

Welfare Reform in the United States: Implications for British Social Policy

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with commentaries by Kitty Stewart, David Piachaud and
Howard Glennerster

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Editorial Note

James Midgley is Harry and Riva Specht Professor of Social Welfare at UC Berkeley, California. His paper was originally given at a CASE seminar in March 2008 and the commentaries were given by the three discussants: Kitty Stewart, who is a Research Fellow in CASE, David Piachaud who is Professor of Social Policy at the LSE and a CASE associate and Professor Howard Glennerster who is Professor Emeritus and a CASE associate.

Abstract

Recent government pronouncements in the UK and above all the recent Conservative Party (2008) policy document on welfare reform suggest that US welfare reform is increasingly being taken as a model for the UK. What lessons should the UK draw from US experience? The long established means tested programme for needy families known as Aid to Families with Dependent Children (AFDC) was replaced in 1996 with a welfare to work programme known as Temporary Assistance for Needy Families (TANF). The historical background and features of the new program are elaborated and the way it has been implemented in varied ways in different states is documented. The findings of a number of outcome studies assessing the programme's impact and effectiveness are reviewed. Three commentaries on the paper consider how far American experience should be a guide to welfare policy in Britain.

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Introduction

Today social policy scholars are paying more attention to the role of policy diffusion in the evolution of social welfare. Several studies have shown how policy innovations in some countries have influenced developments in others. Although much of this research has focused on the transfer of Western social policies to the developing countries of the Global South, attention has also been drawn to the exchange of welfare ideas between Western nations such as Britain and the United States. For obvious reasons, British and American welfare innovations have been shared for many years. Over three centuries ago, English settlers in the new American colonies replicated the Elizabethan Poor Law to deal with the growing problem of destitution and, in the 19th century, the novel methods of the Charity Organization Society and the Settlement Houses in England were enthusiastically emulated in major American cities. These innovations laid the foundations for the emergence of the social work profession which subsequently played a major role in the development of the country's welfare system.

During the 20th century, the process was largely reversed and welfare developments in the United States were more frequently emulated in Britain. For example, the urban community-based antipoverty programmes introduced by the Johnson administration in the 1960s inspired similar innovations in the United Kingdom. Similarly, psychotherapeutic social work in Britain has been largely shaped by American ideas. The impact of American policy innovations on British social policy during the 1990s has been recognized by several British scholars such as Julian Le Grand and his colleagues (2007, p.48) who observed that while British social policy had absorbed European and other international influences over the last twenty years, "... the principle role model has been the US."

Howard Glennerster (2002) has summarized these developments by showing that President Clinton's make work pay policies influenced the Blair government which introduced a minimum-wage for the first time in 1999, as well as earned income and child care credits. Aspects of American welfare reform were also adopted in the New Deal programme which was introduced in 1999. As in the United States, this programme emphasized job placement although training and education were given more prominence. In addition, efforts by the previous Conservative government to strengthen the child support system were augmented by the Labour government. Glennerster points out that although these innovations did not result in the direct replication of American social policies, they significantly affected New Labour's approach.

There is considerable international interest in the policy changes introduced in United States in the 1990s, and particularly in the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 that significantly altered the way the federal and state governments had for approximately sixty years paid means tested, cash benefits to low income, mostly single-parent families. These changes are

loosely referred to in the United States as ‘welfare reform’, but it should be noted that term is used imprecisely.¹

Many social policy scholars believe that American welfare reform has influenced international social policy thinking where welfare to work policies and programmes are now given greater emphasis. Indeed, much has now been written about welfare to work in other nations, many of which are said to have been affected by developments in the United States (Considine, 2001; Evans, 2001; Handler, 2004; Lodemel and Trickey, 2001; Peck, 2001). American welfare reform has even attracted the attention of the international media. During the 1990s, *The Economist* magazine ran numerous stories on proposals to overhaul the American welfare system and in 2003, it reported in a major article entitled ‘America’s great achievement’, that the reform had been highly successful.

A good deal of research on the outcomes of welfare reform in United States has now been undertaken and numerous assessments of its impact have been published. However, the picture that emerges is extremely complex. This paper will show that simplistic claims about the successes or failures of welfare reform, such as the one reported in *The Economist* in 2003, do not adequately capture these complexities or balance competing interpretations of its achievements. In addition, welfare reform involves wider issues that transcend the findings of empirical outcomes research. Since outcome studies are appropriately concerned with measuring the impact of welfare reform and assessing its effects, they cannot capture its wider political and cultural ramifications. A proper assessment of the overall impact of welfare reform must take account of these political and cultural effects.

The following account examines the outcomes of welfare reform in the United States but specifically links research findings to interpretations that stress the wider dimensions of welfare reform. Hopefully, this more nuanced interpretation will be of interest to social policy scholars in Britain. Although it is not intended to draw specific lesson for British social policy, it is inevitable that some aspects of the American experience will be of relevance and some brief comments on this issue may be appropriate. Of course, the commentaries by British colleagues that follow will offer a more accurate and up to date elaboration. But first, the historical and descriptive background to welfare reform and the welfare system of the United States will be briefly discussed.

¹ In addition, some scholars decisively reject its ameliorative implications arguing that welfare reform has not improved the circumstances of former welfare clients (Goldberg and Collins, 2001). Although many scholars prefer the term ‘welfare to work’ which they believe more accurately captures the new programme’s intention, the term ‘welfare reform’ will be used here largely because its meaning is generally understood.

