decades. The welfare rolls fell by about 14%, and work incentive provisions were eliminated. The Family Support Act of 1988 increased work requirements for welfare recipients but also initiated transitional assistance for child care and Medicaid for families leaving welfare for work. Each state was required to establish a job program to move recipients into work. Also, throughout the 1980s and early 1990s, the federal government granted many waivers that allowed the states to modify the program rules and experiment with welfare-to-work programs. As a result, some states had increased control over program administration (Heclo 2001, pp. 183–85).

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA, Public Law No. 104-93) signed by President Clinton in August 1996 ended AFDC’s 60-year history. The political discourse, ideological debates, and social policy research context leading to the law’s passage have been analyzed extensively (Weaver 2000, DeParle 2004, Cherry 2007, Haskins 2006). Here, I highlight the distinctiveness of the legislative structure of the program from the prior welfare system and its resulting policy reforms that have diminished the program’s role as a resource for the poor.

Major transformations included the end of entitlement to benefits through changes in funding mechanisms and restrictions on eligibility. A federal lifetime time limit for benefit receipt was imposed, and states were required to institute mandatory work rules and to achieve specified rates of participation in work requirements. States were also required to impose sanctions in the form of benefit reduction or case closure to families who do not comply with the new program requirements. States could implement diversion programs to deter or deflect applicants from entering the program. The planned administration and design of many aspects of cash assistance were devolved to the states.

Under AFDC, all applicants who met a state’s income minimum and had minor-aged children were entitled to receive cash assistance. PRWORA abolished AFDC and created Temporary Assistance to Needy Families (TANF), changing the federal contribution from a matching grant to a fixed block grant authorized annually and based on each state’s expenditure in 1994. Theoretically, if a state experienced a surge of applications, it could run out of federal funds and deny people benefits. Further, the federal legislation made eligibility for benefits contingent upon a number of conditions and allowed states to add further contingencies. TANF disallowed parents who had a drug felony conviction. Teen parents under the age of 18 were required to live with an adult and attend school as a condition of receiving benefits. New legal immigrants were not allowed to receive means-tested public benefits, including TANF, for the first five years after entry (Fix 2006).
STATE-LEVEL IMPLEMENTATION OF THE NEW RULES

Most states responded to PRWORA by adding to these new and more complex eligibility and compliance procedures a “work first” program. Work first emphasizes the provision of job search readiness activities, such as resume writing, mock interviews, and access to job bank information. The programs also monitor recipients’ job searches and employment status. Typically, if a recipient does not get a job or loses a job, she or he is required to resume job search activities again rather than be routed to another service such as training or assessment of problems regarding employment (Seefeldt et al. 2003, pp. 356–59). If a recipient is exempt from the work requirements for specific reasons, such as disability or caring for a newborn, she or he is not required to attend work-first activities, but other kinds of training or services are not provided either.

States could set their own AFDC benefit levels since 1935. The 1996 law gave them autonomy on other eligibility rules and on how recipients would meet work requirements (Rowe & Giannarelli 2006). As a result, there is wide variability by state in processes and regulations. For example, states set their own income eligibility criteria and the income threshold at which families can continue to receive benefits (earned income disregards). They use a variety of diversion programs (providing a one-time lump sum payment to families who agree not to seek cash benefits for a set period of time). They also vary in the imposition of work-related eligibility rules for two-parent nondisabled families.

States vary in the activities required for job search and the criteria they use to exempt recipients from job search. Under TANF, all states must sanction or penalize families who fail to comply with program requirements, but sanctions vary by amount and duration. States also vary in how they impose time limits. Federal TANF funds are provided to families for a maximum of 60 months (with the exception of cases in which no benefit goes to an adult but payments are provided to the children only). States can impose shorter time limits or use state funds to extend support to families beyond the federal time limit, or they can impose time limits in an intermittent fashion rather than, or in addition to, a lifetime limit. The wide discretion allowed by the federal legislation has led some analysts to suggest that welfare is now more state than federal policy and that there are now 50 different welfare programs. Rowe & Giannarelli (2006) have stated that “virtually any statement about welfare is no longer universally true across the country” (p. 1).

For example, Rowe & Giannarelli (2006) reported that as of 2003, southern states paid a maximum benefit of less than $300 per month to a family of three, whereas six states paid more than $600 to such families with no other income. Many states had no diversion policies, but nineteen states permitted a diversion payment of more than $1000 to a family of three. Thirty-five states imposed the federal time limit of 60 months, but eight states had shorter time limits, from 21–48 months, while six states set no time limits to cash welfare (these states use state funds to pay benefits after 60 months).

Reauthorization and Revisions to PRWORA

The 1996 legislation funded TANF for five years, and Congress extended the original program several times as it debated welfare reauthorization for four years (U.S. House 2008). The Deficit Reduction Act of 2005 (DRA, Public Law No. 109-171) extended funding for another five years and tightened federal rules regarding how states could meet the law’s work participation rates for recipients. That is, the DRA narrowed the definition and scope of activities that count as meeting work requirements. For example, core activities no longer include GED classes, unless they are part of a time-limited vocational training. In addition, the law revised the caseload reduction credit provisions in a manner that gave states a greater incentive to reduce their caseloads. Both the proportion and types of
cases that must meet the more stringent work participation rates increased. This encouraged states either to serve fewer recipients or to provide fewer services per case, potentially further eroding the program’s role as a safety net for poor families (see also Schott 2009).

TRENDS IN CASELOADS, SINGLE MOTHER EMPLOYMENT, AND CHILD POVERTY

This section provides a statistical overview of trends in welfare program participation, unemployment, and poverty among single-mother families. In fiscal year 2006, the federal government spent $16.4 billion for TANF, and the states spent another $12 billion in maintenance of effort funds for TANF. The proportion used for direct cash assistance totaled only 35% (Falk 2009, pp. 6–7). The next largest share of TANF funds, 19%, was spent for child care expenditures and transfer of TANF funds into the child care block grant. Other categories of TANF expenditures included administration, work expenses, transportation services, and pregnancy prevention services.

For consistency, the data presented in this section show the number of individuals or recipients rather than families or cases. Figure 1 shows the number of AFDC/TANF program recipients from 1960–2008 and, for comparison, the number of food stamp recipients in each year. The number of cash assistance recipients doubled in the 1960s, from about 3 to 6 million and almost doubled again in the next decade, reaching 11.3 million recipients by 1978. The caseload remained fairly stable, ranging between 10 and 11 million recipients throughout the 1980s. The early 1990s saw another rise, to a high of 14.2 million recipients in 1994. This spike in the caseload, despite welfare program changes in the 1980s, contributed to mounting political pressures on federal and state politicians to do something about welfare dependency. The steep decline in the caseload began before the 1996 federal welfare reform. In addition to the 1996 reform, caseloads also declined because of rapid economic growth and low unemployment rates in the mid- and late 1990s and additional policy reforms directed to low-income families. These included the 1997 minimum wage increase, expansion in the EITC, wider application of child support enforcement, and passage of SCHIP. The caseload fall was steepest until 2000 but has continued to fall, to 3.8 million recipients in 2008, similar to the number in the early 1960s. Thus, “poor support” (Ellwood 1988) is relied on by as few families today as it was prior to Lyndon Johnson’s 1965 declaration of the War on Poverty.

