

Welfare Reform

The general idea is to change the welfare system into one that requires work in exchange for time-limited assistance with the individual states having the responsibility to implement the reform.

Major provision of Welfare Reform are:

1. AFDC is abolished, eliminating the entitlement of poor families to receive cash assistance.
2. Federal government provides grants to the states to provide Temporary Aid to Needy Families (TANF) with restrictions on what recipients must do to qualify for assistance and how long they can receive it.
3. After 24 months of assistance (consecutive or non-consecutive) a recipient must participate in work activities defined as any of the following: (a) employment (b) on-the-job training (c) community service (d) vocational training.
4. After a total of 60 months of cash assistance (consecutive or non-consecutive), assistance stops. States can allow exceptions to this rule, with a restriction that no more than 20 percent of the state's recipients exceed the 60 month limit.

Effects of Welfare Reform

1. Between 1996 and 2005, the national welfare caseload fell 64%.
2. The employment rate of single mothers employed rose 13 percentage points between 1996 and 2005.
3. The share of the national welfare caseload accounted for by cities has increased.
4. Welfare reform has had mixed effects on poverty. The number of families in deep poverty (income of less than half of the poverty line income) has increased since 40% of former welfare recipients aren't working. Among former welfare recipients that are working, the average wage is \$7/hour, not enough to lift a single wage earner family out of poverty.

welfare.reform.wpd