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Welfare Check
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Ten years ago next month, a bipartisan majority in Congress and a Democratic president launched America's welfare policy in a new and largely uncharted direction.

It would be difficult to exaggerate the predictions of doom hurled against the Republican welfare reform bill signed by President Bill Clinton on Aug. 22, 1996. Mr. Clinton had previously vetoed two versions of welfare reform when, with skill, daring and persistence, Republicans in the House and Senate pushed it through Congress a third time and put it again on the president's desk. In an act of remarkable political courage, Mr. Clinton defied senior members of his own party and most of the American left and signed the radical bill into law.

The left, led by senior Democrats in Congress, the editorial pages of many of the nation's leading newspapers, the Catholic bishops, child advocates in Washington and the professoriate, had assaulted the bill in terms that are rare, even by today's coarse standards. Democrats speaking on the floor of the House labeled the bill "harsh," "cruel" and "mean-spirited." They claimed that it "attacked," "punished" and "lashed out at" children. Columnist Bob Herbert said the bill conducted a "jihad" against the poor, made "war on kids" and "deliberately inflict[ed] harm" on children and the poor. Sen. Frank Lautenberg said poor children would be reduced to "begging for money, begging for food, and . . . engaging in prostitution."

Many Democrats and pundits shouted that the bill would throw a million children into poverty. Marion Wright Edelman of the Children's Defense Fund said that no one who believed in the Judeo-Christian tradition could support the bill. Even God, it seemed, opposed the evil Republican bill.

The major reform that evoked this onslaught was the proposal to end the entitlement, or legal guarantee of cash benefits, promised by the Aid to Families with Dependent Children program. Kate O'Beirne, now of National Review, perfectly captured the philosophy of entitlement in 1995 testimony before the House Ways and Means Committee, saying that the nation's welfare system operated on the principle of "spend more, demand less." Republicans wanted to demand more by breaking the entitlement and making the cash contingent on serious attempts to find work and achieve self-support.

After three decades of failed federal "work" programs, Republicans had spent years behind the scenes -- under the leadership of Newt Gingrich, Clay Shaw, Rick Santorum, Jim Talent and others -- developing ideas about how to encourage, cajole or, when necessary, force mothers on welfare to work. Specifically, Republicans proposed to end the entitlement to cash, impose a five-year time limit on benefits, require mothers to prepare for and search for work or have their cash benefit reduced or terminated, and require states to place half their welfare caseload in programs that lead to employment.

Granted, this new system would subject poor mothers to greater risk than the entitlement system it replaced. But in this regard welfare mothers would be no different from millions of other low-income Americans who rely on personal effort rather than government largesse.

Besides, Republicans argued, Congress had created a series of programs that provided substantial support to poor and low-income working families. A typical mother leaving welfare for work earns only around \$10,000 per year laboring in an \$8 per hour job -- the only kind of job for which most poor mothers are qualified. But the Earned Income Tax Credit gives them up to an additional \$4,500 (in today's dollars), they qualify for food stamps worth around \$2,000, their children are covered by

Medicaid, and most who need help paying for child care receive it. On earnings of \$10,000, then, mothers leaving welfare have total income of well over \$16,000 in cash or near cash -- more than twice as much as they would have had on welfare -- and their health insurance and child care are usually covered.

In the decade that has passed since the 1996 reforms, the welfare rolls have plummeted by nearly 60%, the first sustained decline since the program was enacted in 1935. Equally important, the employment of single mothers heading families reached the highest level ever. As a group, mothers heading families with incomes of less than about \$21,000 per year increased their earnings every year between 1994 and 2000 while simultaneously receiving less money from welfare payments. In inflation-adjusted dollars, they were about 25% better off in 2000 than in 1994, despite the fall in their welfare income.

Over the same period, the child-poverty level enjoyed its most sustained decline since the early 1970s; and both black-child poverty and poverty among female-headed families reached their lowest level ever. Even after four years of increases following the recession of 2001, the child poverty level is still 20% lower than it was before the decline began.

Similarly, measures of consumption and hunger show that the material conditions of low-income, female-headed families have improved. Although welfare reform was not without problems, none of the disasters predicted by the left materialized. Indeed, national surveys show that almost every measure of child well-being -- except obesity -- has improved since the mid-1990s.

The 1996 law, in perhaps the most direct legislative clash of liberal and conservative welfare principles since the New Deal, was a victory for conservative principles. Poor mothers scored a victory for themselves and their children, showing that given adequate motivation and support from work-based government programs, they can join the American mainstream, set an example for their children and communities, and pull themselves and their children out of poverty.

But there's a rub for conservatives: Now and for the foreseeable future, the nation will have millions of poorly educated and unmarried young mothers who are capable of producing labor value of around \$8 per hour when they first enter the labor market. They face a Hobson's choice of living in poverty on welfare or living in poverty while working -- unless government subsidizes their income. These work-based subsidies -- the Earned Income Tax Credit, Medicaid, child care, and so forth -- were already in place in 1996 and have been improved since. In effect, welfare reform made government benefits contingent on work, poor mothers responded appropriately, and the combination of earnings and government benefits brought them and their children out of poverty.

Still, there's a lot here for everybody to like -- work for conservatives and work-contingent government benefits for the left. The irony of welfare reform is that it firmly implanted the conservative principle of self-sufficiency in federal policy which, in turn, brought the liberal principle of government support for the poor into its most effective form -- namely, encouraging work.

Above all, welfare reform showed that work -- even low-wage work -- provides a more durable foundation for social policy than handouts.

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