Figure 1 also shows that the number of food stamp/SNAP recipients fluctuates more in response to economic conditions than does the AFDC/TANF caseload. This is because many two-parent families receive food stamp benefits but do not receive AFDC/TANF. Food stamp receipt also fell sharply after 1996 when PRWORA also tightened eligibility criteria for food stamps. However, in stark contrast to TANF, food stamp caseloads soared following the recession in 2001. By 2008, there were more than 28 million SNAP recipients, compared with only 3.8 million TANF recipients. The fact that SNAP caseloads still increased in response to higher unemployment whereas the TANF caseload has not indicates that the 1996 reform decisively “ended welfare as we knew it.”

Single mothers’ employment reached historic highs in the aftermath of welfare reform, especially among less-educated single mothers who are most likely to rely on welfare. Figure 2 reports the 1967–2008 trends in work and welfare participation for single mothers ages 18–54 with a high school education or less who had no other adult earners in the household. The top line indicates the proportion who reported any work in the calendar year, which fell in the late 1960s from 66% to at or below 60% in most of the years from 1971 to 1995. Employment among these women rose rapidly after welfare reform to 77% by 2000 when the national unemployment rate was very low; work rates have fallen since that year to about 68% in 2008.
Welfare participation rates, that is, receipt at any point in the calendar year, rose from 30% in 1967 to 48% in 1973 in response to welfare policy changes set in motion by the War on Poverty and the civil rights movement. The rate ranged from 41% to 48% throughout the next two decades. Welfare participation among these single mothers declined dramatically after the 1996 welfare reform to less than 14% by 2008.

The bottom line in Figure 2 indicates the percentage of these single mothers who report neither work nor welfare income nor other adult earners in the household in the year. The extent of nonwork/no welfare fell from 14% in 1967 to between 9% and 13% for most of the years between the late 1970s and welfare reform. The proportion then increased to 25% for these mothers in 2008. Blank (2007) estimates low-income single mothers who have neither formal work nor cash welfare are responsible for up to 4 million children, a larger number than the 3 million children who received TANF in 2007 (Falk 2009).

Figure 3 reports poverty rates for children living in single-female-parent families compared with children in other families from 1959 to 2008. The greatest reductions in child poverty for both groups occurred between 1959 and 1969, an almost 18 percentage point decline for children living with single mothers and an almost 14 point drop for children living in all other families. The discrepancies in poverty rates between children living with single mothers and children in other families have remained consistently high. Poverty for children in single-mother families reached a low of 42.1% in 1999, after welfare reform and when the economy was booming. The 1989–1999 decline in poverty for children with single mothers, 9 percentage points, was much larger than the 1.3 percentage point decline for other children. This reflects the fact that the increased earnings from rising employment of single mothers shown in the previous figure more than offset the reductions in cash welfare. Poverty of children in both groups increased after the recession of 2001.

In 2008, at the start of the Great Recession, 43.5% of children living with single mothers and 10% of children in other families were poor.

Many studies note the complex relationship between parental economic status and the likelihood that a child will live with both parents. For example, many low-income single mothers do not marry the fathers of their children because they have poor labor market prospects—their wage rates are low and they are frequently unemployed (Edin & Kefalas 2005, Cancian & Reed 2009); this is particularly the case for African American fathers.

Figure 4 shows trends in child poverty rates for all children between 1959 and 2008 and the rates for white non-Hispanic, African American, Hispanic, and Asian children starting at different years. The Census Bureau did not gather information on a large enough sample to publish an annual poverty rate for Hispanic children until the early 1970s or the rate for Asian children until the mid-1980s.

Child poverty for all racial/ethnic groups fell during the 1960s, rose in the late 1970s/early 1980s, and improved again during the first several years after welfare reform. These gains slowed after 2000. Note that the official child poverty rate in 2008, 19%, was about the same as it was in 1966, just after the War on Poverty was declared. The Great Recession that began in December 2007 will lead poverty rates for all groups to be higher in current and coming years than they were in 2008, as the unemployment rate reached 10% in 2009 and is not expected to reach the 2008 rate (5.8%) until 2015 (Council Econ. Advis. 2010, p. 75).

White non-Hispanic children and Asian children have much lower poverty rates than African American and Hispanic children in every year. In 2008, 10.6% of non-Hispanic white children and 13.3% of Asian children were poor. Even though poverty fell dramatically for African American and Hispanic children in the 1990s, they remain about three times as likely to be poor as white and Asian children, and no reductions in the disparities in child poverty by race have occurred. For African Americans,
child poverty was 33.9% percent in 2008; for Hispanic children it was 30.6%.

COMPETING THEORIES OF HOW WELFARE REFORM AFFECTS WORK AND POVERTY

During the welfare reform debates of the 1980s and 1990s, many researchers subscribed to one of two competing views about the low employment rates of welfare recipients and therefore about the underlying causes of their poverty status. These assumptions informed much of the social science and social policy research both before and after welfare reform.

Conservatives such as Mead (1986, 1993), Murray (1984), and others argued that nonwork was primarily voluntary. Low-wage jobs were available, but welfare recipients rejected them. According to an American Enterprise Institute Working Group, “Money alone will not cure poverty; internalized values are also needed. . . [T]he most disturbing element among a fraction of the contemporary poor is an inability to seize opportunity even when it is available and while others around them are seizing it” (Novak 1987, pp. 10–11). I label this view “all they need is work.” The work-first approach adopted by state welfare programs after the 1996 reform reflects this view.

Liberals, such as Wilson (1987, 1996), argued in contrast that nonwork was involuntary. The disappearance of manufacturing jobs from central cities and the increasing demand by firms for educational credentials and skills meant that many inner-city residents could not get or keep jobs. Liberals also pointed out that even if welfare recipients could find jobs, they would only find low-wage jobs. I label this view “they need work opportunity and government should make work pay.” Some federal and state policy changes in the 1990s, largely outside of the cash welfare system, targeted the structural conditions of work among the poor. Expansions of the EITC in 1993, an increased minimum wage in 1997, expansions of Medicaid and the introduction of the SCHIP in 1997, and expanded child care subsidies as part of PRWORA are designed to “make work pay.”