The Campaign for Welfare Reform

In August 1996, President Bill Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) which abolished a major cash transfer programme known as Aid to Families with Dependent Children (AFDC). This programme had been introduced by the Roosevelt administration as a part of the New Deal and it formed a major component of the Social Security Act of 1935. The 1996 legislation replaced AFDC with a new welfare to work programme known as Temporary Assistance for Needy Families (TANF). Unlike AFDC which paid cash benefits as a rights-based entitlement, TANF subjected the payment of benefits to the availability of funds. It also imposed a variety of new conditions on recipients of which the work participation requirement is arguably the most important. The primary purpose of the legislation was to end what was often described as the ‘culture of dependency’ created by the welfare system. Welfare dependency was characterized by a reliance on cash benefits and a reluctance to work. By requiring welfare recipients to engage in regular employment, the legislation’s sponsors hoped to promote self-sufficiency, raise the incomes of poor families, and facilitate social mobility. The new programme would also, it was claimed, address the problems of family disorganization, illegitimacy, crime and drug abuse, and other social ills associated with poverty and the underclass and that plagued inner-city areas in United States for many years.

AFDC was widely regarded as central to the American welfare system. Indeed, its importance is revealed in the way it was synonymously referred to as ‘welfare’. Its abolition and replacement with the new TANF programme was therefore a significant development in American social policy. Although a number of leading Democratic politicians, academics, welfare activists and social workers deplored the termination of the programme, its opponents hailed its abolition as a ‘revolution’ in social policy which would end welfare dependency and reassert American values of responsibility and self-sufficiency. The incorporation of these values in the 1996 legislation was hailed as an important step in rebuilding what former House Speaker Newt Gingrich (1995) called the ‘Opportunity Society’.

Welfare reform terminologies

When politicians, journalists and even academics spoke about the AFDC programme, they referred to it as ‘welfare’ rather than AFDC. However, the use of an all-encompassing term such as ‘welfare’ to connote a very specific social programme departs significantly from standard international usage and requires clarification. In most other countries, social policy scholars use the term to refer to a nexus of social programmes, cash transfers, services and mandates. Although the term is sometimes also used in United States to describe other means tested programmes such as the food voucher programme known as Food Stamps or the housing voucher programme, it was largely confined to connoting the AFDC programme. On the other hand, the large and expensive social insurance retirement scheme operated by the federal government, which is known as Social Security, is hardly if ever described as welfare. This is also

true of other income transfer programmes such as unemployment insurance and workers' compensation. Although unemployment insurance is often associated with the term 'welfare' in Western countries, this is not the case in the United States. Unemployment insurance is intended for laid-off workers who have been in regular employment and who have earned steady wages or salaries for extended periods of time. AFDC or 'welfare' was designed for low-wage workers with children who have never been in regular employment or who only work intermittently. While most recipients of unemployment benefits are men, the overwhelming majority of AFDC recipients were women.

This usage of the term 'welfare' is not only of semantic but of policy significance because in United States, the term 'welfare reform' refers to the termination of *only one* out of many governmental social programmes. This puts welfare reform into perspective because there are literally hundreds of governmental programmes in United States that transfer public resources to people or groups of people who are regarded as having special social needs and deserving of assistance. Key among these programmes are Social Security, unemployment insurance, school meals, workers' compensation, the Earned Income Tax Credit (EITC)², the Food Stamp programme, housing assistance, maternal and child welfare programmes, the foster care system and Medicare and Medicaid. Also included are tax advantaged retirement accounts, mortgage interest tax relief, health insurance income deductions and other policies that primarily benefit middle and higher income earners. In the United States, taxpayers also heavily subsidize the voluntary or non-profit sector and, of course, sizable subsidies and tax benefits known colloquially as 'corporate welfare' accrue to agricultural, industrial and commercial enterprises. The American 'welfare state' is thus a vast and complex entity in which services, cash transfers, incentives and mandates are used to promote social goals by the federal and state governments, as well as the counties and cities. Today, ten years after welfare reform, these programmes continue to operate without significant modification. Indeed, since then, several social programmes have been expanded and new ones have even been added.³

It may seem perplexing to international observers that AFDC's opponents should have greeted its abolition with such enthusiasm. Equally perplexing is the fact that they are apparently unconcerned that the rest of the welfare system remains intact and continues to consume sizable public resources.⁴ This point will be considered again

² The Earned Income Tax Credit is federal a wage subsidization programme operated through the tax system. It will be described in more detail later.

³ It is also of policy significance that the AFDC programme was by no means the largest or most expensive of these programmes. On the eve of welfare reform in 1995, AFDC paid benefits to fewer people than Social Security, schools meals, workers' compensation, the EITC and the food voucher system. It consumed about one tenth of total allocations to the country's means tested programmes and a fraction of the cost of the Social Security retirement programme.

⁴ A major exception is Charles Murray (2006) who continues to advocate for the abolition all are income transfer in social services programs.

when different interpretations of the reasons for the abolition of the AFDC programme and the wider ideological dimensions of the reform are considered.

Welfare's historical origins and the expansion of AFDC

Although the AFDC programme was introduced in 1935, it was historically rooted in the Poor Law which was introduced into the English speaking North American colonies in the 17th century. Generally, the colonial Poor Law statutes were designed to deal with destitute settlers who were unable to make a living and many were repatriated. As in England, they made a clear distinction between the deserving and undeserving poor and moral criteria were explicitly used to determine eligibility. Accordingly, only those of respectable lineage and reputable character were assisted. Indigent elderly people or the morally worthy widow with children who had fallen on hard times were viewed as particularly deserving of public support. These moral notions survived as key eligibility requirements for many years and continued to permeate public perceptions about who should and should not receive welfare benefits.

The large numbers of families who lost their male breadwinners during the Civil War engendered a great deal of public sympathy and it was at this time that the first federal programme was established to assist disabled veterans and the families of those who were killed in action. Many of the states instituted their own programmes to supplement the federal government's veterans' provisions and many focused particularly on the widows and children of slain soldiers.

