

# Why Work Matters

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*Refocusing the Safety Net on Work and Opportunity*

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American Enterprise Institute

July 13, 2023



# The Welfare Reform Impact

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# AFDC BEFORE REFORM

**1 in 10**

Families included a worker

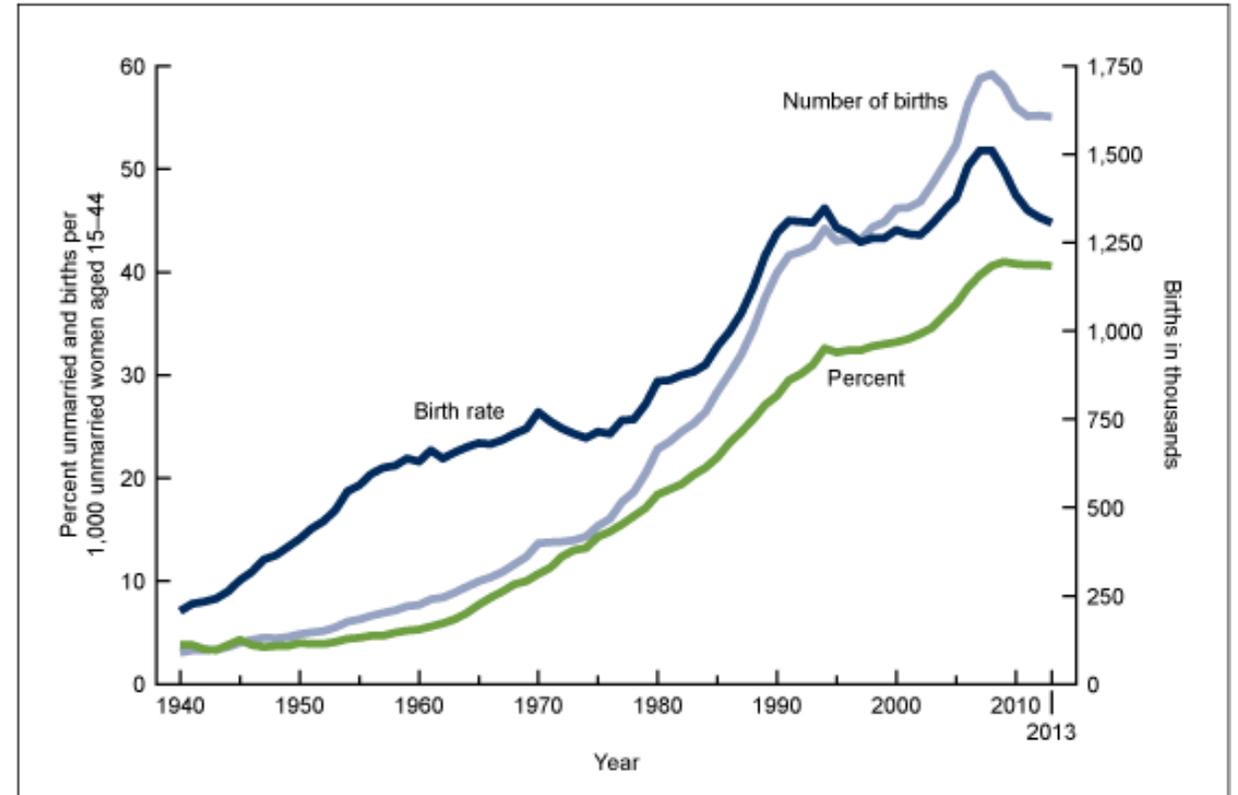
**8 years**

Length of time on benefits

**1 in 7**

U.S. children in AFDC

## Non-married childbirths



# WELFARE REFORM PREDICTIONS

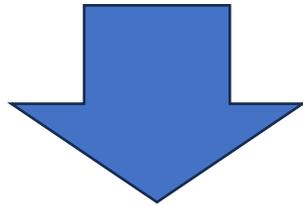
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- “Serious injury to American children.... There will be more malnutrition and more crime, increased infant mortality, and increased drug and alcohol abuse.”
  - Peter Edelman, a Clinton Administration official
- “Outrage...that will hurt and impoverish 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

