

# Newsweek

## How Did Bill Clinton's Welfare Reforms Turn Out?

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August 22, 2016

Happy birthday, welfare reform. Twenty years ago today, August 22, leaders of both political parties gathered in the White House Rose Garden to watch President Clinton sign the Personal Responsibility and Work Opportunity Reconciliation Act, which represented the most extensive revision of federal anti-poverty policy in more than 30 years.

Echoing one of his campaign themes, Clinton declared, "Today, we are ending welfare as we know it."

At the time, critics predicted disaster, painting an almost Dickensian picture of millions thrown into destitution. "Wages will go down, families will fracture, and millions of children will be made more miserable than ever," *The New Republic* warned.

One frequently cited Urban Institute study predicted that more than 1 million children would be thrown into poverty. Three senior members of Clinton's own administration resigned in protest.

Meanwhile, welfare reform supporters were touting fundamental change that would move millions of people from the dole to work, ending generations of welfare dependence and lifting millions out of poverty.

Looking back now over the past two decades, we can now evaluate welfare reform's successes and failures objectively. And the result is: *meh*.

The dire predictions of welfare reform's critics have not come to pass. Poverty rates actually declined in the years immediately following the passage of welfare reform, as did poverty for important subcategories such as African-Americans and children.

Since 2000, poverty rates have crept back up, and spiked during the recession, but still remain in line with pre-reform levels. There is some evidence that those in deep poverty, that is those at half of the federal poverty level or below, may not have fared as well, but it depends which measure is used. Overall, welfare reform does not appear to have thrown large numbers of Americans into poverty.

But if welfare reform was not the disaster that its critics feared, neither was it the unalloyed triumph that its supporters claimed.

Welfare enrollment, of course, declined, from 13.42 million AFDC recipients in 1995 to just 4.12 million people on TANF last year. This should be no surprise. Many of the provisions of PRWORA, from time limits to work requirements, were specifically designed to move people off the rolls. Accomplishing this without increasing poverty should be counted a success.

But welfare reform hasn't had nearly as much success in increasing economic mobility and helping people become self-sufficient. A recent study by Harvard's Raj Chetty and colleagues in the *American Economic Review* found that "children entering the labor force today have the same chances of moving up the income distribution (relative to their parents) as children born in the 1970s." No worse. But also no better.

Despite reform, welfare spending has continued to climb. After all, welfare reform reformed a *program*, not a *system*.

The federal government funds more than 100 separate anti-poverty programs, more than 70 of which provide benefits to individuals. Welfare reform may have reduced the growth in AFDC/TANF benefits, but that merely shifted spending to other programs, from Medicaid, to food stamps to housing and so on.

Today, federal and state governments spend nearly \$1 trillion on antipoverty programs. Yet, even if poverty rates haven't spiked as critics feared, neither have we lifted many people out of poverty. That's a great deal of money for pretty mediocre results.

Clearly there is much more to be done if we are serious about reducing poverty in America. Many of the most needed reforms have little to do with the welfare system itself. That includes an unfair criminal justice system, failing public schools, slow economic growth and the legacy of racial and gender-based discrimination.

But there is more we can do to reform welfare as well. We should consolidate existing programs, simplifying, and demanding more accountability. We should shift away from in-kind benefits that largely reward providers such as landlords, food stores, and doctors, re-emphasizing cash benefits that treat poor people like adults, while demanding responsible behavior.

In short, welfare reform was neither the disaster that its critics feared nor the success its supporters claim. It was a step in the right direction, but only a small one. The real work of fighting poverty remains ahead of us.

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