Proponents of both views assumed that most welfare recipients were similar to other workers. They had low educational attainment, few labor force skills, and low work experience due either to personal or social and economic structural reasons, but so did many other low-wage workers. However, additional information became available through research on the 1996 welfare reform. It is now evident that a substantial percentage of welfare recipients differ from other low-wage workers in that they have multiple personal barriers to employment. These include a higher incidence than average of health and mental health problems and children with health problems. These barriers decrease their ability to find and maintain employment and are mostly not addressed by welfare agencies. Many post-1996 studies have addressed the extent to which welfare leavers and stayers have extensive rates of such problems that affect their welfare, work, and material hardships.

The “all they need is work” theory emphasizes the need for greater efforts by welfare agencies to enforce work requirements. PRWORA reflected this view by assuming that if recipients were required to search for jobs, the increased job search would lead to increased employment and earnings and, hence, to less poverty. If this theory accurately reflects conditions of welfare recipients, then (a) most recipients at the start of the 1996 reform would have low education and low work experience, and (b) as a result of their required search for work, recipients would increase their employment and earnings after welfare reform and their lives would show economic improvements.

Critics of PRWORA’s work-first policy acknowledged that lack of education and work experience were problems. But they emphasized opportunity deficits and, accordingly, that a successful transition from welfare to work requires greater availability of jobs and access to higher wages and benefits. If this theory accurately reflects the lives of welfare recipients, then
Women on the rolls at the start of welfare reform primarily needed to be aided with greater linkages to jobs and employers willing to hire them.

They also needed the welfare agency to help them deal with structural barriers such as access to work, transportation, and child care.

Welfare recipients would not differ in motivation or in personal challenges from other low-wage workers.

PRWORA’s work mandates alone would not necessarily improve employment and economic well-being. Rather, labor market and economic conditions outside of the cash welfare system also had to improve for recipients to exit welfare and show economic gains.

If proponents of the multiple barriers and personal disadvantages hypothesis were correct, then

Many welfare recipients would not respond either to increased work requirements or to increased access to jobs because their personal or family situation prevents them from getting and keeping jobs.

Given that state welfare programs were ill equipped to identify much less to address these employment barriers, some recipients would leave welfare without improving their well-being. Some welfare leavers might face increased hardships.

These barriers (not a more or less voluntary lack of work experience nor structural economic constraints) would be common among those who fail to move from welfare to work.

RESEARCH ON BARRIERS TO EMPLOYMENT

Many post-1996 studies of welfare recipients documented that their situation was more complex than any single theory implies. These studies find that many employment barriers are significantly and negatively associated with economic success. For example, interviews with current and former recipients in Cleveland and Philadelphia (Scott et al. 2004), surveys of Milwaukee welfare applicants (Dworsky & Courtney 2007), and interviews and focus groups in rural Missouri (Pandey et al. 2003) all found that current and former welfare recipients had multiple barriers to employment and that the women who worked more after welfare reform had fewer barriers.

To illustrate their prevalence and complexity, consider findings of the Women’s Employment Study (WES), a panel study that randomly sampled about 750 recipients in one Michigan county in 1997 shortly after welfare reform was implemented and followed them for more than six years (Danziger et al. 2000, Danziger & Seefeldt 2002, Corcoran et al. 2004). This study measured the characteristics relevant for the three hypotheses discussed above. In self-assessment data, it is difficult to disaggregate structural from motivational or behavioral issues regarding work and educational limitations. However, the data allow us to categorize respondent reports of barriers into seven exclusive types: work limitations, educational deficits, health problems, at-risk mental health status, child health problems, alcohol dependence and/or drug use, and domestic violence.

Work limitations include having low prior work experience, few job skills, little knowledge of work behavior norms, or a criminal record. Educational deficits include lacking a high school degree, reporting a learning disability, or reading at or below a fifth grade level. These types of problems can be associated with either lack of effort or lack of opportunity.

The five other categories reflect personal disadvantages consistent with the barriers-to-work hypothesis. These include respondents who reported high levels of specific health limitations and self-reported fair/poor health. Another category includes respondents who met diagnostic screening criteria for at least one of three mental health disorders, measured using the Composite International Diagnostic Interview (CIDI) for major depression, post-traumatic stress disorder, or general anxiety...
disorder. Respondents were also coded for whether they met CIDI criteria for alcohol dependence or reported using illegal drugs. Child health problems were measured by whether the women reported having at least one child with physical, emotional, or learning problems. The seventh category includes women who had experienced severe domestic violence, according to the Conflict Tactics Scale.

Only about 17% of the sample met none of the criteria for having any of these seven barriers shortly after welfare reform was implemented. These women’s attributes are consistent with the “all they need is work” hypothesis. Because they did not report any of these problems, they should have been more likely to respond positively to pressures and incentives of increased work requirements of the work-first program and to have been more likely to find and keep jobs than women who reported some of the problems. Another 18% of respondents had at least one work and/or education problem but had none of the other personal or family problems measured. These women simply lacked education and/or some work skills and experience. They could be hypothesized as having either structural opportunity deficits or motivational problems but no other barriers to employment.

Taken together, these two groups represent more than one-third of the welfare caseload. Because welfare reform was implemented at a time when the economy was booming and unemployment rates were lower than they had been since the late 1960s, it is difficult to distinguish between the conservative and liberal hypotheses about the causes of their nonwork and receipt of welfare.

About one-quarter of the women met criteria for having at least one of the five indicators of personal and family challenges even though they did not lack work experience or skills or have education deficits. These women had health and/or mental health problems, children with health problems, substance abuse, and/or serious domestic violence at levels that exceed prevalence in national samples of mothers (Danziger & Seefeldt 2002, Scott et al. 2004, Dworsky & Courtney 2007, Pandey et al. 2003, Zedlewski 2003). For these welfare recipients, work requirements on their own are unlikely to lead to steady employment unless services are provided to help them resolve the issues they face.

The remaining 40% of the WES respondents reported a combination of at least one work and/or educational problem and at least one of the personal or family challenges. Consistent with the findings of many post-welfare reform studies, their lack of work cannot simply be attributed to any one of the three hypotheses about successful transitions from welfare to work.

SOCIAL SCIENCE RESEARCH ON THE EFFECTS OF WELFARE REFORM: METHODS OF STUDY AND TYPES OF EVIDENCE

The post-1996 research on the effects of welfare reform on recipients or would-be recipients has attempted to evaluate one or more of these hypotheses. Many types of data and research methods have been utilized to examine how welfare program changes affected single mothers and their children. Studies have analyzed administrative records, survey data, focus groups, and ethnographic data.

