



# **Twenty Years After the Welfare to Work Act: Effects on Work and Poverty**

**Robert Moffitt**, Johns Hopkins University  
*Brookings Conference on 20<sup>th</sup> Anniversary  
of Welfare Reform*  
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# Work and Poverty Research

- A large amount conducted on these central outcomes
- Much was on the pre-1996 Waivers but is relevant to the 1996 Law
- Some was conducted in the 1990s on randomized trials of features related to those in the 1996 law but not exactly the same
- Almost no true evaluation research conducted on the 2005 Deficit Reduction Act (DRA)
- Most of the research was conducted in the late 1990s and early 2000s; not a great deal of formal evaluation research conducted since then, although trends in work and poverty have been tracked

# Evaluation Challenges

It proved to be a very challenging reform to evaluate for a number of reasons (Moffitt and Ver Ploeg, 2001)

- All states adopted the basic reforms; no variation
- Pre-1996 Waivers differed from those in the 1996 Law
- Economy was doing well, hard to separate from effects of reform
- EITC had been liberalized shortly before, effects were still being felt
- Data deficiencies (survey, administrative) became rapidly apparent
- Hard to obtain information on exactly what states were doing
- But it was clear that the details of state programs were very complex

These challenges mean that the evidence does not always speak clearly

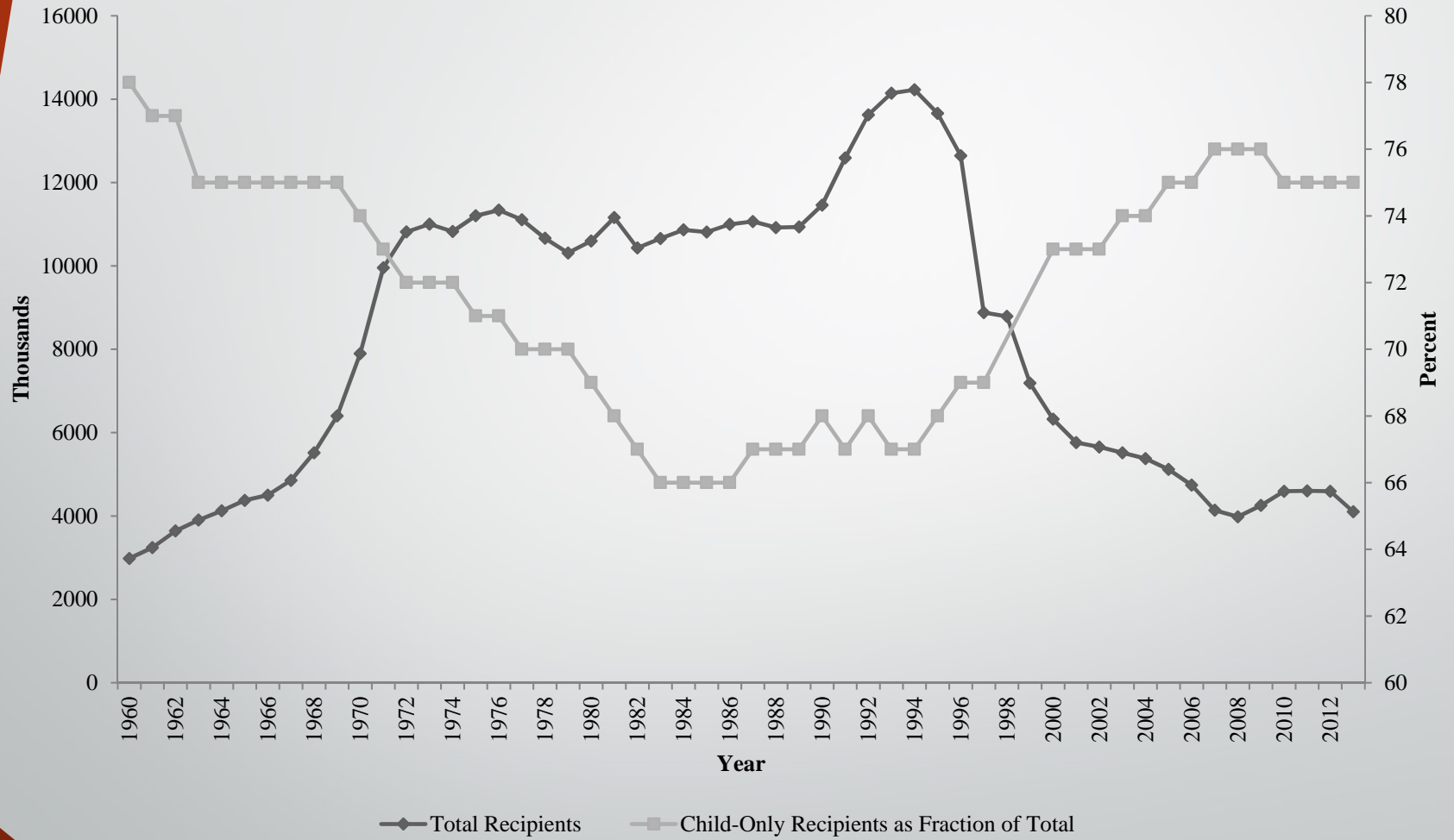
# Some References

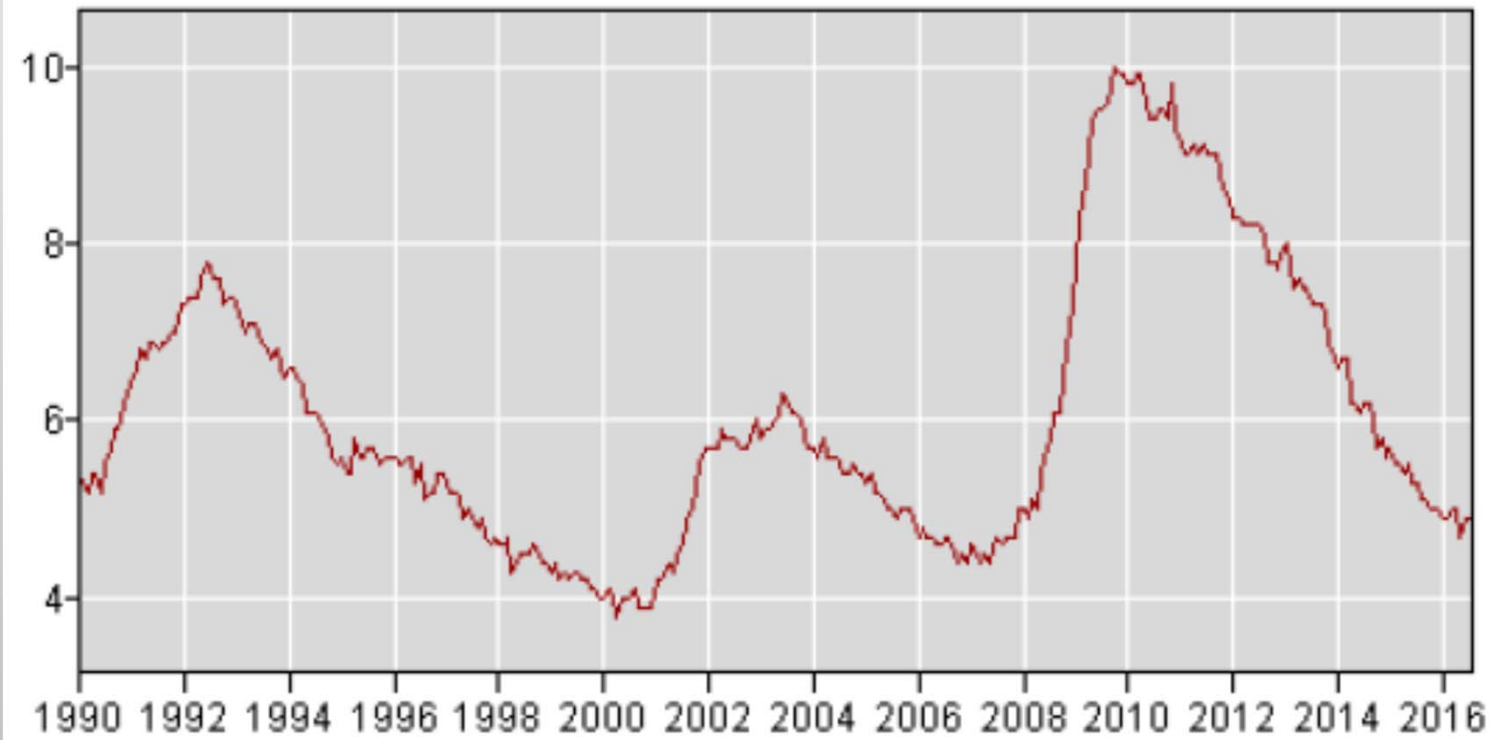
- Grogger and Karoly, Welfare Reform: Effects of a Decade of Change, 2005
- Ziliak, ed. Welfare Reform and Its Long-Term Consequences for America's Poor, 2009
- Ziliak, "Temporary Assistance for Needy Families," 2016

