Why Work Matters

Refocusing the Safety Net on Work and Opportunity

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The Welfare Reform Impact

AFDC BEFORE REFORM

1 in 10

Families included a worker

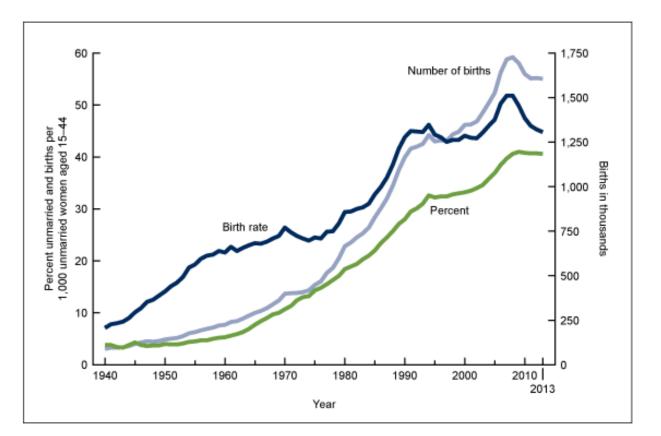
8 years

Length of time on benefits

1 in 7

U.S. children in AFDC

Non-married childbirths



U.S. Department of Health and Human Services, "Section 8. Aid to Families with Dependent Children and Related Programs (TITLE IV-A)," https://aspe.hhs.gov/system/files/aspe-files/210906/08tanf.txt (accessed September 27, 2021).

Sally C. Curtin, M.A.; Stephanie J. Ventura, M.A.; and Gladys M. Martinez, Ph.D., National Center for Health Statistics, NCHS Data Brief No. 162, August 2014, https://www.cdc.gov/nchs/products/databriefs/db162.htm

Welfare Reform Predictions

 "Serious injury to American children.... There will be more malnutrition and more crime, increased infant mortality, and increased drug and alcohol abuse."
 Peter Edelman, a Clinton Administration official

- "Outrage...that will hurt and impoverish millions of American children."
 The Children's Defense Fund
- Will push 2.6 million people, including 1.1 million children, into poverty, and cause one-tenth
 of all American families, including 8 million families with children, to lose income.

 The Urban Institute

Peter Edelman resigned as Assistant Secretary for Planning and Evaluation at the Department of Health and Human Services. Peter Edelman, "The Worst Thing Bill Clinton Has Done," The Atlantic, March 1997, https://www.theatlantic.com/magazine/archive/1997/03/the-worst-thing-bill-clinton-has-done/376797/

Hearing, Outcomes of 1996 Welfare Reforms, Committee on Ways and Means, U.S. House of Representatives, 109th Congress, Second Session, July 19, 2006.

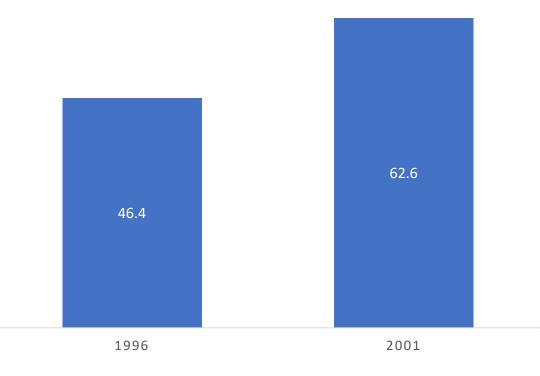
Sheila R. Zedlewski, Sandra J. Clark, Eric Meier, and Keith Watson, "Potential Effects of Congressional Welfare Reform Legislation on Family Incomes," Urban Institute, July 26, 1996, http://www.urban.org/sites/default/files/publication/67221/406622-Potential-Effects-of-Congressional-Welfare-Reform-Legislation-on-Family-Incomes.pdf

REFORM'S ECONOMIC IMPACTS

CHILD POVERTY DECLINE

60%

EMPLOYMENT OF NEVER-MARRIED MOTHERS



OVERALL IMPACT OF LONG-TERM UNEMPLOYMENT 5% over 20 years

Decline in income

Decreased mental health

Based on length of time on benefits

1.5 years Decrease in overall lifespans

Justin Barnette and Amanda Michaud, "Wage Scars and Human Capital Theory," Kent State University and Indiana University Working Paper, 2017, https://ammichau.github.io/papers/JBAMWageScar.pdf (accessed October 1, 2021). Also see Louis Jacobson, Robert LaLonde, and Daniel Sullivan, "Earnings Losses of Displaced Workers," American Economic Review, Vol. 83, No. 4 (September 1993), https://www.jstor.org/stable/2117574 (accessed September 27, 2021).