First, some studies analyze state administrative data and attempt to evaluate how state policy differences are associated with variations in state caseload dynamics. These studies have difficulty sorting out exactly which new state program rules affect client behavior. In part this is because some program rules, such as reliance on work-first programs, do not vary much across the states.

Other studies analyze both administrative and cross-sectional survey data gathered from recipient or former recipient samples and include indicators of behavior that are not available in caseload records. Acs & Loprest (2004) summarize results from many state leaver studies that use both types of data. There is much debate over the pros and cons of self-report versus administrative indicators, with
measurement error on both sides and differences in outcomes. For example, employment in occasional or informal jobs may be less accurately recorded in administrative data than in self-reports, whereas the value of benefits received may be underreported in self-report relative to in administrative data.

Panel studies follow recipients who have been exposed to a particular type of welfare program change for several years. These data attempt to evaluate the specific program context and conditions associated with changes in the well-being of mothers and children. Among the most prominent studies are the WES in Michigan, the Three-City Study (Chase-Lansdale et al. 2003, Cherlin et al. 2007), MDRC’s Welfare and Urban Change study (Scott et al. 2004), the Illinois Families Study (Slack, Magnuson & Berger 2007), and the TANF Milwaukee Applicant Study (Dworsky & Courtney 2007). Data from the Fragile Families and Child Wellbeing Study have also been analyzed to examine welfare reform outcomes (Osborne & Knab 2007). In addition, MDRC pooled data from experimental studies conducted in several states and localities that provide estimates of the “treatment” effects of specific program changes, such as the state waiver programs that the federal government authorized prior to the 1996 reform (Morris 2008).

Empirical research using large national data sets, such as The Urban Institute’s National Survey of America’s Families (Acs & Loprest 2004, Zedlewski 2003), attempts to unravel behavioral responses of the poor to various welfare program changes, other policy changes, and changes in economic conditions. Underlying the studies of how specific policy reforms are associated with behavioral change is the assumption that such requirements act as levers to influence recipients’ economic calculations of risks and benefits through which they choose to, for example, take a job versus remain on welfare.

Qualitative researchers consider such assumptions by focusing on the use and role of welfare in recipients’ lives, the ways recipients understand or misunderstand the new rules, and how the reforms affect the daily routines of welfare workers on the front lines. This research reveals the experiences and implementation of the work message of the new welfare system.

HOW DID WELFARE REFORM AFFECT WORK AND WELL-BEING?

The most recent studies find that state variation in welfare policies and changes in these policies within states over time account for very little of the variation in cross-state differences in the rate of welfare exits, variation in maternal labor supply, or income changes (see also Moffitt 2008). A number of early postreform studies attempted to attribute changes in these outcomes to the effects of welfare program changes versus economic changes versus other policy changes legislated around the time of PRWORA, such as the minimum wage increase and the EITC expansions (for example, Blank 2002). However, analyses that include state policy data find that little variation in the transition from welfare to work can be attributed to differences in how states implemented their various reform levers. Studies have examined increased earned income disregards, which sought to increase the incentive to work by allowing recipients to continue to receive cash benefits while working and earning; the studies have also examined the imposition of time limits, perhaps the ultimate major disjunction between TANF and the old AFDC system.

For example, Danielson & Klerman (2008) examined seven years of AFDC and nine years of TANF program data through 2005 and estimated the effects of economic changes and of state program variation, such as financial incentives, sanctions, rates of earned income disregards, time limits, and diversion policies. They also controlled for other state policy variations, such as whether the state had family cap policies (prohibiting increased benefits when recipients give birth), and variation in immigrant provisions. They were not able to attribute much of the rapid caseload decline in all states to either
state-level variation in economic conditions or to signature components of the policy reforms.

Matsudaira & Blank (2008) examined the effect of variations in earned income disregards on the labor supply and incomes of single mothers. They concluded that state variation in these policies does not seem to matter because, at the point at which earnings gains would slow the reduction in cash assistance, few mothers remain on the caseload. Instead, recipients tend to leave the welfare rolls as soon as they can or as soon as they are threatened with sanctions. Thus, few people experienced or understood the more generous disregard policies that some states implemented.

With time limits, the variation in how states adopted these regulations resulted in the situation that, by 2005, very few families had actually experienced a time limit. A review of time limit studies (Farrell et al. 2008) found that, although 52% of the federal caseload was theoretically subject to a time limit, in 2005 only 2–3% of case closures were actually closed due to time limits. And one-third of these 250,000 cases were in New York, which transferred the cases to a similar state cash welfare program. Of cases on the rolls in 2005, only 8% had received cash assistance for the federal time limit maximum, 60 months or more. Thus, time limits have had little direct effect on behavior, in part because many other program changes, such as sanctions for not meeting work requirements, led recipients to leave the rolls well before they reached the time limit. However, the authors suggest that time limits may have a strong anticipatory effect in that recipients and frontline workers stress them as part of the conditionality and restrictiveness of the new welfare system.

IMPLEMENTATION FINDINGS WHERE THE RUBBER MEETS THE ROAD: NEITHER PITIED NOR ENTITLED

The research of Lurie and others (Lurie & Ricucci 2003, Lurie 2006) has examined how TANF was implemented in several locales in four states—Michigan, New York, Georgia, and Texas—that were chosen for the variation in welfare program structure and general level of social program generosity. In examining the extent to which the welfare system and work of local welfare agencies was transformed, they found that the message that employment was now mandated and that cash assistance eligibility was now conditional and time limited was effectively deployed at the state policy and administrative levels. Belief in the primacy of these messages and adherence to them was widespread among state-level administrators and guided worker training and the development of system changes at the state and local level between the assistance offices and the employment-related service programs.

However, most frontline welfare workers continued to interact with clients in ways that differed very little from pre-1996. Issues of compliance/eligibility for cash assistance dominated their interactions with recipients rather than information about employability. Thus, the authors concluded that the culture of the welfare office had not changed by 1998–1999. Most workers did not believe the welfare system was being transformed. Their jobs had largely not changed, except for additional paperwork and the requisite expression of the work mandate.

While the overall processes in welfare agencies reinforced the work message and effectively disentitled families from long-term cash assistance, the behavior and culture of frontline workers did not change dramatically from the pre–welfare reform era. More recent studies on the implementation of welfare reform at the state and local levels find uneven and highly variable quality of the delivery of welfare-to-work services and widespread use of sanctions or threats of sanctions to manage the caseloads. There are more contacts between workers and recipients, but these are dominated by compliance issues rather than by service provision.

For example, Handler & Hasenfeld (2007) note that welfare reforms in many parts of the country are poorly executed in local offices. The procedures and rules are often quite difficult for recipients to understand, and frontline workers...
treat many clients with suspicion. Application forms and regulations are complicated, with many new regulations added to previous regulations as opposed to replacing them. The hassles and hurdles a recipient must endure to qualify for cash assistance and stay on the rolls are complex and time consuming (Watkins-Hayes 2009, Lens 2008).

