It Takes More than Bipartisanship for Enduring *and Successful* Policy:
The 1996 "Welfare Reform" Law is *Not* a Model to Emulate
A Response to Governor Jon Huntsman

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In "Enduring policy come from a bipartisan process," former Utah Governor Jon Huntsman discusses the importance of bipartisanship in developing policies that "endure" the test of time.[2] As examples, he cites the U.S. Constitution, Social Security, Medicare, the Civil Rights Act of 1964, and the 1996 "welfare reform" law. He goes on to explain the importance of having a goals-driven and bipartisan process:

> A goals-driven process that includes this kind of robust debate, negotiation and bipartisan backing is the government equivalent of building a house with bricks instead of straw. Those straw-house policies – those reforms that evaporate, expire or are overturned by whoever is elected next – are ones that have been pushed forward without a thoughtful bipartisan process. Sometimes they have become the law of the land by sheer partisan force, without a single vote from the opposition party. Goal setting, consensus building, debate and negotiation are all skipped at considerable risk. The accomplishments become, sometimes tragically, temporary.

He hopes that President-elect Trump will follow the goals-driven, bipartisan process so that his policies produce positive and lasting change:

> Will Trump work with the problem solvers to make bipartisan goals and legislation a reality? For the sake of our nation, I hope he will.

Governor Huntsman's words resonated with me and are similar to my own advice, writing as a citizen, to President-elect Trump.

Unlike Governor Huntsman, however, I do not believe that the 1996 "welfare reform" law is an example of either bipartisanship or *successful* policymaking, even though it has "endured" for two decades. The legislation was crafted by conservatives and signed by President Clinton only after he vetoed two earlier versions. Many liberals did not support it at the time and virtually none do today, so whatever bipartisanship existed disappeared long ago.[3] Indeed, three high-ranking Administration officials resigned after President Clinton signed the law.[4]

Today, the 1996 "welfare reform" is seen by many conservatives (and only conservatives) as a model for reforming other safety net programs. For example, Speaker Ryan recently remarked:

> In 1996, we created a work requirement for welfare. But that was just one program. We have to fix all the others now.[5]

The suggestion that the creation of the Temporary Assistance for Needy Families (TANF) block grant [a.k.a. "welfare reform"] created a "work requirement" and "fixed" a welfare program is, by any objective analysis, wrong. While the law sent a symbolic message about the importance

of work requirements and time limits, in practice, neither of these elements has been implemented in the way Congress intended. In fact, TANF is not "welfare reform" at all, but a fixed and flexible funding stream that has failed to provide an adequate safety net or an effective welfare-to-work program. In many states, it has become a form of revenue sharing used to supplant state spending and fill budget holes. I elaborate on these and other criticisms in a detailed report, *TANF is Broken! It's Time to Reform "Welfare Reform."*[6] Even Ron Haskins, an architect of 1996 law, concedes: "Germanis' criticisms are reasonable and well supported by evidence. Congress and the administration would be well advised to carefully consider ways TANF could be reformed to minimize the game playing that many states now use to avoid spending TANF dollars on core TANF purposes and to avoid the federal work requirement."[7]

I am not a liberal critic of the 1996 law. I am a conservative, having worked on welfare issues for The Heritage Foundation, the American Enterprise Institute, and in the White House for both President Reagan and President George H.W. Bush. For the past year, I have been writing papers, as a citizen, promoting an alternative conservative approach, one based on a model developed in the Reagan Administration. This approach provided states flexibility, but had strong accountability provisions – most notably cost neutrality and rigorous evaluation – to ensure that states actually help needy families.

President Reagan's model did not provide a fixed level of funding, like block grants. Instead, it relied on an approach that provided a real counterfactual using the "gold standard" of evaluation – random assignment – for both cost neutrality and evidence-based learning.[8] The findings from random assignment experiments are considered credible, because the experimental and control groups are alike and subject to the same external conditions, with the only difference being the intervention itself. Any difference in outcomes between the groups can be attributed to the intervention – welfare reform – itself. Thus, policymakers could have confidence in whether the state reforms actually reduced welfare dependency and poverty by increasing self-sufficiency. This approach provided rigorous evidence, including many examples of state experiments that increased employment and earnings, and also reduced welfare dependency and poverty.[9] It also had bipartisan support, as it was continued and expanded by President George H.W. Bush and President Clinton. In 1996, TANF replaced this approach with what is essentially a blank check to states with no accountability.

Conservative policymakers have yet to learn the lessons from the 1996 law. On June 7, 2016, Speaker Ryan released the "Poverty, Opportunity, and Upward Mobility" report as part of a series of reports under the rubric of *A Better Way*.[10] Unfortunately, there are no bold new ideas or policy specifics; the report is a mere 35 pages, relying on colorful charts, rather than informed analysis. It presents a misleading and distorted picture of our nation's efforts to reduce poverty, reflects little understanding of the data and research surrounding the welfare system, is highly partisan and polarizing, and presents vague policy options. This report has NO bipartisan support. (I wrote extensively about the report's problems in a recent paper, "Speaker Ryan's 'Poverty, Opportunity, and Upward Mobility Report': The Need for 'A *Much* Better Way'."[11])

Like Governor Huntsman, I believe that bipartisanship is important, but so is building a process to produce evidence of a policy's on-going effectiveness. Hence, my advice to President-elect

Trump was to have his Administration conduct its own careful assessment of our nation's welfare system, rather than simply adopting Speaker Ryan's highly partisan approach:

> Speaker Ryan's anti-poverty agenda may provide short-term political victories and most certainly will provide short-term savings. But, the types of reforms he has proposed in the past, particularly those built around block grants and the TANF model [aka "welfare reform"] will undoubtedly exacerbate poverty. In the long-run, when the political fortunes change, any legacy you hope to leave in this area will be dismantled and replaced with expansive liberal policies. A better solution is to rely on President Reagan's evidence-based approach, one that enjoyed bipartisan support and one that offers real solutions.[12]

I wholeheartedly support Governor Huntsman's efforts to promote bipartisanship. As I have written elsewhere, "TANF is a 'program' that defies common sense; fixing it need not pit conservatives against liberals – it just requires common sense."[13] The nation's poor have "endured" enough; it's time to replace the failed 1996 "welfare reform."