These developments were accompanied at the end of the 19th century by a growing concern about the rising numbers of children kept in orphanages. Residential facilities were widely used in the 19th century but conditions in the asylums, workhouses and orphanages were widely criticized. Although some of the leaders of the charities advocated that even more orphanages be constructed, others argued that poor widows should be financially assisted so that they could raise their children at home. This view gathered public support and, in the early decades of the 20th century, the movement for what became known as widows' or mothers' pensions intensified.

The first mother's pension was established by the state government of Missouri in 1911 closely followed in the same year by Illinois. This development was soon emulated by other states and by 1920 mother's pensions had been introduced in forty states. In 1935, when the federal government's Social Security Act was adopted, the number had risen to 48 and only Georgia and South Carolina had failed to introduce these programmes (Trattner, 1999). However, the economic pressures of the Great Depression limited the ability of the states to adequately fund the mothers' pensions and requests for federal support increased. It was primarily for this reason that mothers' pensions were partially nationalized when the Social Security Act was passed in 1935.

The Social Security Act was an omnibus amalgamation of different social programmes. In view of the high incidence of unemployment at the time, the first

priority of its sponsors was to establish a national unemployment insurance programme which would be jointly administered with the state governments. Although President Roosevelt was initially lukewarm about proposals to introduce a retirement insurance programme, several members of Congress as well as populist campaigners such as Dr. Townsend of California had advocated for the payment of cash benefits to the elderly and not wishing to be outmanoeuvred, the President agreed. Unlike unemployment insurance, the new retirement programme would be funded from a new national payroll tax and entirely administered by the federal government. The Social Security Act also replaced the mothers' pensions by creating a new joint federal and state programme initially known as Aid to Dependent Children (ADC). It was subsequently renamed AFDC. A funding formula was adopted by which the federal government assumed responsibility for most of the programme's costs but left its day to day administration to the states and permitted them to determine benefit levels. The result was significant variations in benefit levels in different parts of the country with the Southern states generally paying the lowest amounts.

AFDC paid benefits mostly to low-income families headed by lone mothers. Benefits could also be claimed lone fathers who stayed at home to care for their children or by relatives or others who assumed responsibility for them. In addition, two parent families in poverty were also entitled to benefits. However, the overwhelming majority of claimants were lone mothers and in keeping with the intention of the earlier mothers' pensions programme, most were widows. However, in time more divorced women with children applied and during the 1970s, the proportion of women applicants with children who had never married increased rapidly. Relatively few two parent or lone father families were assisted.

For many years, AFDC was a modest and obscure programme and initially, the number of recipients was low. It is estimated that about 150,000 families received AFDC benefits when the programme was established in the mid-1930s. Although modest increases were recorded during the 1950s and early 1960s, 'the caseload', as it is known, increased rapidly during the late 1960 and the 1970s, but flattened out during the 1980s. By this time, about 3.5 million families were in receipt of benefits. In the early 1990s, this figure again increased, rising to a peak of about 5.1 million families early in 1994. This figure translates into about 14.2 million individuals. By mid-1994, enrolment numbers began to decline and they continued to decline further until the early years of the 21st century when they again flattened out but at a significantly lower level of about 2.1 million families - accounting for approximately 5.6 million individuals (Besharov and Germanis, 2003). Of course, by this time the AFDC programme had been replaced by the TANF programme so this figure refers to the numbers receiving TANF benefits. By 2005, the caseload had fallen slightly further to about 1.9 million families or about 5.1 million individuals. The latest data provided by the Federal government's Department of Health and Human Services show that in February 2008 about 1.7 million families were enrolled in the TANF programme.

On the eve of welfare reform, the vast majority of families in receipt of AFDC were headed by lone mothers of whom about 50 per cent had never been married. Most had their first child at about the age of 20. Less than 300,000 families were headed by lone fathers and only a small fraction were two parent families. Almost a half of AFDC recipients had not completed high school. Almost 40 per cent were white, 37 per cent were African American and 18 per cent Latinos. Both African American and Latino clients were over-represented in the AFDC population. Indeed, three times as many African Americans were in receipt of AFDC as in the general population (Hombs, 1996).

Various explanations of the increase in the AFDC caseload during the late 1960s and early 1970s have been offered. While some believe that cash transfer programmes inevitably create a moral hazard and invite undeserving applications, others argue that the rise was largely due to the economic stagnation and unemployment of the 1970s. However, there is evidence to show that the increase in the number of welfare recipients was also the result of a conscious policy decision to use AFDC as an anti-poverty measure. Although the immediate post-war years United States were accompanied by growing prosperity, commentators such as Michael Harrington (1962) drew attention to the persistence of poverty, particularly among the country's white rural population and media reports of the appalling conditions in which these families lived garnered a great deal of public sympathy. It was in this context that President Kennedy declared his intention to address the problem. This sparked a rapid expansion of the AFDC programme.

President Johnson's War on Poverty and Great Society initiatives contributed directly to this expansion. The War on Poverty created several new social programmes intended to assist poor families. In addition to establishing community building and employment generating projects at the local level, a new child care programme for the young children of poor families known as Head Start was created. Other innovations were the Job Corps targeted at unemployed youth. A free legal advice service for poor families was also introduced. Believing that increases in cash transfer payments to poor families would reduce the incidence of poverty, efforts to enrol more poor families in the AFDC programme intensified during the late 1960. The popularization of this idea was accompanied by an increasingly effective grassroots campaign to extend cash benefits to poor people as of right. The National Welfare Rights Organization lobbied tirelessly to expand the number of welfare beneficiaries and frequently sought redress through the courts to ensure that local bureaucrats and policy makers did not obstruct this goal (Nadasen, 2005). Social policy scholars such as Wilbur Cohen and Mitchell Ginsberg who had been appointed to senior social service administrative positions also endorsed the view that the payment of cash benefits was an effective instrument for reducing poverty. Ginsberg who was appointed by Mayor John Lindsay to head New York's vast welfare bureaucracy in the late 1960s gained notoriety for actively encouraging the payment of benefits. He was also held responsible for the soaring numbers of people receiving benefits at a time that the city of New York faced a major fiscal crisis (Schmidt and Goodin, 1998).