Steven J. Davis and Till Von Wachter, "Recessions and the Costs of Job Loss," Brookings Papers on Economic Activity (Fall 2011), https://www.brookings.edu/wp-content/uploads/2011/09/2011b_bpea_davis.pdf (accessed September 29, 2021), and Till Von Wachter, Jae Song, and Joyce Manchester, "Long-Term Earnings Losses Due to Mass Layoffs During the 1982 Recession: An Analysis Using US Administrative Data from 1974 to 2004," Semantic Scholar, 2009, https://www.semanticscholar.org/paper/Long-Term-Earnings-Losses-Due-to-Mass-Layoffs-the-Wachter-Song/23e0a55e85c61deb94edd38f611ebbb737ec062b

Austin Nichols, Josh Mitchell, and Stephan Lindner, "Consequences of Long-Term Unemployment," Urban Institute, July 2013, https://www.urban.org/sites/default/files/publication/23921/412887-Consequences-of-Long-Term-Unemployment.PDF

Continued Safety Net vs. Employment

If mothers remained in the safety net long-term:

But mothers who found employment:

- Incomes decreased
- Physical health worsened
- Psychological well-being declined

- Financial strain and food insecurity dropped
- Physical, emotional, and psychological health improved
- Better health and behavioral outcomes for their children

Slack, Kristen Shook et al. "How Are Children and Families Faring a Decade After Welfare Reform? Evidence from Five Non-Experimental Panel Studies." *Children and youth services review* vol. 29,6 (2007): 693-697, https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4260333/

Coley, Rebekah Levine et al. "Maternal Functioning, Time, and Money: The World of Work and Welfare." Children and youth services review vol. 29,6 (2007): 721-741, https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1948836/

Rebekah Levine Coley et al., "Maternal Functioning, Time, and Money: The World of Work and Welfare," Children and Youth Services Review, Vol. 29, No. 6 (June 2007), https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1948836/



Education Impacts: Welfare vs. Earned Income

- A mother's welfare dependence was associated with a reduction in her child's math and verbal-ability test scores.
- Girls who were raised in aid-recipient families were
 1.4 times less likely to graduate high school.
- "Exposure to one year of welfare in early adolescence is associated with a reduction in schooling of about 0.3 year."

M. Anne Hill and June O'Neill, "Family Endowments and the Achievement of Young Children with Special Reference to the Underclass," Journal of Human Resources, Vol. 29, No. 4 (Fall 1994), pp. 1090 and 1091, <u>https://www.jstor.org/stable/146134?refreqid=excelsior%3A15414ac8f891afe9c8c805d4bb7fb30e&seq=27#metadata info tab contents</u> Renata Forste and Marta Tienda, "Race and Ethnic Variation in the Schooling Consequences of Female Adolescent Sexual Activity," Social Science Quarterly, Vol. 73, No. 1 (March 1992), pp. 23 and 24 (Table 3), <u>http://www.jstor.org/stable/42862986</u> Inhoe Ku and Robert Plotnick, "Do Children from Welfare Families Obtain Less Education? Demography, Vol. 40, No. 1 (February 2003), p. 166,

