

# Poverty Action Report



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***Perspective by John Bouman:***

## **Welfare Reform Turns 10—Now What? Clear Lessons Teach that Focus Should Shift to Poverty Policy**

When the welfare reform law, formally known as the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, was signed into law, it was undoubtedly a controversial piece of legislation. With the tenth anniversary of the law coming up next week, controversy threatens to cloud a clear analysis of this legislation, once again.

It is clear that the welfare reform law did reduce caseloads. What is unclear (and also the more pressing concern) is whether it reduced poverty as well. Unfortunately, the answer is no.

While the legacy of this legislation must feel like a victory for bureaucrats inside the beltway, families in communities across the country cannot share in their triumph. The fact remains that while welfare reform reduced caseloads, it did little to reduce poverty. More and more children are being born into poverty in America, and more and more parents are struggling to care for them. We have a duty to our fellow citizens to use this anniversary as an opportunity to discuss, not how we can get more people out of welfare offices, but how we can get more people out of the state of poverty.

To focus public efforts solely on welfare caseload reduction and not on attacking poverty would ignore the lessons of the last ten years. The leading lessons are the following.

**1. With work supports and a strong economy, people will find and maintain jobs.** Significant investments were made in the federal earned income tax credit, state earned income credits, child care subsidy programs, health coverage expansions for

workers and their families, and other work supports. Combined with the strong economy at the end of the decade, these changes produced a massive increase in low-wage entry-level work, and a corresponding decrease in the welfare caseloads.

**2. Entry-level work is not a bridge out of poverty.** Entry-level work may produce modest wage increases as the worker gains experience, but not enough to escape poverty and attain family-sustaining income. The ranks of the working poor grew in the past ten years. Child poverty, after a brief decline during the boom years, has increased every year since 2000. A recent report based on census data from the National Center on Children and Poverty reveals that poverty in the Midwest grew the most in working families, more so than in nonworking families. Without education, and training, higher-paying jobs are still unattainable.

**3. Personal motivation isn't always cause of poverty.** The welfare reform law assumed that all anyone needed to go to work successfully was motivation and a strong sense of responsibility. It is often more complicated than that. Troubled families can and do succeed if they have appropriate additional help to overcome barriers to employment—treatment of medical conditions, elimination of physical abuse and danger, case management, and other social services.

**4. We must recognize the work of caregivers.** The best example of this kind of family is one with a single parent and a child suffering from serious medical issues calling for constant care and vigilance. The family, the community, and the public purse are

probably all best served by allowing these parents to choose to be a caregiver for the child with support from the Temporary Assistance for Needy Families (TANF) program. The federal welfare reform law was not flexible enough to consider these kinds of families.

### Federal policymakers ignore the lessons of the first ten years

Sadly, when Congress reauthorized the TANF program in February 2006, the lessons from the past ten years went unheeded. The dominant theme of the new law, and especially the new implementing rules that the Bush administration has announced, is TANF caseload reduction, not poverty alleviation. The administration limits state flexibility, mandates caseload reduction at the expense of smarter antipoverty programming, and creates substantial new layers of unnecessary bureaucracy and personnel demands on the states.

New rules limit state flexibility to programs appropriately for working poor to increase earnings, for chronically unemployed to succeed in employment, and for specially challenged families to have a humane safety net. The rules actively impede implementation of effective mixed strategies to address employment issues, instead insisting that each strategy remain in its solitary silo. And the rules intensify mindless bureaucratic paperwork and personnel demands on the states, operationalizing a panicky fear that some state somewhere might “game” the system in order to allow a family to receive assistance without making the maximum work effort according to federal preferences.

### States can heed the lessons of the first ten years

There are still ways to address the issues raised by the federal TANF rules. New rules for the most part are not mandated by the statute and can be changed. Comment on those rules can be filed by August 28, and then the federal agency will issue final rules. Concerned advocates and organizations should file comments. The Shriver Center ([www.povertylaw.org](http://www.povertylaw.org))

will have model comments relevant to Illinois and similar states. Additional model comments are available from the Center on Law and Social Policy ([www.clasp.org](http://www.clasp.org)) and the Center on Budget and Policy Priorities ([www.cbpp.org](http://www.cbpp.org)).

In spite of the shortsighted federal rules, states retain substantial choice and freedom of movement. In large part the answer to the question of “Now what?” is the same as it was the first time ten years ago—the focus shifts to the states, and the responsibility rests there for adapting the federal TANF policies into effective antipoverty policies that put the lessons of the first ten years to productive use.

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