Extensive media coverage of events in New York and the prodigious increase in the number of welfare recipients in other parts of the country soon drew attention to the increasing proportion of African-Americans on the welfare rolls. At this time, the civil rights struggle was at the forefront of public attention not only because of recent anti-segregation campaigns in the Southern states, but because of the urban 'race riots' in which incidents of looting and violence were vividly reported. Television images of these events did little to promote positive race relations attitudes among white, middle-class suburbanites. As media reports increasingly associated the payment of welfare benefits with race, it became clear that welfare was an issue of growing electoral significance.

Both Presidents Nixon and Carter incorporated welfare reform into their electoral campaigns. Nixon actually proposed far-reaching reforms that, if implemented, would have replaced the AFDC program with a guaranteed minimum income. However, despite its progressive elements, the Nixon plan failed to secure Congressional passage, although it did pave the way for the subsequent introduction of the EITC.⁵ Although President Carter failed to introduce significant changes to AFDC, his insistence that the programme was in need of reform reinforced its negative image.

Turning point: The attack on welfare

President Reagan probably made the most effective electoral use of welfare's negative imagery. He drew extensively on the writings of a new generation of social policy scholars on the political right such as George Gilder (1981), Charles Murray (1984) and Lawrence Mead (1986) all of whom attacked the generally accepted belief that economic and social problems could be solved through government intervention. Reagan frequently echoed Murray's claim that government had actually made things worse and that the nation had 'lost ground' as a result of its social programmes. He ridiculed the Johnson administration's War on Poverty by announcing that contrary to its promise, poverty had won. But it was his imagery of the 'welfare queen' that had a particularly effective impact. Based on an actual case of an African American woman in Chicago who had extensively abused the AFDC system, he communicated the notion that the vast majority of welfare recipients were indolent cheaters who had unashamedly exploited the altruistic generosity of the nation's taxpayers. Although the president avoided any reference to race, most white Americans understood the insinuation and welfare was now irrevocably racialised and gendered (Reese, 2005; Hancock, 2004).

The Reagan administration also took steps to address the welfare 'problem' and, with the passage of the 1982 Omnibus Budget and Reconciliation Act (or OBRA) in 1981, stricter eligibility requirements were imposed. This resulted in the reduction of termination of AFDC benefits for approximately 700,000 families. Compliance monitoring was also tightened (Stoesz, 2000). A far-reaching initiative known as the New Federalism by which federal social programmes would be devolved to the states

⁵ The Nixon Plan has not received the attention it deserves from social policy scholars in the United States. A recent book by Brian Steensland (2008) may however rectify this omission.

was also launched. Several federal community development programmes established during the War on Poverty were transferred to the state governments and federal funding for these programmes were transformed into block grants which the states could use with greater discretion than before. As will be shown, the President's devolution initiative has since become a key element of welfare reform.

Many Republicans endorsed the President's anti-welfare posture and it was soon clear to the Democrats that they no longer had public support for a programme they had championed and previously viewed as the embodiment of shared altruistic values and a desire on the part most Americans to help the unfortunate. President Reagan and the political right had pulled the moral rug from under their feet and aware of the electoral damage that the President's attacks on welfare would cause, they scrambled to regain the initiative. Although they rejected the old Poor Law idea of 'setting the poor to work', they recognized that work participation was a desirable goal which could be achieved through strengthening opportunities for AFDC recipients to acquire the educational credentials and skills that would prepare them for active labour market participation.

Of course, this was not a new idea. Job-training for welfare mothers and others had been introduced in the late 1960s but generally take-up was low.⁶ With the support of a sizable number of moderate Republicans, new legislation known as the Family Support Act was introduced in 1988. The statute created a new programme known as the Job Opportunities and Basic Skills Training Programs (JOBS) which required the states to assign a quota of welfare recipients to education and training programmes. These quotas, known as 'participation rates' were intended to set firm goals for promoting the acquisition of job skills and future employment. Since participation was mandatory, AFDC recipients who failed to attend classes or training sessions could be sanctioned primarily through benefit reductions. In addition to imposing penalties for noncompliance, the legislation also created incentives. For example, funds were not only allocated to meet educational and related expenses but to provide transportation, childcare and other support services to help clients acquire the skills that would help them to secure regular employment.

It was in the context of these changes that the term 'welfare reform' was popularized. The idea that welfare recipients should be encouraged to work, and that resources should be made available to help them achieve this goal through education and skills training seemed to the sponsors of the legislation to offer a viable alternative to what many regarded as a crude and intemperate attack on a programme that had helped millions of needy families. Although supporters of AFDC believed that the programme had been successfully reformed, critics were not persuaded and in the early 1990s, the new JOBS programme itself was heavily criticized for failing to achieve its goals. Soon, even more radical proposals for welfare reform were offered.

⁶ For a review of earlier job training and welfare to work programmes see Livermore (2000).

One problem was that earlier education and training programmes for welfare recipients were not well regarded. They were poorly funded and haphazardly implemented and as noted earlier, take up was low. Although proponents of the JOBS programme argued that its mandatory participation requirement would prepare welfare recipients for work, critics rebuffed this claim alleging that they were simply being referred to local colleges and other educational institutions to acquire paper credentials that failed to inculcate the technical skills that the country's technologically advanced and competitive economy required. Critics also claimed that the use of attendance criteria to meet state participation quotas hardly constituted an adequate preparation for regular employment.