The stigma of welfare receipt endures in the post–welfare reform era. Frontline workers typically process cases in a manner that reinforces negative cultural stereotypes of welfare recipients and victim blaming (Sandfort et al. 1999, Watkins-Hayes 2009, Lens 2008, Handler & Hasenfeld 2007). Proof of deservingness is questioned in the intake process, and workers make distinctions and resort to differential and preferential treatment of clients based on their own perceptions of client worthiness. Administrative and technical innovations of the application processes and certification processes via telephone or the Internet may reduce worker discretion and humiliating practices and may provide more efficiency in the systems. However, few efforts to train workers on issues of diversity, for example, have been noted in the literature (Watkins-Hayes 2009).

A recent cost-benefit analysis of different ways of organizing welfare-to-work schemes suggests that an exclusively mandatory program that places demands on recipients but offers little variation or choice and few supplements to increase the gains of employment upon exit will reduce government expenditures in the short term (Greenberg et al. 2009). But these programs do not increase financial well-being for the recipients, whereas more expensive programs that provide supports such as earnings supplements produce better gains for clients and their families. In other words, typical work-first programs tend to reduce caseloads but do not improve economic well-being. Policies that reduce welfare caseloads without significantly reducing poverty are the norm across the states. To turn the phrase of historian Gordon (1994) that the poor are “pitted but not entitled,” in the current cash welfare programs the poor are neither pitied nor entitled.

THE EFFECTS OF THE 1996 WELFARE REFORM ON CHILD OUTCOMES

Early studies of the effects of the 1996 welfare reform on child outcomes suggested that the reform may not have harmed poor children (Chase-Lansdale et al. 2003). Neither the critics’ dire predictions of increased child poverty nor the proponents’ rosy forecasts that children would directly benefit from seeing their mothers take jobs came true. Millions of destitute children were not put out on the streets in the first decade following welfare reform. However, the Great Recession led to increased poverty and increased food assistance rolls in 2008 and 2009, while the cash assistance rolls have not increased much in response to the financial crisis; so, it is possible that negative child outcomes might appear in the near future. On the other hand, the hypothesis that, once their mothers entered the workforce and began to pick themselves up by their bootstraps, child and family troubles would melt away also did not come true. Studies discussed below are not finding that welfare leavers’ stress levels and mental health status improve as they exit the rolls, which has implications for child well-being.

The widely cited study based on the Three-City Study (Chase-Lansdale et al. 2003) analyzed early child and young adolescent cognitive, psychological, and behavioral outcomes and the effects of mothers’ transitions in and out of work and welfare over a 16-month interval between 1999 and 2001. Neither gains nor losses in employment nor exits or returns to welfare (compared to no changes in mother’s work/welfare status) affected five measures of preschoolers’ well-being.

Results for the 10- to 14-year-olds were mixed. For example, adolescents’ mental health improved for mothers who had gains in employment. Policies that reduce welfare caseloads without significantly reducing poverty are the norm across the states. To turn the phrase of historian Gordon (1994) that the poor are “pitted but not entitled,” in the current cash welfare programs the poor are neither pitied nor entitled.
associated with changes in mothers’ time apart from children and with changes in income in order to explain their results. Entry into employment resulted in income gains in every model, but it only increased time apart from young children, whereas mothers with adolescents who increased work did not reduce time spent with older children.

Questions remain, however: Were the parents’ income gains insufficient to bring about developmental gains in young children? Or were the effects on children muted by the fact that the changes in mothers’ work and welfare included both mandatory and voluntary transitions? While the policy design and literature on the effects of income on children suggested that child well-being should have improved, this study and others have not captured possible changes in the costs of work relative to earnings and other demands that could strain the budgets of working families. By contrast, research on experimental studies of programs that provide generous earnings supplements suggests positive effects on preschoolers’ cognitive performance and school achievement (Morris et al. 2005).

A special issue of the journal *Children and Youth Services Review* (Slack et al. 2007) was devoted to an examination of child well-being in the years after welfare reform. The articles analyze five different nonexperimental panel studies conducted in Massachusetts, Illinois, Texas, Michigan, and Wisconsin and in all the states included in the Fragile Families and Child Wellbeing Study. The authors conclude that the transition from welfare to work itself may not directly affect child behavioral outcomes, but it may operate through mediators such as parental stress and the family’s experiences of economic hardship. In several studies, mothers’ stress and hardships remained high regardless of employment and welfare status, indicating that increased employment may improve income but may not improve mothers’ well-being in other dimensions. Because mothers’ well-being is directly predictive of child behavior problems, these indicators improve or decline together (e.g., Kalil & Dunifon 2007).

Johnson et al. (2010) use the Michigan WES panel data to examine how welfare mothers’ post-reform work experiences affected child behavior problems. They found that mothers whose jobs were unstable, who worked full-time, or who were in jobs with irregular, fluctuating schedules had young children whose behavior problems and academic progress were adversely affected. Full-time work had negative effects on children only when the jobs were low paying. Children whose mothers worked in relatively better jobs that required cognitive skills and offered opportunities for wage growth were not negatively affected. However, high levels of economic and job instability and continuing financial hardships, such as exposure to housing evictions, are common in the lives of many former welfare recipients, and such conditions put children at risk.

One cross-sectional study found detrimental health effects using medical audit information on young children’s hospital admissions and caregivers’ self-report of their program participation, food security, and child health (Cook et al. 2002). Conducted in 1998–2000 in six cities, they found that mothers whose cash benefits were terminated or reduced compared to those with no change in benefits had greater odds of child hospitalization, of being food insecure, and of having children admitted after being seen in emergency care. The temporal sequencing of these indicators is not always clear, however, in that the mothers whose children had prior chronic and serious health problems could be those who were more likely to have difficulties meeting the new welfare requirements. The study does raise concerns that vulnerable families’ situations were exacerbated and their children’s poor health conditions were put at further risk by the new welfare restrictions.

One study finds that welfare policy changes are associated with reductions in early adolescent births (Lopoo & DeLeire 2006). Using national birth record data, they examine births to 15- to 17-year-olds between 1992 and 1999, the period when states implemented the minor-aged parent restrictive provisions in PRWORA (such as that teen parent recipients
must live with an adult), compared to birth rate trends for 18-year-olds, to whom these particular PRWORA restrictions do not apply. Over time, the rates for both groups declined, but they declined more rapidly for 15- to 17-year-olds after states implemented the minor-aged parent rules.

