Slate

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Welfare as We Know It

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All leading American politicians, including President Clinton and Bob Dole, say they want to end something called "welfare as we know it." What is welfare as we know it?

Aid to Families with Dependent Children is the safety net for the poorest American families with children. In 1994, AFDC provided cash assistance to about 4.2 million single mothers and their children and about 335,000 two-parent families through the AFDC-Unemployed Parent program. AFDC costs the federal government about $14 billion a year and states another $12 billion. Add other federal expenditure for AFDC families—food stamps ($12 billion), Medicaid ($17 billion, with another $13 billion in state spending), and harder-to-calculate expenditure for housing, child care, social services, and so forth—and total federal expenditure for AFDC families exceeds $50 billion a year, or roughly 4 percent of federal outlays.

About one in seven American children is now on AFDC. Of the 9.4 million children on AFDC in 1994, about 38 percent were African-American, 21 percent Hispanic, and 33 percent non-Hispanic white. This means that about four of every 10 black children were on AFDC, as were about three out of 10 Hispanic children, and about 7 percent of white children.

Never-married mothers now head more than half of all AFDC households. When AFDC started in the 1930s, two-thirds of children on welfare were there because of the death or incapacitation of a parent. By 1975, children of divorced or separated parents accounted for the majority of cases (about 56 percent), while the children of never-married mothers made up another third. By 1994, children of nevermarried mothers accounted for almost two-thirds of the caseload, compared with only 30 percent for children of divorced or separated parents, and 2 percent for the children of widows.

Long-term welfare dependency is a serious problem. According to estimates by the Urban Institute's Ladonna Pavetti, 62 percent of recipients at any given time are in the midst of welfare spells that eventually will last nine or more years. Many mothers, mainly divorced ones, spend a relatively short period of time on welfare—leaving as soon as they can get a job. But many others, especially unwed mothers who had their first baby as teens and either dropped out of high school or have little work experience, find it much more difficult to work their way off welfare. Thus, the increasing percentage of never-married mothers on welfare probably has increased the length of time the average welfare mother stays on the rolls.

More immigrants are receiving welfare benefits. Illegal immigrants are not eligible for AFDC, although their U.S.-born children are. Legal immigrants are eligible, but during their first three years in the country they are presumed to receive some assistance from their sponsor if they have one. Immigration has not had a big effect on the AFDC caseloads of most communities, although it has a substantial impact in places like California, where non-citizens account for about 15 percent of all persons on the program. Immigration also has increased federal spending for the indigent elderly and disabled under the Supplemental Security Income Program. Between 1982 and 1993, the number of aliens getting SSI benefits jumped from 128,000 (3 percent of recipients) to 786,000 (12 percent of recipients), at a cost of more than $3 billion a year. Eighty-five percent of these non-citizen recipients come from three areas—Latin America (39 percent), Asia (37 percent), and the former Soviet Republics (10 percent).

Over the last three years, 44 states have begun reforming their welfare programs using “waivers” from the Clinton administration. The most common provisions allow recipients who go to work or get married to keep more of their earnings or stay on Medicaid longer. Other common reforms reduce benefits if welfare mothers don't send their children to school, don't keep their children's immunizations up-to-date, and so forth. In recent months, however, 25 states have received waivers that go to the very heart of the program: They end the absolute and unconditional entitlement to long-term benefits. Five more states have similar waivers pending. About half completely terminate cash benefits and about half trigger a work requirement after a specific period on the rolls, usually 24 months or 36 months. Three others terminate benefits after a period of mandatory work. States making these fundamental changes include some with the largest welfare caseloads in the country—California, Illinois, Ohio, and Texas. New York will probably join the list soon. In fact, time limits already cover over 60 percent of the nation’s welfare caseload.

Many waiver requests submitted by states initially proposed an absolute termination of benefits after the time limit. So far, however, the Clinton administration has insisted that there be some sort of protection for long-term recipients. The most common safety-net provisions exempt families from the time limit for personal hardship (14 states), inability to find a job (13 states), the caretaker’s age (10 states), and the child’s age (9 states).

After rising 32 percent under George Bush (from 1989 to 1993), AFDC caseloads are now declining. Between January 1994 and February 1996, the number of families on welfare nationwide fell by 8.5 percent. President Clinton already is claiming credit for this decline. He may be right, but the bite of these new rules will not be felt for many years. Have recipients really changed their behavior in anticipation of future penalties? Another explanation is the stronger labor market for low-skilled workers. The decline in AFDC rolls started in 1994, when, for example, the poverty rate among African-Americans declined from 33.1 percent to 30.6 percent.