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“Assessing the Impact of Welfare Reform on Single Mothers”

*Brookings Papers on Economic Activity 1:2004*, pp. 1-95

Since welfare reform was implemented in 1996, welfare participation among single mothers has dropped dramatically, and the fraction of single mothers who work has increased. This paper assesses the contributions of the various components of welfare reform and other economic and policy changes to these phenomena. Using an extensive dataset that characterizes welfare policy changes and other determinants of welfare and work participation at the state level, we develop a model that explains both *levels* and *changes* in welfare and work participation across states, time, and various demographic groups over 1980-2002. The key variables contributing to the overall decrease in welfare participation are work requirements, the earned income tax credit (EITC), and macroeconomic conditions, and those accounting for the increased work participation are the EITC, macroeconomic conditions, work requirements, and time limits on welfare receipt. However, these variables differ in relative importance across demographic subgroups and subperiods.

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We thank our discussants for many helpful comments and suggestions. Brandon Wall provided outstanding research assistance. Raquel Bernal helped us construct some of the welfare policy variables used in the analysis. We are grateful to Nina Campbell, Karen Clairemont, and Evelyn Mills at the Administration for Children and Families of the U.S. Department of Health and Human Services, and Catherine Hine and Patrick Waldron at the U.S. Department of Agriculture, for providing additional policy data. We also thank Gretchen Rowe at the Urban Institute for clarifying some questions about its Welfare Rules database.