In addition, evidence was produced to show that the numbers of welfare recipients had increased steadily since the enactment of the Family Support Act. The fact that the country was in recession and that there were limited employment opportunities for welfare recipients was dismissed and attention continued to be focused on their alleged abuse of the system. At this time, a number of in-depth studies of the welfare caseload were undertaken and although they produced results that countered prevailing anti-welfare attitudes, the momentum for radical reform continued apace. Research by Mary Jo Bane and David Ellwood (1994) revealed that most welfare recipients were not in fact in long-term receipt of benefits but that their 'spells' on welfare were of relatively short duration. In addition, many cycled in and out of the welfare system. Many found employment, usually in low paying service occupations, but often changing family circumstances involving child care or illness among children resulted in the loss of employment and a return to the welfare office.

In addition, several researchers (Edin and Lein, 1997; Harris, 1993; Rank, 1994) found that many recipients were in fact engaged in clandestine employment. Since benefit levels were generally insufficient to meet the needs of these families, many supplemented their benefits through intermittent, low paid work in the underground economy and were not, as critics had claimed, completely dependent on welfare. Many viewed their welfare payment as one of several sources of household income which was augmented by often irregular child support payments, in-kind support from friends and relatives, gifts and loans and of course intermittent employment. The image presented by this research was one of poor women with children actually working very hard and, as Ruth Sidel (2006) suggested, struggling heroically to provide for their children and to make ends meet. Although this research contradicted the negative, workshy image presented by welfare critics, it failed to attract much media attention or to make an impact on policy makers who were increasingly persuaded that coercive measures were needed to compel AFDC recipients to work. A major proponent of this idea was Laurence Mead who first attracted the attention of social policy scholars in the 1980s for his attack on the idea that income benefits should be provided to those in need as a social right. Mead (1986) argued persuasively that social rights are not granted unconditionally but are reciprocally dependent on the discharge of social obligations. Accordingly, welfare benefits should only be paid if claimants had first made a good faith effort to meet their social obligations by seeking employment and conforming to the norms and expectations of the community. The

entitlement culture, he argued, had undermined these notions and caricatured the idea of rights. The welfare system should be radically overhauled and work effort should be a precondition for the payment of benefits.⁷

Mead fervently advocated the 'work first' notion in social welfare. Although this was not a new idea, it was subsequently adopted in the 1996 legislation and pervades the TANF programme. Work first requires the immediate placement of welfare recipients in employment irrespective of their educational level or skills. Work first proponents believe that by compelling welfare recipients to engage in steady employment, they will acquire desirable habits and a work ethic. Educational qualifications and job skills can be acquired after they are placed into regular jobs. Work first proponents also propose that sanctions such as benefit reductions be used to require welfare recipients to work. Mead was not, as is often claimed, in favour of expelling welfare recipients from the AFDC programme. Rather, he argued that it should use a 'paternalistic' approach to bring about desirable behavioural changes and encourage recipients acquire the skills they need to become self-sufficient and productive citizens (Mead, 1997).

These ideas were soon adopted by the critics of the JOBS programme who promoted work first as an alternative to its human capital investment approach. Work first advocates also claimed to be vindicated by studies of the outcomes of the JOBS programme which questioned its effectiveness. One study in particular attracted a great deal of attention. Undertaken by the Manpower Demonstration Research Corporation (Riccio, Freidlander and Freedman, 1994), it compared outcomes between different California counties and particularly between Riverside County which had adopted work first and Alameda County where the human capital approach was used. The study found that welfare clients in Riverside found employment more quickly than in Alameda, that their post-welfare incomes were higher, and that the costs of the programme in Riverside had been significantly reduced. A subsequent study in two other states confirmed this finding (Freedman and Freidlander, 1995). Although the authors cautioned that their research was based on a relatively short time period and that it would take time for clients in education and training programmes to realize the benefits of the human capital approach, these findings fuelled antipathy towards the human capital investment assumptions of the JOBS programme.

These findings also comported well with the political campaign being waged against welfare. Aware of the electoral benefits of reforming welfare, Republican leaders redoubled their efforts to replace the Family Support Act and the JOBS programme with a more stringent approach based on the work first idea. They were supported by

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In a subsequent book, which was published at the height of the recession in the early 1990s, Mead (1992) castigated the culture of worklessness which he claimed permeated American society. The fundamental problem facing the United States, he argued, was a reluctance on the part many Americans to engage in regular employment. It was this problem that was responsible for America's economic decline and for the country's current economic difficulties.

several state governors who also recognized that there was political capital to be gained from tackling the widely perceived problem of welfare abuse. One of the first was Governor John Engler of Michigan who attracted national attention by summarily abolishing the state's General Assistance programme. General Assistance had survived as a remnant of the old Poor Law, and although the programme was small and provided meagre benefits mostly to homeless people, its abolition was supported by many voters. Seventeen other states followed Michigan's example.

Engler's initiative was augmented by a variety of proposals from state governments that sought to introduce conditionalities on the payment of welfare benefits. However, the states had no authority to introduce these initiatives without permission from the federal government and an increasing number sought waivers from the federal rules to experiment with new approaches. It was during the Reagan presidency in the 1980s that a number of states first requested waivers and during the first Bush presidency, the number of waiver requests increased and most were granted. The waivers permitted the states to test new initiatives that imposed more stringent conditions on welfare recipients. In addition to requiring them to seek and accept work, several imposed a 'workfare' requirement by which welfare recipients were assigned to public service employment in return for benefits. Several also introduced a 'learnfare' requirement that the children of AFDC recipients attend school regularly, or that they be immunized and have regular health checks. Several state governments adopted a 'family cap' in terms of which benefits levels were frozen if a welfare mother had additional children. The number of waivers increased further during the early years of the Clinton administration and reinforced the trend toward the devolution of the AFDC programme. Many of the waivers adopted by the states subsequently became permanent features of their TANF programmes.