https://link.springer.com/article/10.1353/dem.2003.0005

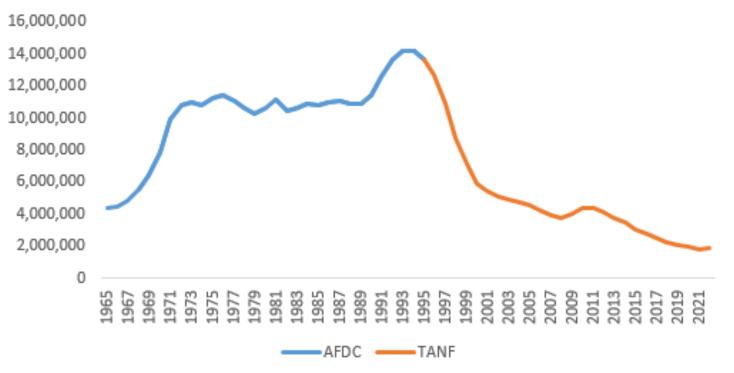
The Debt Ceiling Deal

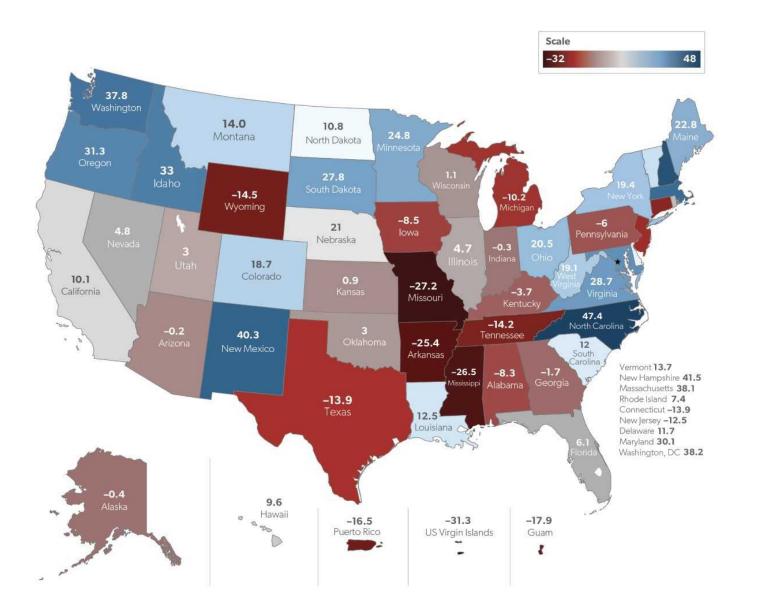
TANF REFORMS

Increase Work • Recalibrates the caseload reduction credit from 2005 to 2015. Participation Rate Requires Outcome • States will have to track and reporting on employment and wage outcomes after beneficiaries exit. Reporting • Creates a pilot program for five states to meet work Five New Grants and family performance measures.

AFDC and TANF Total Participation, 1965-2022

TANF Enrollment Decline





NEW WORK PARTICIPATION RATES

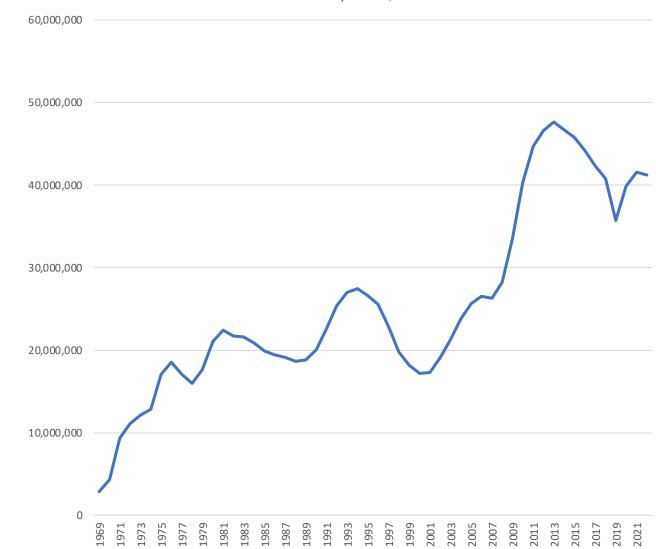
14 states will have a work participation rate, based on FY2022 data.

THE NYC JOBS EXPERIMENT

- In 1999, the NYC Giuliani Administration replaced the standard fee-for-service job training contracts with a system that rewarded a higher number of new contracts payments based to the best performers.
- Within a year, the number of job placements doubled.
- The Bloomberg administration continued this outcome-based strategy and revised contracts to financially reward organizations for participant job retention.
- The percentage of individuals retaining jobs at 90 days doubled and 180-day retention increased more than five times.