Furstenberg (2007) has documented that the trend in teen birth rates is not associated with welfare policy changes over the past 40 years. Kirby (2007) reported that 16 studies examined whether changes in the new welfare policies, such as work requirements or time limits, affected teen birth rates and found that none of these policy changes affected adolescent childbearing. Some analysts argue that the media and public outcry over rising unwed teen births, especially to teens in poor communities of color, contributed to the unpopularity of AFDC and led to the passage of PRWORA (see also Hecho 2001, Handler & Hasenfeld 2007). They suggest that the framing of teen births as caused by lax welfare programs provided ideological ammunition for PRWORA’s tough love message to reduce the role of cash assistance in the lives of the urban poor.

PRWORA consolidated federal funding for child care into the Child Care and Development Block Grant (CCDBG) and permitted states to draw from TANF funds to further supplement child care spending. In addition, states can contribute supplemental state funds toward child care assistance. States are provided flexibility in the design and implementation of their subsidy systems (including determining eligibility criteria), although federal law requires states to make CCDBG funds available to most legal nonparental care options (e.g., formal centers, family care homes, relative care, and care by nonrelatives). As a result, there is wide variation in the structure and operational aspects of state subsidy programs.

In Michigan, for example, CCDBG and TANF funds were blended after the 1996 reform, and child care funding tripled between 1996 and 2000 (Seefeldt et al. 2001). Parents who have a child under 14 years of age, are employed or engaged in employment-related TANF activities, and meet income-eligibility guidelines are eligible for subsidies.

Schaefer et al. (2006) reviewed 17 post-welfare reform studies of the correlates of subsidy use. The authors concluded that several factors were consistently related to subsidy use. Single-parent families and families with younger children disproportionately used child care subsidies in several studies. However, only the presence of young children (where child care costs are of most concern) is consistently related to subsidy use across studies. Few studies examined whether the number of adults in the household or older children in the household—which may be proxies for the availability of child care provision by household members—was related to subsidy use.

Schaefer et al. (2006) note that African American mothers were more likely to receive subsidies than were whites or Hispanics, but education and income levels were not consistently related to subsidy use. Danziger et al. (2004) found that younger mothers, those who were married/cohabiting, women who had less than a high school degree, and women who had physical health problems were less likely to
receive subsidies than their older, single, more educated, and healthier counterparts.

While children in TANF families have priority over other low-income children in some states, few studies have examined how public benefits other than TANF affect subsidy use. Davis et al. (2009) analyzed three years of Oregon’s administrative data and documented that most subsidy users received food stamps. Because child care assistance must be accessed through the welfare agency, many low-income working parents who do not receive TANF or food stamps may not know they are eligible for subsidies.

To qualify for child care subsidies, TANF recipients must be employed or engaged in a job search. The amount of the subsidy often depends on number of hours worked in many states. Studies find that child care subsidies provide an incentive to work (Bainbridge et al. 2003, Meyers et al. 2002) and may reduce child care-related disruptions among workers (Press et al. 2006). Danziger et al. (2004) found a significant relationship between subsidy use and both earnings and employment duration, but the relationship may be reciprocal in that only those working can apply for and begin to use subsidies, but once in receipt of the child care voucher, the parent may be able to achieve employment stability.

Child care subsidies can be used for a range of child care types. Crosby et al. (2005) examined 13 experimental welfare and employment programs and found that low-income parents who were provided expanded child care assistance as part of their welfare-to-work program were more likely to use center-based care than were those whose program did not offer child care assistance. Although center users may disproportionately receive subsidies, subsidies often pay for care by home-based providers.

In Michigan, almost half of subsidies in 1998 went to relatives of recipients who provided in-home care; less than one-fifth of the subsidized arrangements were in child care centers (Danziger et al. 2004). Thus, while center care users may be more likely than others to receive a subsidy, most low-income families do not use centers. In fact, most low-income families rely on child care that is developmentally inadequate or minimally adequate, according to findings from the Three-City Study (Levine Coley et al. 2006). The research does not indicate whether subsidy receipt leads to higher quality care (Antle et al. 2008).

The American Recovery and Reinvestment Act of 2009 expanded funds for child care subsidies and for quality improvements in child care services. However, there remain many more families who are eligible than who participate in the subsidy program. To promote quality, the National Research Council’s Committee on Family and Work Policies advocated higher reimbursement rates for those types of care that are associated with more positive developmental outcomes for children (National Research Council 2001).

LIFE AFTER WELFARE REFORM: RECIPIENT AND FORMER RECIPIENT PERSPECTIVES

Only a few studies since 1996 have focused on client assessments of their needs or their personal views of the welfare policy changes. These studies typically utilize focus groups, in-depth interviews, and/or survey data and have documented that recipients continue to report high levels of dissatisfaction with the welfare system. They view most agencies as not providing the services that they value and believe they need (Scott et al. 2004, Anderson & Van Hoy 2006, Boushey 2002). For example, a focus group study in New York City noted that recipients felt the agency did not address their tensions regarding managing both family responsibilities and financial needs (Boushey 2002, p. 93). Several studies concluded that programs were not flexible enough to meet the diverse needs of recipients (e.g., Scott et al. 2004, Beimers & Fischer 2007, Sandfort et al. 1999). Other studies documented client dissatisfaction with how they were treated by caseworkers (Sandfort et al. 1999, Latimer 2008, Anderson & Van Hoy 2006, Cooney 2006).
These concerns are especially important in that, prior to 1996, few recipients left the cash assistance rolls for other than voluntary reasons, presumably when their income from other sources increased or they married. Since 1996, welfare exits occur for many reasons, including sanctions for noncompliance with requirements, reaching time limits, or by choice.

Several states combined administrative data from welfare and unemployment systems with surveys of welfare leavers to track what happens to these families. Acx & Loprest (2004) synthesized 15 studies of leavers. Four out of five former recipients worked at some point in the first year of exit, but only two in five worked consistently. Leavers who worked typically had full-time work at the minimum wage, about $8–9 an hour (at 1999 dollars). However, their incomes remained close to the poverty line, and a quarter to a half experienced hardships such as food or housing insecurity.

One in five returned to welfare within a year of the exit. Others were supported by spouses or family; others transitioned onto a disability program. However, 10–12% of leavers reported no regular sources of financial support. Involuntary leavers had higher barriers to employment, such as health and mental health problems, and greater material hardships, such as food and housing insecurity and lack of access to medical care, than did those who left welfare for work or marriage.

As documented above, a much smaller number of poor women and their children now receive cash assistance. And those who receive it rely on it for shorter periods of time. Given the increased food assistance rolls and poverty since December 2007, news accounts have begun to question the lack of responsiveness of TANF to increased financial distress (DeParle 2009). For example, in some states, welfare applicants must provide proof of active job search. This means that those who have given up job search in the face of double-digit unemployment rates are not eligible for cash assistance. In addition, many states have formal diversion mechanisms and informal means of discouraging applicants, such as restricted eligibility and increased application requirements. These make it less likely that some poor families even apply for welfare.