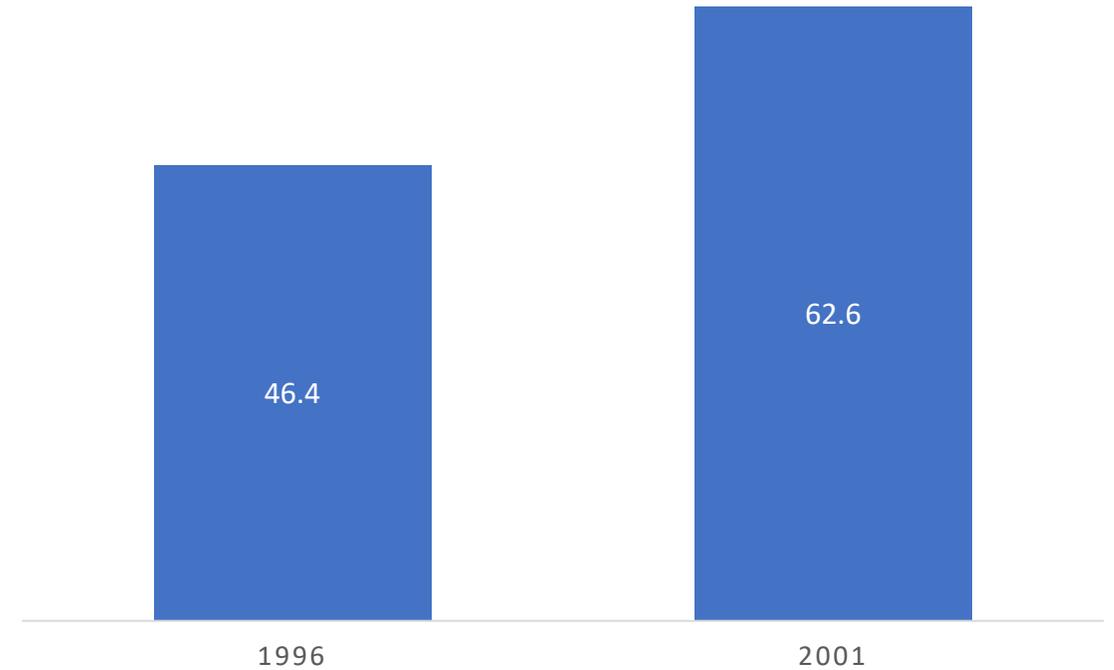
# REFORM'S ECONOMIC IMPACTS

## 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](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:

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

But mothers who found employment:

- 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."

# The Debt Ceiling Deal

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# TANF REFORMS

## Increase Work Participation Rate

- Recalibrates the caseload reduction credit from 2005 to 2015.