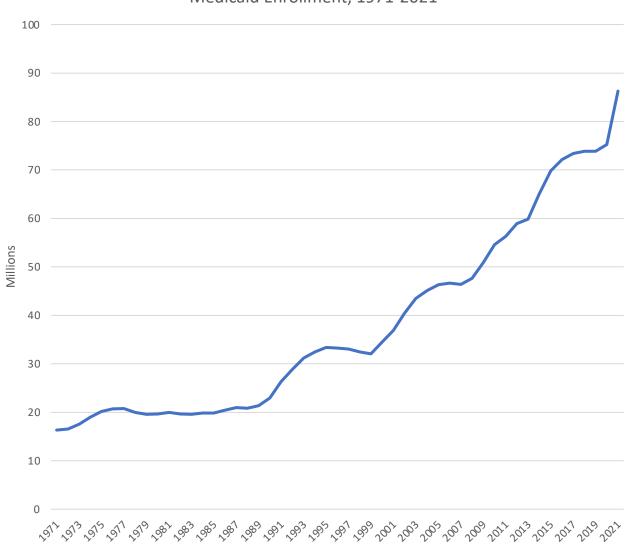
Swati Desai, Lisa Garabedian, and Karl Snyder, *Performance-Based Contracts in New York City* (Rockefeller Institute, 2012), 23, <u>http://136.223.201.223/pdf/workforce_welfare_and_social_services/2012-06-Performance-Based_Contracts.pdf</u>. Swati Desai, Lisa Garabedian, and Karl Snyder, *History of Welfare-to-Work Performance-Based Contracts in NYC: Lessons Learned* (2011), <u>http://umdcipe.org/conferences/Moscow/papers/Desai_History%200f%20Welfare-to-work%20Performance-Based %20Contracts%20In%20NYC_Lessons%20Learned.docx</u>. (Page 7 and in figures 3 and 4)

SNAP ENROLLMENT INCREASE



SNAP Total Participation, 1969-2022

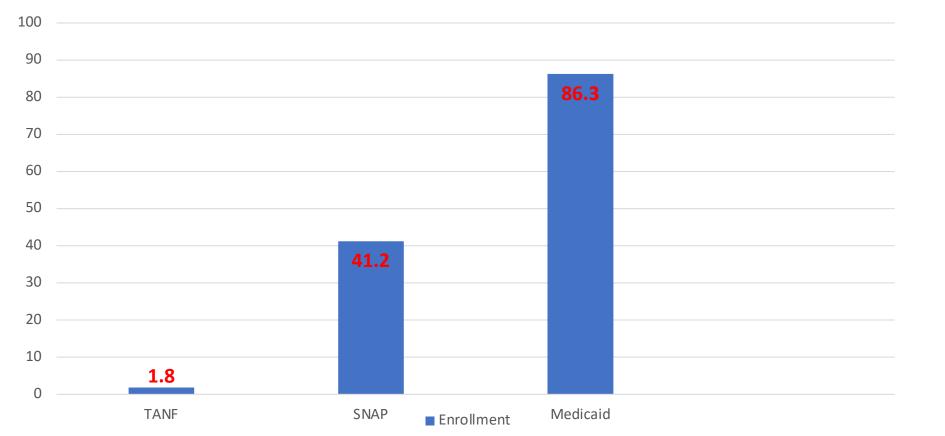
MEDICAID ENROLLMENT INCREASE



Medicaid Enrollment, 1971-2021

ENROLLMENT

Safety Net Enrollment



TANF Enrollment is a fraction of the other major programs.



TANF Reforms: Model Why Work Matters

- Implement the Debt Ceiling Reforms to model the importance of work in larger programs:
 - 1. Create a functioning TANF performancebased job placement evaluation.
 - 2. Measure both SNAP E&T and WIOA funds according to the performance model.
 - 3. Reward the top performer with more contract and pay per placement.
 - 4. Implement a data system that will identify all able-bodied adults with children over the age of 6 in TANF, SNAP, and Medicaid.
 - 5. Track the employment and wage outcomes of all TANF, SNAP, and Medicaid beneficiaries after exit.

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