The extent to which the well-being of single mothers has worsened or improved since the 1996 reform is difficult to assess in the absence of studies that compare consumption before and after reform, such as in Edin & Lein (1997). Two recent books use both qualitative and quantitative data to document how families get by in a world where cash welfare is no longer readily available. Seefeldt (2008) describes the tenuous hold on the world of work that employed former welfare recipients possess. Lein & Schexnayder (2007) examine economic insecurity, family problems, and lack of safety net supports among welfare leavers.

Lein & Schexnayder (2007) describe the experiences of families who left welfare in Texas. Texas has a very restrictive TANF that provides little besides job search assistance and makes it quite difficult to access child care subsidies.
and transitional Medicaid for the adults who leave welfare for work. Their respondents reported difficulty in accessing benefits, understanding eligibility criteria, and meeting program requirements. Those who left the rolls wanted to work and went to great efforts to get jobs (p. 62). Many former recipients took under–minimum wage income jobs or off-the-books work, perhaps to supplement the first job. Few were “doing well,” defined as having stable jobs that required skill and training such as in nursing and that paid above-poverty wages (pp. 67–68). Most former recipients got by with tenuous and fragmented income sources, such as assistance from relatives, informal exchanges of cash or services, or receipt of child support or earnings from spouses or other adults in the household. Housing insecurity and problems, food shortages, and health problems were widely experienced by welfare leavers, as were problems with maintaining reliable transportation and child care arrangements.

GAPS IN THE LITERATURE, FURTHER QUESTIONS

Many gaps remain in our understanding of the role of welfare programs in the lives of the poor in the twenty-first century. While cash welfare has become irrelevant for most low-income families, even for single-mother families, a large range of means-tested programs provide millions of dollars to needy families. The shrinking TANF caseload means that few make it inside the door, and fewer are recycling back to assistance after leaving for a spell of employment. At the same time, the numbers of low-income families receiving food stamps, Medicaid, and the EITC have never been higher. However, the number of families who are disconnected from both work and welfare has also increased.

Welfare reform may have exacerbated disparities by race and ethnicity in participation in welfare programs and access to benefits. If uptake and use of TANF and other programs differ for poor white, Hispanic, and African American families, what organizational characteristics and structural barriers affect these differences? Some studies find that black recipients are more likely than whites to have their cases sanctioned and/or that the economic gains of nonwhite or Hispanic welfare leavers continue to fall below those of whites (Cherlin et al. 2007, Seefeldt & Orzol 2005, Schram et al. 2009). Watkins-Hayes (2009) compares offices in an inner-city and suburban setting and raises questions of differential expectations for and treatment of welfare applicants by race/ethnicity.

Research has not examined the multiple levels of systemic influences on how recipients experience and react to the program. The policy context and climate, the organizational structure, frontline worker characteristics, and individual client and family characteristics interact in complex ways to contribute to client views and behaviors. The research to date is difficult to interpret because of variations in state policies and practices. For example, until 2007, Michigan had no time limit, whereas Connecticut instituted time limits more than a decade ago. There may also be greater differences in experiences within some states and across local offices than there is among states in how the message of the temporary and limited nature of assistance is conveyed.

We do not know how participation in mandated job search services of work-first affects work trajectories or other outcomes. We have learned, for example, that programs that combine human capital approaches with labor force attachment strategies have better recipient outcomes than do programs that only provide one or the other approach (Greenberg et al. 2009). But the research cannot disaggregate whether the post-1996 increases in single mothers’ employment occurred because mothers rejected the work requirements and left welfare more quickly for work, or because they avoided welfare by staying in undesirable jobs, or because they found better job stability through their work-first activities.

We know little about the interactions between the restricted cash welfare system and other safety net programs, especially from the recipient perspective. How impoverished
parents, especially those with multiple personal and family challenges, make choices that balance the need for cash, child care assistance, medical and food assistance, and eligibility for housing assistance may or may not be aligned with incentive structures in program designs. Currie (2006) has argued that the complexity and conflicting structures of various programs challenge families’ abilities to make rational choices and address their needs.

Given the Great Recession, it is likely that any negative effects of the limited cash welfare system will increase. How the TANF program may change during the welfare reauthorization debate that is scheduled to begin in late 2010 will be critical to understanding how poverty will be addressed in the coming years.

**FUTURE POLICY CONSIDERATIONS: DOES WORK FIRST WORK IN THESE TIMES?**

The research consensus is that in the decade following the 1996 welfare reform, employment and earnings of single mothers increased, poverty changed relatively little, and the number of families with neither wage income nor cash welfare increased. Exclusive reliance on informal sources of income is unlikely to alleviate poverty and hardship (see also Blank & Kovak 2009). High levels of family economic distress and vulnerability compromise child well-being, and exposure to such risks differs by race and ethnicity. Welfare agencies that restrict entry, push welfare exits, and offer only a work-first message exacerbate rather than help the situation of poor families.

The Great Recession could usher in harsher indictments of the effects of welfare reform, as the number of vulnerable families with access to neither work nor cash assistance continues to grow and as employment and earnings fall. A combination of several years with high unemployment rates and the limited TANF program will increase the likelihood that there will be negative effects on the well-being of poor children.

Were budget constraints and restrictive regulations not as prevalent, states might consider reforming work first to offer services and training opportunities to welfare recipients in a more flexible and comprehensive fashion. This would require that they address the specific challenges recipients face in getting and keeping jobs that can move them toward economic stability (see also Lein & Schexnayder 2007).

A first step in this direction might be to raise the cash assistance benefit, which has fallen relative to inflation for several decades. The current maximum benefit in the highest benefit states (Alaska, California, and Vermont) reached just half of the poverty threshold in 2008, and in the lowest benefit states (Mississippi, Tennessee, Arkansas) it provided only between 11% and 14% of the poverty threshold (Falk 2009).

Few states have the capacity within the welfare system to respond to deteriorating economic conditions that reduce the labor market prospects of recipients. What is required is an expanded service mission and greater networking with other local service providers and training programs. In addition, expansions of child care subsidies and of coverage for preventive health and mental health services, and expansions of the Family Medical Leave Act to include part-time employees could help low-wage workers better balance work-family conflicts and retain employment (Waldfogel 2006).

Although President Obama did not discuss cash welfare programs directly during his campaign, he did put forward a number of proposals that aim to improve the conditions of low-income families (http://www.whitehouse.gov/issues/poverty). These include increased investment in job creation, increases in the minimum wage and the EITC, increased access to higher education, and affordable, high-quality child care.