Ending Welfare as We Know It

Bill Clinton is widely regarded as a consummate political operator who was particularly adept at using electioneering sound bites which were frequently repeated by the media and are still remembered today. 'It's the economy stupid' drew attention to the recession of the early 1990s and rising unemployment. 'Make work pay' promised to address the stagnating incomes that many lower middle class Americans had experienced and 'ending welfare as we know it' announced his intention to take control of the welfare issue and resolve it. Soon after his election, he moved swiftly to implement these campaign promises. The Earned Income Tax Credit was expanded and a major economic stimulus package was sent to Congress. It provided new incentives to businesses, increased funding for education and at the same time raised taxes on higher income earners. It also addressed the budget deficit which had reached unprecedented proportions. The President also appointed a working group to formulate proposals for welfare reform.

Comprised of leading social policy scholars David Ellwood, Mary Jo Bane and Peter Edelman, as well as Clinton insider Bruce Reed and experienced Congressional

staffers such as Wendell Primus, the Working Group on Welfare Reform, Family Support and Independence as it was called, set about drafting proposals to address the welfare issue. Although they worked within the existing policy framework of the Family Support Act, a number of innovations were also proposed. Chief of these was Ellwood's recommendation that welfare benefits be time limited and that greater efforts be made to require work participation. The working group also proposed that child-support enforcement be strengthened and that the provisions of the EITC be further liberalized. In addition, they stressed the need for an eclectic and experimental approach which would permit the states to innovate and test different approaches that would increase work participation. Sizable resources to fund these initiatives were contemplated.

While the working group's proposals were being drafted, the Republican minority in Congress sought to outmanoeuvre the President by formulating their own proposals. In 1993, several months before the publication of the working group's report, the Republicans introduced a bill proposing that the AFDC programme be replaced with a new welfare to work programme which would impose time limits and stringent work participation requirements and permit the use of sanctions for noncompliance. The bill also proposed that benefits to immigrants be terminated and that the new welfare to work programme (as well as a number of other social service programmes including the federal Food Stamp programme and the Women, Infants and Children (WIC) programme) be devolved to the states.

The Working group's own proposals were introduced in June, 1994 and formed the basis for the Democrat's Work and Personal Responsibility Act. Their proposals proved to be very controversial. Welfare rights and lobbying organizations strongly opposed time limits and they were joined by many progressive Democrats who claimed that children would suffer if these requirements were imposed. Senator Patrick Daniel Moynihan was a particularly vociferous critic of time limits. He also opposed the Republican proposals which, he claimed would result in millions of impoverished homeless children 'sleeping on the grates.' On the other hand, many Republicans strongly opposed what they regarded as the working group's 'soft' provisions and failure to adopt a rigorous work first approach that would compel welfare clients to work. Many critics also pointed out that budgetary restrictions precluded the allocation of new funds for innovative experiments. Although the working group's bill and the alternative Republican bill were the first attempts to radically modify the AFDC system, welfare had become a topical issue and several competing Republican bills as well as bills by Democratic members of Congress were introduced.⁸

In the run up to the 1994 Congressional elections, the increasingly radical and confrontational Republican leadership unveiled its 'Contract with America' which

⁸ In fact, no less than 22 welfare bills were eventually considered during this period including one by the veteran Congressional social policy expert Senator Daniel Patrick Moynihan who sought to reassert in legislative form the original rights based intentions of the AFDC programme. Predictably, Moynihan's bill failed, although by a comparatively narrow margin.

promised to reduce taxes, create an improved entrepreneurial business climate and restore the country's traditional conservative values. Welfare reform was another key element of the contract. In addition to imposing mandatory work requirements and a two-year lifetime limit, the Republicans promised that AFDC benefits would no longer be paid to immigrants or to teenage mothers. Sizable reductions in budgetary allocations to a variety of social programmes including housing and Food Stamps would also be imposed. Following their election victory, these proposals were introduced into the House in the form of the Personal Responsibility Act.

However, by this time, opposition to the Republican proposals had reached a new level of intensity. Although the Republican bill secured passage, it was strongly opposed by Democrats and in January 1996, it was vetoed by the President. Renewed efforts were now made to find a compromise between the Republican and Democratic positions and after a flurry of negotiation in which various amendments were accepted, a new bill easily passed both houses in July 1996. The bill's Republican authors agreed to withdraw a number of their original proposals and the Democrats conceded to Republican demands by agreeing to the imposition of more stringent conditionalities. Although the final statute is often viewed as having translated into law the worst ideological antipathies to welfare, it was in fact a hard fought conciliation of quite different approaches and beliefs. Although President Clinton was urged to again veto the legislation, he was facing re-election and taunted by his opponent, Senator Bob Dole to live up to his promise of ending welfare, he acquiesced and the bill was duly signed in August of that year. The new Personal Responsibility and Work Opportunity Reconciliation Act came into effect a year later. The President was widely criticized for failing to veto the legislation and in addition to enduring the censure of many activist welfare organizations and the bill's Democratic opponents, three key members of the working group resigned in protest. They included Peter Edelman (1997) who vociferously attacked the President contending that signing the legislation was "the worst thing Bill Clinton had ever done."

The TANF Programme: Key provisions

The new legislation contains a number of complex provisions. These can best be summarized by examining first, those concerned directly with the new TANF programme and second, those that supplement the programme through a variety of incentives and work supports. Obviously, the creation of the TANF programme and its work requirement is the single most important provision of the statute. However, the legislation's other provisions were also viewed as vital for the programme's success. They include the improvement of paternity determination and child support enforcement procedures, the allocation of additional funds for day care and the introduction of marriage promotion and abstinence educational programmes. Other significant innovations include the first-ever legislative authorization for the allocation of funds to religious or 'faith based' organizations and the requirement that the new TANF programme be properly evaluated.