## Requires Outcome Reporting

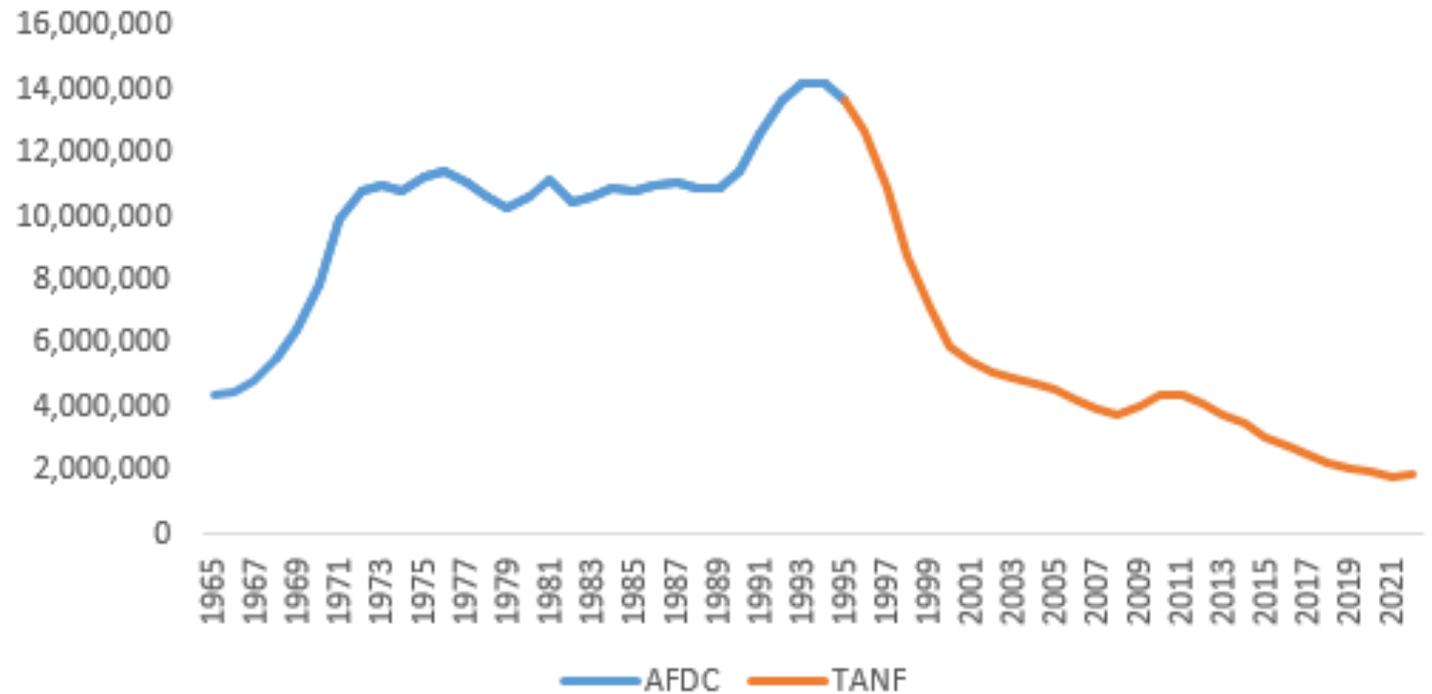
- States will have to track and reporting on employment and wage outcomes after beneficiaries exit.