The stimulus package—the American Recovery and Reinvestment Act, Public Law No. 111-5—signed by the president in February 2009 provided emergency contingency funds in Title II for state TANF programs that could be used to subsidize jobs for welfare recipients.
However, few states have yet taken advantage of these funds.

The American Recovery and Reinvestment Act also allocated funds that can have antipoverty effects such as increases in adult training and employment services, youth employment, dislocated worker services, Job Corps, and unemployment insurance (Sherman 2009). Increases in health and human services include expansions in child care and Headstart. These address the needs of both the working poor and welfare clients. Along with the TANF emergency funds, these may cushion rising poverty but are unlikely to eliminate the need for a more responsive public assistance program and seamless connection to other supports and services for the working poor, nor will they necessarily create jobs for the low skilled and less educated.

Even in the best of economic times, there will be a continuing need to help low-income parents who are unable to sustain employment and support their families. Welfare reauthorization comes due in a time of rising poverty and unemployment levels not seen for decades. That the economic structure and conditions of the market and financial system across the globe, rather than the behavior of poor individuals, have engendered these problems is still not reflected in our welfare policies. Social theorists might hypothesize that the Great Recession may eventually lead to a change in American public opinion and popular discourse on the causal attributions about poverty and joblessness. If such a shift were to occur, it could influence the next round of welfare debates (Somers & Block 2005). Until this happens, American policy makers are unlikely to support an expanded government role in fighting poverty and providing cash support for the poor.

DISCLOSURE STATEMENT

The author is not aware of any affiliations, memberships, funding, or financial holdings that might be perceived as affecting the objectivity of this review.

ACKNOWLEDGMENTS

I worked on this manuscript during my 2009 residence at the Rockefeller Foundation Bellagio Center in Bellagio, Italy. I am grateful for discussions of the topic with my fellow scholars in residence and for comments on previous drafts from colleagues Marci Ybarra, Kathryn Edin, and Sheldon Danziger. Invaluable research assistance was provided by Kevin Bradway, Bridget Lavelle, and Tedi Castelli.

LITERATURE CITED


Figure 1

Figure 2
Trends in work and welfare, single mothers 18–54, high school degree or less, no other adult earners in the household, 1967–2008.
Figure 3

Figure 4
Contents

Frontispiece

*John W. Meyer* ........................................................... xiv

Prefatory Chapter

World Society, Institutional Theories, and the Actor

*John W. Meyer* ........................................................... 1

Theory and Methods

Causal Inference in Sociological Research

*Markus Gangl* ............................................................ 21

Causal Mechanisms in the Social Sciences

*Peter Hedström and Petri Ylikoski* .................................. 49

Social Processes

A World of Standards but not a Standard World: Toward a Sociology of Standards and Standardization

*Stefan Timmermans and Steven Epstein* ............................ 69

Dynamics of Dyads in Social Networks: Assortative, Relational, and Proximity Mechanisms

*Mark T. Rivera, Sara B. Soderstrom, and Brian Uzzi* ............. 91

From the Sociology of Intellectuals to the Sociology of Interventions

*Gil Eyal and Larissa Buchholz* ........................................ 117

Social Relationships and Health Behavior Across the Life Course

*Debra Umberson, Robert Crosnoe, and Corinne Reczek* .......... 139

Partiality of Memberships in Categories and Audiences

*Michael T. Hannan* ..................................................... 159
Institutions and Culture

What Is Sociological about Music?
William G. Roy and Timothy J. Dowd ................................................................. 183

Cultural Holes: Beyond Relationality in Social Networks and Culture
Mark A. Paciucki and Ronald L. Breiger ............................................................. 205

Formal Organizations

Organizational Approaches to Inequality: Inertia, Relative Power,
and Environments
Kevin Stainback, Donald Tomaskovic-Devey, and Sheryl Skaggs ......................... 225

Political and Economic Sociology

The Contentiousness of Markets: Politics, Social Movements,
and Institutional Change in Markets
Brayden G King and Nicholas A. Pearce ............................................................... 249

Conservative and Right-Wing Movements
Kathleen M. Blee and Kimberly A. Creasap ......................................................... 269

The Political Consequences of Social Movements
Edwin Amenta, Neal Caren, Elizabeth Chiarello, and Yang Su .............................. 287

Comparative Analyses of Public Attitudes Toward Immigrants
and Immigration Using Multinational Survey Data: A Review
of Theories and Research
Alin M. Ceobanu and Xavier Escandell ............................................................... 309

Differentiation and Stratification

Income Inequality: New Trends and Research Directions
Leslie McCall and Christine Percheski ................................................................. 329

Socioeconomic Disparities in Health Behaviors
Fred C. Pampel, Patrick M. Krueger, and Justin T. Denney .................................. 349

Gender and Health Inequality
Jen’nan Ghazal Read and Bridget K. Gorman ....................................................... 371

Incarceration and Stratification
Sara Wakefield and Christopher Uggen ............................................................. 387

Achievement Inequality and the Institutional Structure of Educational Systems:
A Comparative Perspective
Herman G. Van de Werfhorst and Jonathan J.B. Mijs ........................................ 407
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Authors</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Historical Studies of Social Mobility and Stratification</td>
<td>429</td>
<td>Marco H.D. van Leeuwen and Ineke Maas</td>
<td></td>
</tr>
<tr>
<td>Individual and Society</td>
<td>Race and Trust</td>
<td>Sandra Susan Smith</td>
<td>453</td>
</tr>
<tr>
<td>Three Faces of Identity</td>
<td></td>
<td>Timothy J. Owens, Dawn T. Robinson, and Lynn Smith-Lovin</td>
<td>477</td>
</tr>
<tr>
<td>Policy</td>
<td>The New Homelessness Revisited</td>
<td>Barrett A. Lee, Kimberly A. Tyler, and James D. Wright</td>
<td>501</td>
</tr>
<tr>
<td></td>
<td>The Decline of Cash Welfare and Implications for Social Policy and Poverty</td>
<td>Sandra K. Danziger</td>
<td>523</td>
</tr>
<tr>
<td>Indexes</td>
<td>Cumulative Index of Contributing Authors, Volumes 27–36</td>
<td></td>
<td>547</td>
</tr>
<tr>
<td></td>
<td>Cumulative Index of Chapter Titles, Volumes 27–36</td>
<td></td>
<td>551</td>
</tr>
<tr>
<td>Errata</td>
<td>An online log of corrections to Annual Review of Sociology articles may be found at</td>
<td><a href="http://soc.annualreviews.org/errata.shtml">http://soc.annualreviews.org/errata.shtml</a></td>
<td></td>
</tr>
</tbody>
</table>