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Themed Section on Reforming US Welfare
Introduction: Reforming US Welfare Again and Again

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In 1996, the USA became the first major democracy to eliminate individual entitlement to the social safety net. The reforms introduced in the 1996 Personal Responsibility and Work Reconciliation Act are briefly outlined in this editorial article, which, drawing on the papers assembled in this themed section, considers the consequences of the legislation, both positive and negative, and seeks to explain why the new policy regime seems likely to prove resilient.

The shockwaves from the 1996 US welfare reforms continue to reverberate on both sides of the Atlantic. Receipt of social assistance was made conditional on either working or engaging in employment-related activity after two years of claiming benefit (and sometimes less). The legislation explicitly sought to promote marriage and to prevent out-of-wedlock births. Most shocking of all, the US became the first major democracy to eliminate individual entitlement to the social safety net. The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) imposed a 60-month lifetime limit on the receipt of federally funded welfare benefit, the aptly named Temporary Aid for Needy Families (TANF) that replaced Aid to Families with Dependent Children (AFDC). TANF, like AFDC before it, is restricted to families with dependent children and most recipients are lone parents.

Many commentators forecast a disaster for poor families and 'a race to the bottom' as states vied with each other to introduce measures to save money and cut caseloads. In fact, neither prediction appears to have come true. Poverty continued to fall until a slight rise in 2001 (Pearlstein, 2002), employment grew and many states re-invested savings derived from reducing caseloads in additional services for former welfare recipients and others on low incomes. The consensus among commentators is that PRWORA proved to be a success, albeit a qualified one. Indeed, reforms discussed in 2002 looked likely to extend the principles established in 1996. A political compromise resulted in the 1996 legislation being temporarily extended unchanged.

Taken together, the articles assembled in this issue provide a synoptic account of the ongoing process of welfare reform in the US. They explain the political and policy imperatives that led to the 1996 reforms, and review the evidence upon which the success of TANF should be judged. PRWORA required reauthorisation in 2002 and the articles describe the machinations underpinning the latest round of legislation that will shape US welfare in the years to come. They also reveal that much of the apparent success of PRWORA was attributable to the strength of the US economy through to 2001, and that

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work supported welfare is vulnerable to economic downturns. Individuals with multiple barriers restricting their participation in employment are particularly at risk. Moreover, some of the assumptions concerning the anti-social behaviour of lone parents are proved false.

However, for the foreseeable future there is no going back. Welfare rolls have been slashed by about half since the mid 1990s and the US public expects recipients of welfare benefits mostly to be in work in order to justify continued public expenditure. Moreover, the reform process continues to be driven by a reaction to the past rather than by a vision of the future. As a result, the 2002 reforms or lack of reform may come to be viewed as a missed opportunity.

The 1996 welfare reform and effects

Thomas Corbett describes the 1996 reform and assembles the facts about its effects. While recognising that welfare reform is an ongoing process, he contrasts the new welfare against the old. The former is characterised by an emphasis on changing behaviour rather than the issuing of payment cheques that marked the latter; by responsibility located more with frontline administrators than with federal government; by discretionary rather than rights based decision-making; and by a stress on performance rather than on process. Nevertheless, he also shows that the early debate on reauthorisation was conducted in the old language of welfare reform without real cognisance of implications of what had already been achieved.

Lawrence Mead, profoundly committed to work-based welfare, draws attention to the capacity of state bureaucracies to shape policy and sometimes to frustrate the objectives of federal reformers. He divides states into three types: those successfully implementing work-based reform; states incapacitated by partisan divisions concerning the balance between entitlement and obligation; and states that had never seriously framed welfare policy. He also identifies three decisions that hold the key to effective implementation: the degree of toughness with respect to work requirements; the amount of programme integration; and the locus of administrative control. Controversially, he traces the variation in performance to long standing differences in political culture, which he calls moralistic, individualistic and traditionalistic, and concludes that welfare reform may itself be promoting the moralistic approach to policy administration that he argues is most effective in running complicated social programmes that define and enforce social values.

James Ziliak's article is a reminder that, despite the focus of debate on TANF, this is not the sole constituent of the US safety-net for people of working age; food stamps and the Earned Income Tax Credit are also important. But Ziliak's careful sifting of the evidence also confirms, as President Clinton might have said, that 'it's the economy stupid' that is most important in explaining the fall in welfare rolls witnessed in the 1990s. The most sustained and widespread economic expansion since the 1960s hoovered even the least skilled into employment and eventually rewarded them with higher real wages. Add to this the enormous expansion in the coverage and generosity of the EITC and the differentiated effects of state welfare initiatives, and the global impact of welfare reform on caseloads appears 'minimal'. Caseloads can be expected to rise if the US economy continues to falter, although it is possible that the ending of welfare entitlement will lessen the counter cyclical nature of welfare and undermine its protective function.

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Irwin Garfinkel and Sara McLanahan, drawing on new survey evidence from a birth cohort, challenge the mythology that lone parent families, the principal target group for AFDC, are the product of casual teenage sexual liaisons. In fact, the typical unmarried mother is in her early twenties, likely to be cohabiting and, at the birth of her children, to have high hopes both that the relationship with the father would be lasting and that he would be actively engaged in childrearing. Moreover, three quarters of parents living together at the birth of their child were still together a year later. However, the educational qualifications of lone mothers were typically limited, earnings generally very low, employment of both fathers and mothers often intermittent, and poverty rates high. Thirty per cent of the fathers involved had been incarcerated. Eighty three per cent of lone parents were Hispanic or non-Hispanic black.

Sandra Danziger and Kristin Seefeldt address the consequences to the 60-month federal time limit on welfare receipt. Studies suggest that the much reduced, post PRWORA caseloads are typically not characterised by higher proportions of especially disadvantaged recipients. However, long-term recipients are more likely than other groups to face persistent and multiple barriers to employment, including low education and skills, mental and physical ill-health, drug abuse and domestic violence. Without effective screening these barriers may go unrecognised, thereby putting recipients at risk of either sanctioning for non-compliance or of reaching the life-time limit: 60,000 families had hit the 60-month barrier by mid 2000, while others had benefited from the facility for states can exempt 20 per cent of caseload from time limits. With welfare to work and remedial support measures in place, families can only reach the 60-month limit if they actively participate in the proactive measures to which they are directed (since otherwise enforcement of sanctions will prevent them reaching the limit). In circumstances where claimants pass the 60-month limit, forced cessation of benefit may well add financial destitution to the barriers that proactive policy interventions will have failed to overcome.

Welfare reform in 2002

The 2002 reauthorisation debate left TANF temporarily unchanged and the shape of new legislation is likely to be very little different to that passed in 1996. The broad consensus that was evident in 2002 was that the 1996 reforms had been a success. This contributed to a muted debate at a time when policy attention was focussed elsewhere on the war against terror. Walker and Wiseman credit the lack of substantial change in 2002 to political machinations to do with the balance of responsibility and funding between federal and state government and to a collective lack of vision about the kind of welfare the US should have, as opposed to widespread satisfaction that the welfare the US once knew has ended. The consequence is that US welfare continues with known deficiencies relating to funding, coherence, performance and monitoring, and substantial doubt as to whether it will be able to offer adequate social protection in the event of a sustained recession.

Note

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