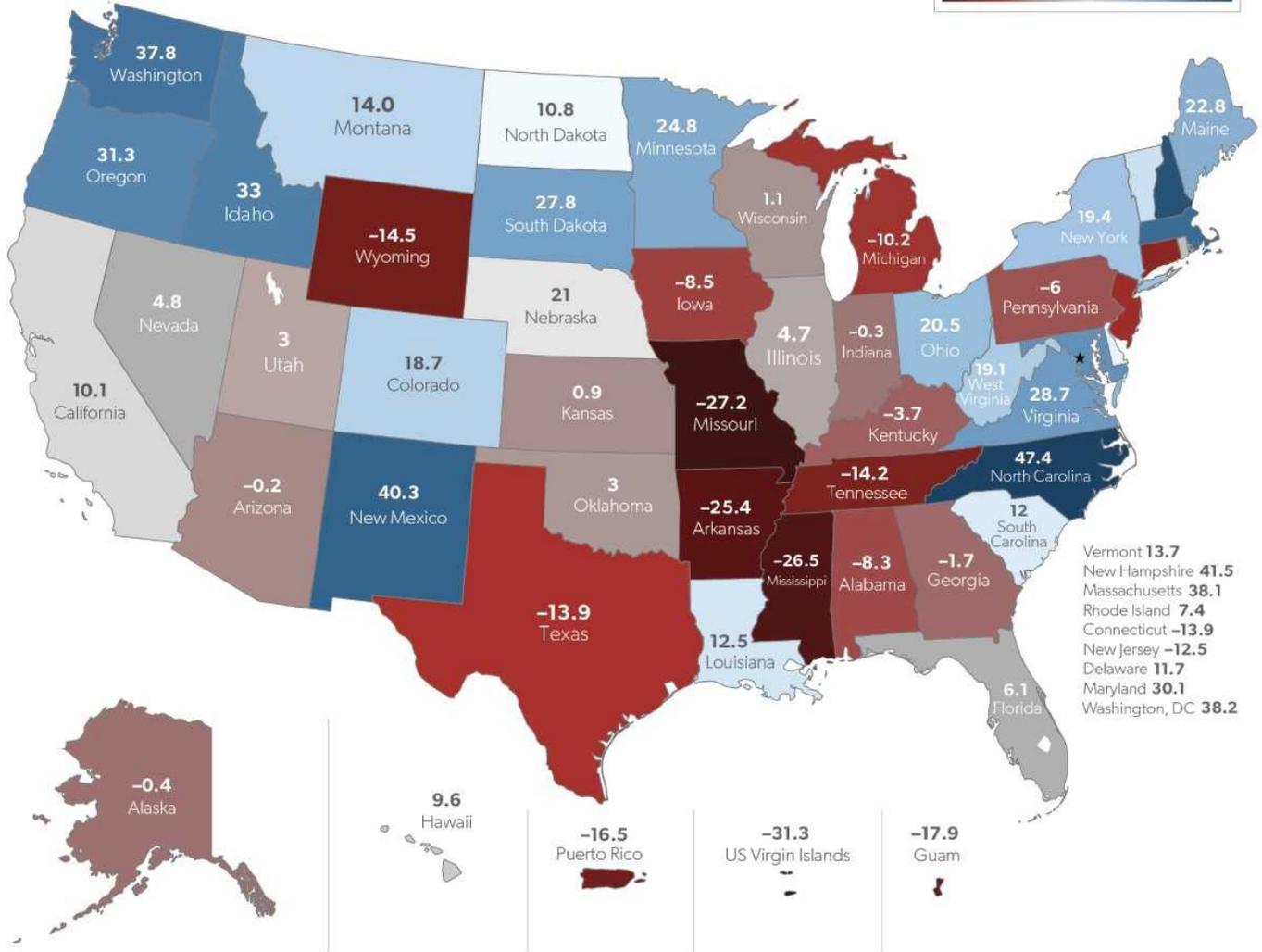
## Five New Grants

- Creates a pilot program for five states to meet work and family performance measures.