# Summary of Findings: Caseloads

- Start with a familiar graph

**Trends in Total and Child-Only AFDC/TANF Recipients, 1960-2013**





Unemployment Rate

# Research Findings on Caseloads

- Wide range of estimates allocating how much of decline due to economy vs policy, many methodological debates
- Use different unemployment rates in different states
- Effects for waiver period smaller than those for TANF period
- Range due to policy in the TANF period : 18% to 35% caseload reduction due to the reform
- But today, many think the percent is higher because caseloads have not risen in either the mild 2000-2001 recession or the Great Recession; the reform (broadly speaking) is the likely cause

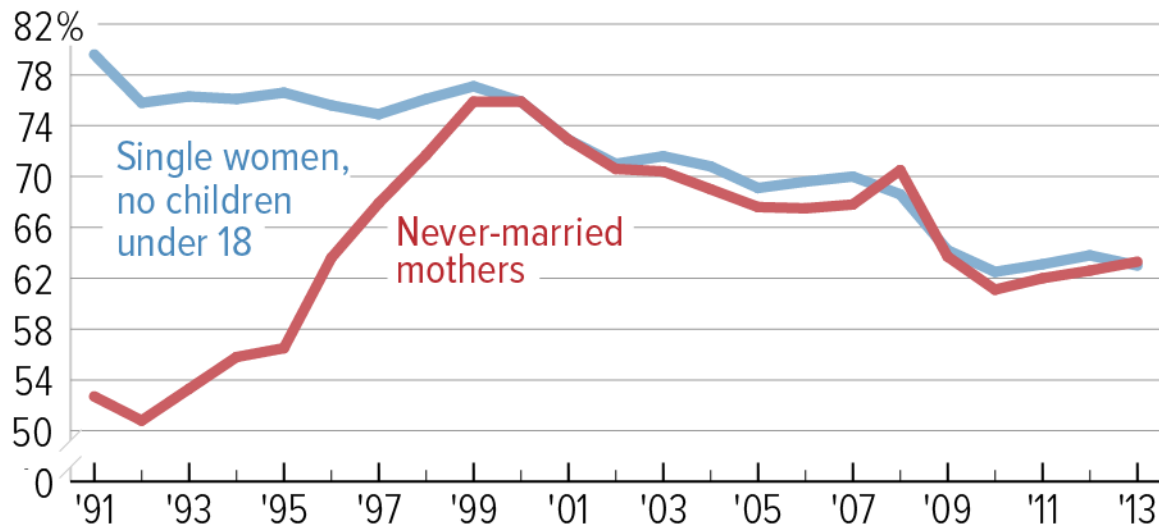


# Summary of Findings: Employment

- Again, start with an illustrative graph

## Never-Married Mothers' Work Rates Jumped in 1990s but Have Fallen Since

Percent of women between the ages of 20 and 49 with a high school education or less with any work during the year