In addition to replacing the AFDC programme, the TANF programme reversed many of AFDC's long established provisions. Arguably the most important of these was the

abrogation of the perquisite that American citizens have a right to public assistance when experiencing financial need. The legislation ended this 'entitlement' provision as it is known, and claimants who meet eligibility requirements are no longer guaranteed benefits. Although many social programmes in the United States and elsewhere are limited by the availability of funds, eligibility for AFDC had not been subject to budgetary limitations. The statute removed this provision and benefits are now only paid if sufficient funds are available to meet the programme's obligations. The reversal of AFDC's entitlement provisions also involved the imposition of new conditionalities on the receipt of benefits such as the work participation requirement.

Another key provision is the devolution of the TANF programme to the states. In keeping with the trend begun by President Reagan, the Republicans not only transferred administrative responsibility for the TANF programme to the states but as was noted earlier, states were given considerable flexibility in interpreting the legislation and in using both federal and state funds to meet their own needs. The Republicans also intended to transfer other major social programmes such as Food Stamps and Medicaid to the states but in the end, only the TANF programme was devolved. Funding for the TANF programme was 'block granted' in that each state was given a fixed budgetary allocation based on the 1994 level of federal support for AFDC. This translated into a total annual federal allocation of about \$16.5 billion which would remain constant until the legislation came up for reauthorization in 2001. The states were also required to maintain a defined level of financial commitment (or maintenance of effort as it is called) to the programme similar to the amount they previously allocated to AFDC in terms of its funding formula. The conditionalities previously attached to the use of state funds were also relaxed. Since state 'maintenance of effort' funds were no longer directly matched with federal allocations, they were not subject to federal rules and accordingly, the state governments now have far greater control over the way they spend these funds. The 'requirements' imposed on the states by the federal government, therefore, only relate to the use of TANF funds. Accordingly, some states now use their maintenance of effort funds to exceed the federal time limit, vary the participation requirement and impose sanctions as they think appropriate. Control over these funds has accentuated differences in the way the TANF programme has been implemented in the different states.⁹

The conditionality requirements imposed on TANF recipients relate primarily to work participation and time limits. States are required to ensure that a specified proportion of welfare recipients engage in employment or work-related activities. Initially, 20 per cent of TANF recipients were required to participate in work or work-related activities for a minimum of 20 hours per week. This proportion would increase incrementally so that by 2001, 50 per cent of the caseload would participate in work activities for a

⁹ Because of their constitutional rights, the federal government cannot dictate welfare policy to the state governments but it may impose requirements with regard to the way federal funds are spent. Therefore, the federal government is only able to require compliance with regard to the use of federal TANF funds.

minimum of 30 hours per week. Participation includes regular employment in the open labour market, subsidized employment, community service (known as workfare), on the job training and up to 12 months of vocational training. Teen mothers who attend school regularly and make satisfactory progress are treated as meeting the work participation requirement.

The work participation requirement gives expression to the TANF programme's work first philosophy. Although the legislation does not preclude the use of education and job training, no more than 30 percent of the caseload is permitted to participate in approved vocational programmes for a maximum of 12 months. However, the legislation also provided for exceptions to the work participation requirement. Welfare recipients with children under the age of one year are permitted at the discretion of the state government to be exempted and those with children under the age of six years who can demonstrate that they are unable to obtain or afford child care may also be exempted. In addition, the legislation created an incentive by which the proportion of exceptions permitted may increase in direct proportion to the decline in the caseload below the 1995 level.

The imposition of time limits was a major feature of the new legislation and clients may not receive TANF benefits for more than a total 60 months. However, states may at their discretion impose shorter time limits and many have done so. Although the time limit provision is regarded as particularly stringent, 20 percent of the caseload may be exempted primarily to accommodate particularly disadvantaged 'hard to serve' clients who face what are known as 'barriers' that preclude them from entering regular employment. Generally, this provision applies to clients with learning difficulties and psychological and other problems, as well as those with infants and very young children.

The TANF programme also provides for the use of sanctions. In keeping with the legislation's 'paternalistic' intentions, sanctions were not primarily intended to terminate benefits and thus to end participation in the programme but rather to shape behaviour and ensure that welfare recipients work and behave in socially desirable ways. Accordingly, it was intended that the imposition of sanctions would be accompanied by an aggressive intervention designed to remedy the offending behaviour. Generally, sanctions involve a reduction in benefit payments but the states may opt to terminate payments altogether. The legislation does require the complete termination of TANF benefits in cases of continued, wilful substance abuse and the refusal of a teen parent to live in the family home or under the supervision of an approved adult.

In addition to its key conditionalities, the legislation specifically disallowed the payment of benefits to immigrants and non-citizens and also addresses what the bill's Republican authors believed were serious loopholes and abuses of other social welfare programmes. Among these was the practice of claiming benefits from the federal government's disability insurance programme on the ground that drug and alcohol addiction are disabilities. Another was the use of a federal programme known as

Supplemental Security Income (SSI) to obtain benefits on behalf of children who were deemed to be disabled because of psychological conditions such as attention deficit disorder. The number of people claiming benefits of this kind had increased steadily over the years and had incensed welfare critics. Although the issue was hotly contested during Congressional debates, Democrats acquiesced to Republican demands that these practices be specifically prohibited.