# TANF ENROLLMENT DECLINE

AFDC and TANF Total Participation, 1965-2022





# NEW WORK PARTICIPATION RATES

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

# THE NYC JOBS EXPERIMENT

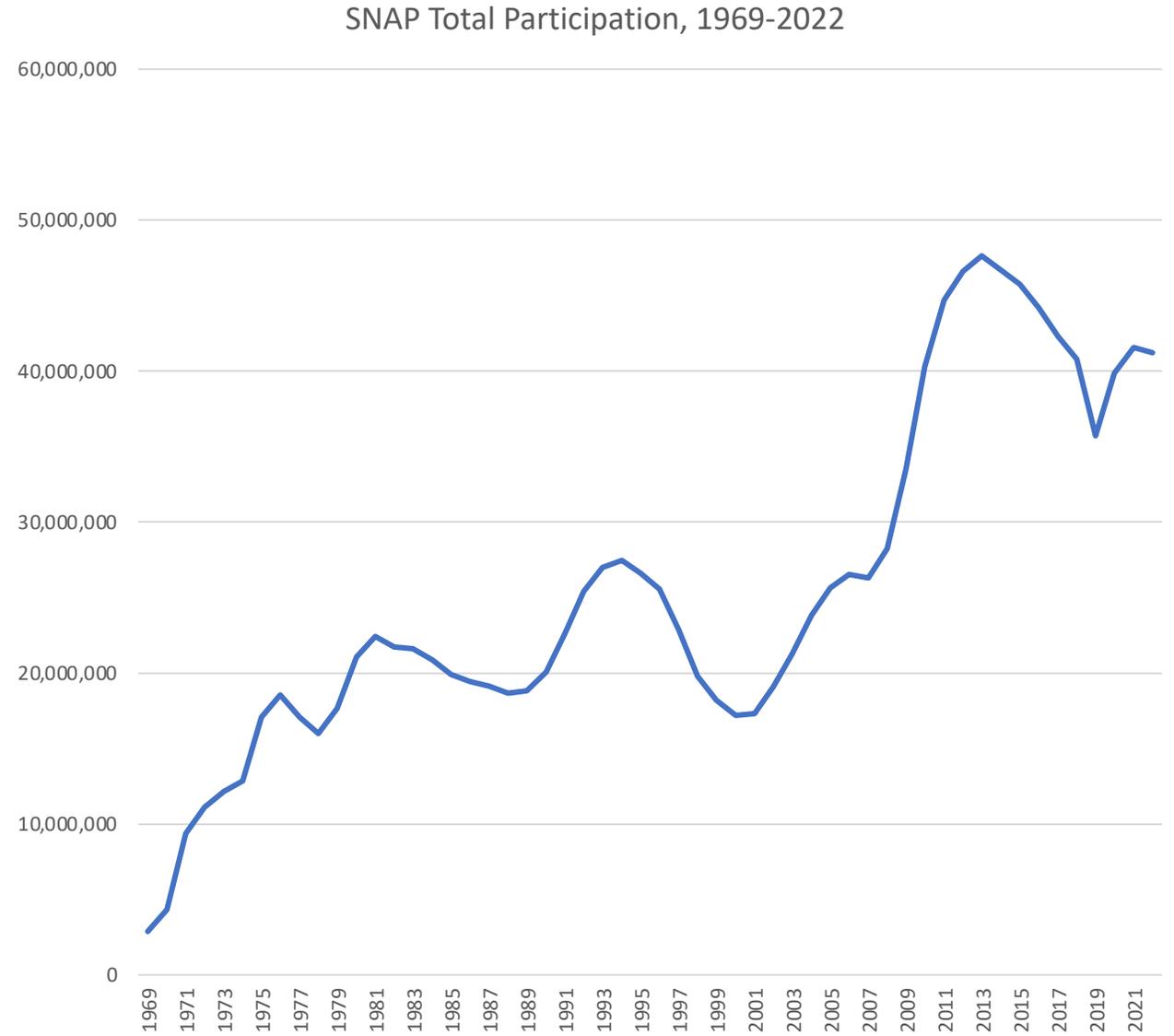
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- In 1999, the NYC Giuliani Administration replaced the standard fee-for-service job training contracts with a system that rewarded a higher number of new contracts payments based to the best performers.
- **Within a year, the number of job placements 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.**

