

Should 2021 Libs Acknowledge that Welfare Reform Was a “Great Success”?

A Brief Response to Casey Mulligan

Peter Germanis¹

March 7, 2021

On March 7, Harold Pollack, Helen Ross Professor at the Crown Family School of Social Work, Policy, and Practice, posted the following tweet:

I'm assembling info on importance of political diversity within classroom in domestic policy. What are good examples of policies/interventions where libs+conserves/libertarians disagreed+current consensus is latter had better case. RCT's of no-excuse charters seems one. Others?

Casey Mulligan, a professor of economics at the University of Chicago, responded:

1990s conservatives said able-bodied people on welfare were capable of gainful employment. Liberals said that no jobs were available for them.

Welfare reform was a great success. Maybe 2021 liberals cannot acknowledge, but they once did. Jump to 10:13.

<https://www.youtube.com/embed/kL7FRNDkELM?start=613&end=693>

Many conservatives long contended that the 1996 welfare reform, particularly the creation of the Temporary Assistance for Needy Families (TANF) block grant, was a success. Professor Mulligan points to a statement from former President Obama in 2008 suggesting that there was once a “consensus” view about this putative “success,” but notes that “2021 liberals” can’t acknowledge this. In fact, welfare reform is a policy failure and professor Mulligan may be surprised to learn that this is the “current consensus,” even among many conservatives.

The Current Consensus: TANF (aka Welfare Reform) is Broken!

Professor Mulligan provides a link to a 2008 clip of former President Obama acknowledging that his views on “welfare reform” have changed. In the clip, the president said that he was concerned that President Clinton’s signing of the 1996 law could have “disastrous results,” but acknowledged that “it worked better than a lot of people anticipated.” This isn’t the same as saying it was a “great success.” It is also important to understand that the disastrous results weren’t apparent early on because the 1996 law was passed at a time of strong economic growth along with expansions in programs designed to “make work pay.” Over time, TANF’s weaknesses have become more apparent and there is a growing consensus even among conservatives that TANF is broken.

- Ron Haskins, considered the “architect” of welfare reform, explains that TANF was not implemented the way Congress intended: “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.”²

- Robert Rector of The Heritage Foundation, dubbed the “godfather” of welfare reform: “States do not spend money on the purposes of welfare reform.”³ And, “Overall, the states have radically abused the program. Almost every state government has failed to carry out the principal objectives. Promoting work is the key idea of the act and they do virtually nothing – both red and blue states.”⁴
- Rep. Adrian Smith (R-NE), chairman of the Human Resources subcommittee in 2018: “there is abundant evidence that TANF in its current form is broken.” [Note: TANF’s main features haven’t changed since its inception, except funding in real dollars has declined steadily and states have become more adept at, in Haskins’ words, “game playing.”]
- Rep. French Hill (R-AR) awarded TANF the Golden Fleece Award. This “award” was originally introduced by Senator William Proxmire (D-WI) in 1975, as “a monthly bulletin on the most frivolous and wasteful uses of hardworking taxpayers’ dollars.”⁵
- Senator Rand Paul (R-KY) included TANF in his *The Festivus Report of 2020*, a report about waste in government.⁶

Any careful examination of TANF should make it clear that the 1996 law is not the “success” professor Mulligan believes it to be. It’s encouraging that at least some conservatives recognize this fact.

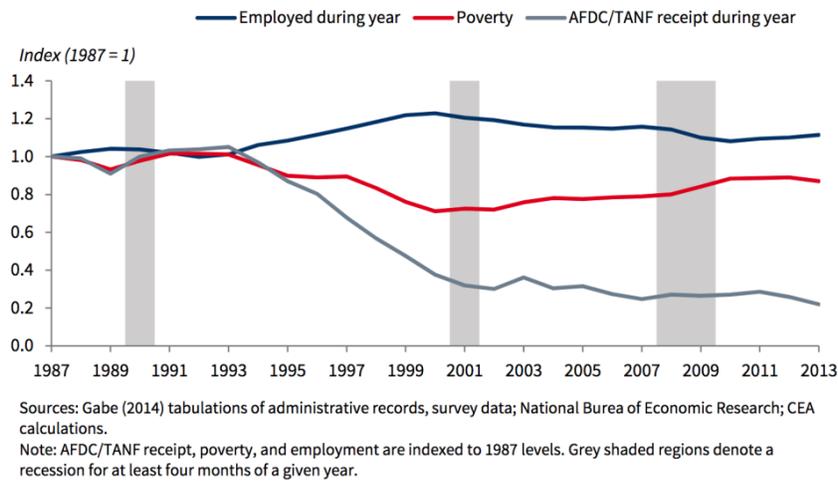
A Brief Comment on Welfare Reform’s “Great Success”

Professor Mulligan’s tweet emphasizes welfare reform’s apparent impact on employment. It is true that employment among single mothers grew rapidly during the 1990s, but the challenge is disentangling the impact of the 1996 law from other factors and putting the changes into perspective. Even if one believes the employment changes after 1996 are due to passage of the law (and there is good reason not to believe this), professor Mulligan should put these changes into broader perspective. In particular, any change in employment pales in comparison to the caseload decline and the number of families pushed deeper into poverty.