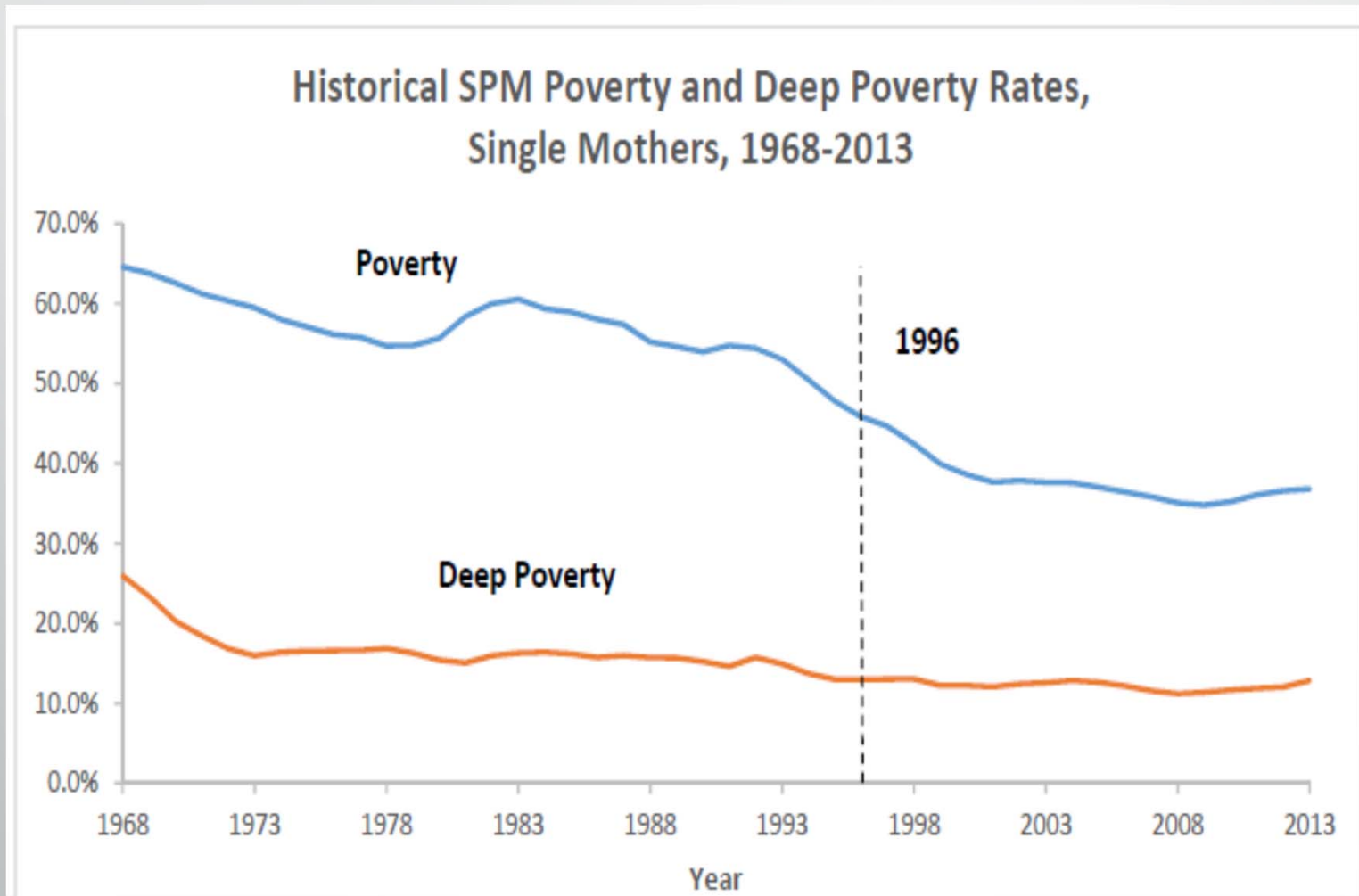
Source: CBPP analysis of Current Population Survey.

# Research Findings: Employment

- There was a major growth of employment of less educated single mothers after welfare reform relative to others
- Leaver studies: 60%-70% employed in first few quarters
- How much due to policy and how much due to economy?
- Rough range: 2 to 4 percentage points increase due to policy, which is about half
- Some studies have shown that EITC was responsible for much more and recent estimates have, indeed, shown EITC effects greater than welfare reform estimates
- Some studies: employment effects have faded out

# Summary of Findings: Poverty

- Look again at the time series pattern first



Source: C. Wimer

# Research Findings: Poverty

- If employment increased, earnings must have risen; but welfare benefits fell; which one dominated?
- Poverty rates fell a bit after 1996: but due to the economy, the EITC, or welfare reform?
- Research is, as usual, mixed; but many results show that reform reduced poverty rates overall, at least in the first few years after reform
- But other studies suggest the effects have fallen over time and possible increases in the rates of deep poverty have been caused by the reform
- Consistent with the latter: Increase in families with no earnings and no welfare; increase in “floundering families”; Deep Poverty (Income > 50% of pov line) is increasing as a percent of poor

# Summary of Findings: Components

- Are all these effects a result of work requirements? Time Limits? Work requirements? Sanctions? Fixed block grant funds? Other components?
- Unfortunately, the research has not been successful in disentangling the relative contributions of each of these to the overall outcomes just described; hard to separate
- Components are too complex in detail, are correlated with each other within states, and we cannot measure them well; and data barriers (sample sizes, lack of administrative data) have been faced.
- Put differently: cannot say with confidence what would open if changed work requirements, time limits, or block grants, holding the other two fixed

# Summary

- **My reading of the research evidence:**
- Reform lowered caseloads, and magnitude of the reduction has increased over time
- Reform raised average employment among single mothers, even if some have not been able to find work
- Reform did not have major positive effects on average income, but probably lowered overall poverty rates to some extent but also may have increased deep poverty rates





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