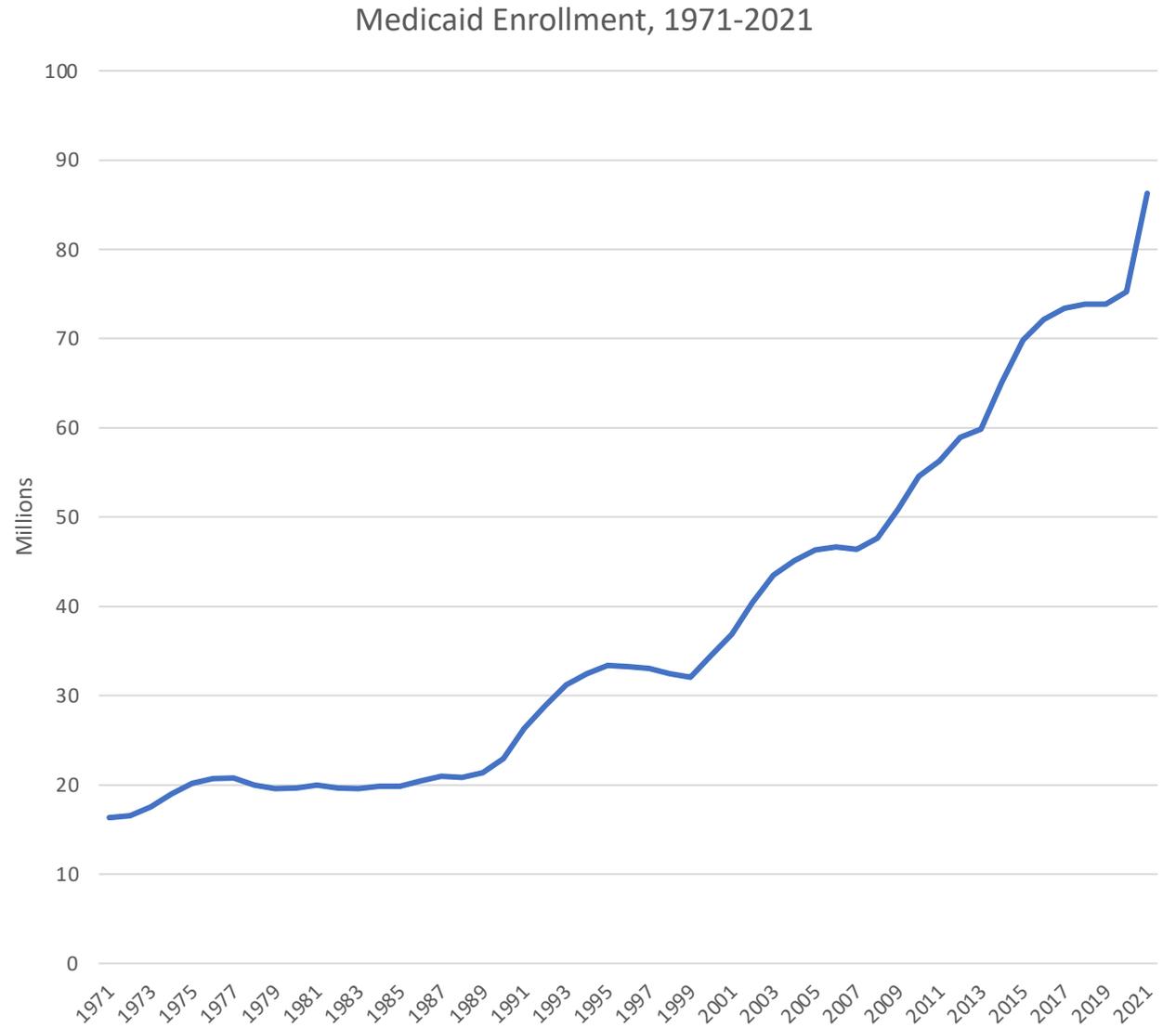
Swati Desai, Lisa Garabedian, and Karl Snyder, *Performance-Based Contracts in New York City* (Rockefeller Institute, 2012), 23, [http://136.223.201.223/pdf/workforce\\_welfare\\_and\\_social\\_services/2012-06-Performance-Based\\_Contracts.pdf](http://136.223.201.223/pdf/workforce_welfare_and_social_services/2012-06-Performance-Based_Contracts.pdf).

Swati Desai, Lisa Garabedian, and Karl Snyder, *History of Welfare-to-Work Performance-Based Contracts in NYC: Lessons Learned* (2011), [http://umdcipe.org/conferences/Moscow/papers/Desai\\_History%20of%20Welfare-to-work%20Performance-based%20Contracts%20in%20NYC\\_Lessons%20Learned.docx](http://umdcipe.org/conferences/Moscow/papers/Desai_History%20of%20Welfare-to-work%20Performance-based%20Contracts%20in%20NYC_Lessons%20Learned.docx). (Page 7 and in figures 3 and 4)