[1] The views in this document reflect my own as a citizen and do not reflect the views of any organization I am now or have ever been affiliated with. By way of background, I am a conservative and have worked on welfare issues for the Heritage Foundation, the American Enterprise Institute, and the White House under both President Reagan and President George H.W. Bush. This paper assumes the reader has a basic understanding of the TANF program, but for those readers who want more context and background, see Peter Germanis, *TANF is Broken! It's Time to Reform "Welfare Reform" (And Fix the Problems, Not Treat their Symptoms)*, July 25, 2015 draft, available at: https://petergermanis.com/wp-content/uploads/2020/09/TANF-is-Broken.072515.pdf.

[2] Jon Huntsman: Enduring policy come from a bipartisan process," *The Salt Lake Tribu*ne, December 5, 2016, available at: http://www.sltrib.com/opinion/4654045-155/jon-huntsman-enduring-policy-come-from.

[3] The child support provisions of the legislation did enjoy bipartisan support, but most discussions of "welfare reform" focus on the TANF block grant and its provisions.

[4] See E. J. Dionne Jr., "Resigning on Principle…," *The Washington Post,* September 17, 1996, p. A15, available at: http://www.washingtonpost.com/wp-srv/politics/special/welfare/stories/op091796.htm.

[5] Speaker Paul Ryan, "#ConfidentAmerica: Full Text of Speaker Ryan's Remarks at the Library of Congress," December 3, 2015, available at: http://www.speaker.gov/press-release/full-text-speaker-ryans-remarks-library-congress.

[6] Peter Germanis, *TANF is Broken! It's Time to Reform "Welfare Reform" (And Fix the Problems, Not Treat their Symptoms)*, July 25, 2015 draft, available at: https://petergermanis.com/wp-content/uploads/2020/09/TANF-is-Broken.072515.pdf. The report describes how the creation of the TANF block grant with *excessive* state flexibility set in motion changes that would: (1) provide large windfalls of federal funds for states initially, but also put in place a funding structure that in the longer-term would provide insufficient resources due to inflation and demographic changes; (2) permit states to use federal funds to supplant their own spending (by tens of billions of dollars since TANF was created), with no added value for federal taxpayers or needy families; (3) allow states to convert TANF (over time) to a giant slush fund with minimal reporting and accountability provisions; (4) impose a Rube Goldberg-like set of bureaucratic and ineffective funding formulas and requirements; and (5) give states excessive flexibility to avoid or evade virtually all of the federal requirements in the law, most notably work requirements and time limits. The result of this misguided effort is a safety net with massive holes – one that is not effective in providing either basic assistance to needy families or ensuring that low-income parents receive the work-related activities and services they need to become self-sufficient.

[7] Ron Haskins, "TANF at Age 20: Work Still Works," *Journal of Policy Analysis and Management*, Winter 2015, available at: http://petergermanis.com/wp-content/uploads/2020/09/Haskins2015Age.pdf.

[8] See Judith M. Gueron and Howard Rolston, *Fighting for Reliable Evidence* (New York, NY: Russell Sage Foundation, June 2013); and Michael E. Fishman and Daniel H. Weinberg, "The Role of Evaluation in State Welfare Reform Waiver Demonstrations," in *Evaluating Welfare and Training Programs*, edited by Charles Manski and Irv Garfinkel, (Harvard University Press, January 1992), pp. 115-142.

[9] Jeffrey Grogger, Lynn A. Karoly, and Jacob Alex Klerman, *Consequences of Welfare Reform: A Research Synthesis* (Santa Monica, CA: July 2002), http://www.acf.hhs.gov/programs/opre/welfare_employ/res_systhesis/reports/consequences_of_wr/rand_report.pdf.

[10] "Poverty, Opportunity, and Upward Mobility," in *A Better Way: Our Vision for a Confident America*, June 7, 2016, available at: http://abetterway.speaker.gov/_assets/pdf/ABetterWay-Poverty-PolicyPaper.pdf.

[11] Peter Germanis, "Speaker Ryan's 'Poverty, Opportunity, and Upward Mobility Report: The Need for 'A Much Better Way'," August 17, 2016, available at: https://petergermanis.com/wp-content/uploads/2021/02/The-Need-for-a-Much-Better-Way.pdf.

[12] Peter Germanis, "Making 'Welfare Reform' Great Again: Five Recommendation for President-Elect Donald J. Trump," November 27, 2016, available at: https://petergermanis.com/wp-content/uploads/2021/02/Making-WR-Great-Again.pdf.

[13] Peter Germanis, "The Failure of Conservative Welfare Reform: Insights from *Seinfeld*," April 22, 2016, available at: http://petergermanis.com/wp-content/uploads/2021/02/Welfare-Reform-Insights-from-Seinfeld.pdf. The television show *Seinfeld* is known for its humor, but it also offers many lessons for conservative welfare reform. This paper highlights some of those lessons. It is intended to be humorous, but the issues it raises are very serious.