In July 2018, President Trump’s Council of Economic Advisers (CEA) released a report claiming that TANF was a successful model, primarily based on employment and poverty trends from 1996 to 2000:

Figure 12 shows for single mothers with children, (i) AFDC/TANF receipt, (ii) employment, and (iii) poverty, each expressed as a rate in the population and then indexed to 1987 values. Between 1996 and 2000, single mother caseloads fell by 53 percent. Over the same period, their employment rate increased by 10 percent, and their poverty rate fell by 20 percent.⁷

Figure 12. Index of Percent of Female-Headed Families Employed, in Poverty and Receiving AFDC/TANF, 1987–2013



While the report claims that this is evidence of success, a more careful analysis suggests that such a conclusion is not warranted. As the figure shows, the employment gains and reductions in poverty pale in comparison to caseload declines. (This is also reflected if one were to compare changes in the absolute number of female-headed families employed/in poverty vs. the number receiving assistance.) And, after 2000, the employment and poverty trends reversed course, yet the caseload continued to decline.

TANF’s main impact has not been one leading to employment, but one of pushing needy families off the rolls, even if eligible. Consider the following statements from the U.S. Government Accountability Office (GAO) and the Congressional Research Service (CRS). The GAO from 2010:

The decline in the number of poor families receiving cash assistance from 1995 to 2005 reflects declines in both the number of eligible families and in eligible families’ participation. The strong economy of the 1990s, TANF’s focus on work, and other factors contributed to increased family incomes and a decline in the number of eligible families. However, most of the caseload decline – about 87 percent – resulted from fewer eligible families participating in the program, perhaps in response to TANF work requirements, time limits, and sanction and diversion policies.⁸ [Emphasis added.]

More recently, Gene Falk of the Congressional Research Service reported the same result:

The cash assistance caseload decline has been seen as one of the prime indicators that TANF made progress in achieving the goal of ending the dependence of needy families on government benefits. However, most of the caseload decline has resulted from a decline in the rate at which people eligible for assistance actually receive benefits, rather than a decline in the population in need. In 2015, 18.0 million people were eligible for TANF assistance, but 4.9 million (27%) received it.⁹ [Emphasis added.]

If welfare reform were truly the “great success” professor Mulligan believes, the caseload should have declined because it was successful in reducing the number of families eligible for assistance.

Conclusion

It is long past time for 2021 conservatives to acknowledge that welfare reform is not a “great success” and that it’s time to reform “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: <http://mlwiseman.com/wp-content/uploads/2013/09/TANF-is-Broken.072515.pdf>.

² Ron Haskins, "TANF at Age 20: Work Still Works," *Journal of Policy Analysis and Management*, Winter 2015, available at: <https://onlinelibrary.wiley.com/doi/abs/10.1002/pam.21878>.

³ Teresa Wiltz, "States Hold Onto Federal Dollars Meant for Needy Families," *Stateline*, November 12, 2019, available at: <https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2019/11/12/states-hold-onto-federal-dollars-meant-for-needy-families>.

⁴ Jenni Bergal, "States Raid Fund Meant for Needy Families to Pay for Other Programs," July 24, 2020, available at: <https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2020/07/24/states-raid-fund-meant-for-needy-families-to-pay-for-other-programs>.

⁵ Peter Germanis, "TANF Just Received the Golden Fleece Award! Well-Deserved, but Who Should Get Credit: HHS or Congress?," July 31, 2019, available at: <https://petergermanis.com/wp-content/uploads/2020/09/Hill.pdf>.

⁶ Senator Rand Paul, *The Festivus Report 2020*, available at: <https://www.paul.senate.gov/sites/default/files/page-attachments/2020FestivusReport.pdf>.

⁷ Council of Economic Advisers, *Expanding Work Requirements in Non-Cash Welfare Programs*, (Washington, D.C.: The White House, July 2018), p. 47, available at: <https://www.whitehouse.gov/wp-content/uploads/2018/07/Expanding-Work-Requirements-in-Non-Cash-Welfare-Programs.pdf>.

⁸ U.S. Government Accountability Office, *Temporary Assistance for Needy Families: Fewer Eligible Families Have Received Cash Assistance Since the 1990s, and the Recession's Impact on Caseloads Varies by State* (Washington, D.C.: GAO, February 2010), available at: <https://www.gao.gov/new.items/d10164.pdf>.

⁹ Gene Falk, "Temporary Assistance for Needy Families," Congressional Research Service, March 27, 2018.