# SNAP ENROLLMENT INCREASE

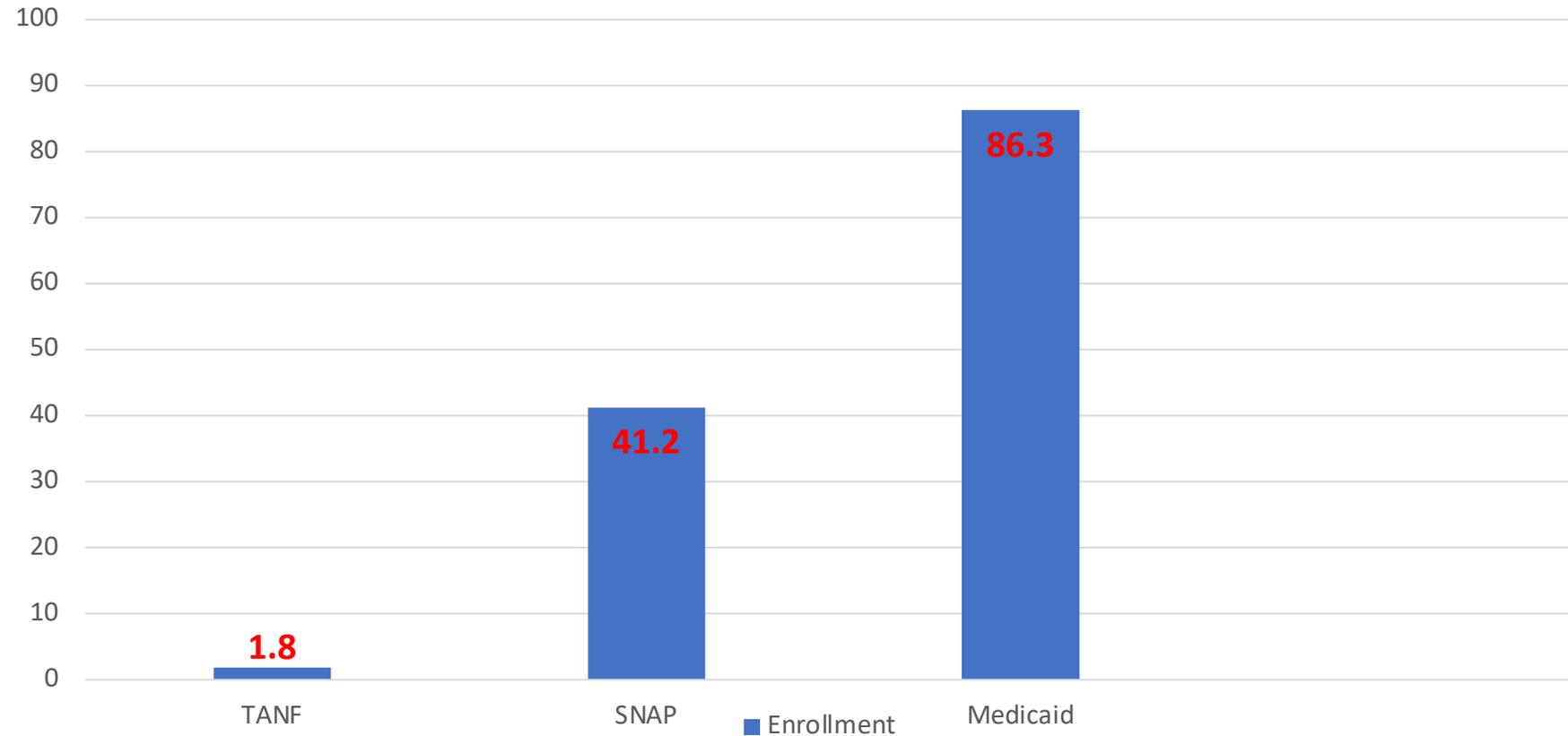


# MEDICAID ENROLLMENT INCREASE



# 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 performance-based 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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