Work supports, incentives and educational programmes

Although the most stringent features of the TANF programme such as the abrogation of entitlement, conditionality and sanctions are often emphasized in the accounts of American welfare reform, the statute also introduced a number of provisions intended to support and facilitate employment. These were aggressively advocated by Democrats who believed that increased work participation would only be possible if work supports and resources for child care, transportation, health care and other services were made available.

An important innovation was the creation of the Child Care and Development Fund which provides additional resources and increases the number of children from low income families who can be placed in day care facilities. This provision was specifically introduced to facilitate work participation. Five existing child care programmes were consolidated into a single block grant and additional federal funding was made available. States were also required to contribute to the fund and, through a complicated formula, the total amount available for child care reached approximately \$4 billion per annum in 1997 which was a significant increase over previous allocations (Haskins, 2006). As well be shown later, surplus TANF funds have been allocated to further extend child care services in many states.

Another innovation was the liberalization of income and asset restrictions. Under the AFDC programme, benefits were terminated if clients reported additional income from employment and other sources. As shown earlier, this practice encouraged clandestine employment in the underground economy. The statute now allowed states to ease these restrictions and it permitted a more gradual phase out of benefits as household income increased. Asset limits were also increased and special provision was made to permit the ownership of a motor car so that clients could drive to work. The legislation also permitted the states to establish matched savings accounts known as Individual Development Accounts (IDAs).

A major initiative was the tightening up of paternity determination and child support collection procedures. It was generally agreed that child support obligations had been poorly enforced in the past. In many cases, the fathers of children in the AFDC programme were not identified and of those that were, many failed to make regular child support payments. More rigorous procedures were now introduced. States were required to overhaul their generally lax approach to paternity determination and even to impose sanctions on clients who failed to identify the child's father. They were authorized to use mandatory blood tests to establish paternity and to introduce new maternity hospital based procedures to facilitate the recording of the father's identity.

With regard to child support enforcement, the states were required to establish centralized and automated data systems that would track fathers through their place of employment, and permit automatic payroll deductions. States could also withhold driver's licenses as well as recreational licenses to noncompliant fathers and were permitted to enlist the support of Credit Bureaus to secure funds. They could also withhold or refuse to renew practice licenses from non-compliant fathers in professional occupations. Procedures to improve cooperation between the different states in locating non-compliant fathers were also introduced. Of course, these provisions were not only intended to facilitate child support payments to clients receiving benefits but to help all families qualifying for child support. In addition, mothers receiving TANF benefits were permitted to retain a larger share of child support payments. Under the AFDC programme, child support was paid to the state government and only a small amount was passed on to the mother.

The legislation also made funds available for educational programmes that addressed the increase in illegitimacy. The numbers of non-marital births had risen steadily over the years and attracted increasing media and public attention. By the end of 1990s, approximately a third of all children in the United States were born to mothers who had never married. Although 72 percent of these births were to mothers over the age of 20, many regarded the incidence of non-marital births to single teen parents as a particularly pressing social problem.¹⁰ The bill's sponsors had originally proposed that no benefits be paid to teen parents, and that additional benefit increases be denied to clients who had additional children. This latter provision is known as the 'family cap'. But both proposals were defeated. However, the states were permitted at their own discretion to impose these requirements and, in addition \$50 million was allocated to promote marriage and abstinence education. States that recorded steady annual declines in illegitimacy rates were eligible for an incentive payment of \$25 million.

The issue of medical care for poor families was hotly disputed during debates on the bill. Medicaid is a joint federal-state means tested programme which had been established by the Johnson administration in the 1960s. Under the programme's matching funding formula, higher income states meet a significant proportion of its costs. Many state governments wished to take control of the programme primarily to contain costs which had risen steeply. Although the Republican majority intended to devolve Medicaid to the states, Democrats fiercely opposed this proposal claiming that many states would simply slash budgetary allocations and leave many poor lone mothers and children without adequate medical care. They claimed that the provision of adequate medical care was an important work support since few poor families were able to afford occupationally based or private insurance premiums. Eventually, proposals to block grant the programme were dropped but some additional funds were made available to help the states meet the programme's rising administrative costs. Rules governing the termination of Medicaid payments to former welfare recipients whose incomes increase above the Medicaid eligibility limit were also relaxed. As

¹⁰ However, the rate of non-marital births had actually been declining since the early 1990s, before the enactment of the welfare reform legislation.

will be shown later, new legislation was also introduced after President Clinton's re-election in 1996 to increase access to medical care for the children of low-income families through the SCHIP initiative.

Administration, funding and evaluation

The numerous and complex provisions of the statute placed considerable administrative demands on the states. The TANF programme involved the first major devolution of a social programme to the states since the 'New Federalism' of the Reagan era and sizable resources were needed to implement its provisions. Each state was required to submit a plan for implementing the new TANF programme to the federal government's Department of Health and Human Services and to enact its own legislation which would implement the plan's provisions. Although the states were required to meet a number of new mandates, they were also permitted, as was mentioned earlier, to interpret the statute in ways that was suited to local needs and conditions.

A major innovation which has since become a major thrust of social policy in the United States was a relatively obscure provision in the legislation known as 'charitable choice'. It permitted the state governments to contract for services with religious organizations without requiring them strictly to separate their social service and sectarian activities. Contracting for services has been a feature of social service administration in the United States for many years and both non-profit and commercial providers regularly submit bids to manage a variety of social programmes particularly at the local level. Initially, non-profit organizations dominated the field but the involvement of commercial firms has increased rapidly. Many non-profit contactors are well-known and highly respected social service agencies affiliated with the major religious denominations. However, in keeping with the country's constitutional tradition of separating church and state, these organizations have maintained a clear distinction between their religious and welfare functions. Indeed, separating social service and religious activities was generally regarded as a requirement for successfully contracting. The new legislation radically altered this practice and for the first time, contracting with organizations that explicitly incorporate religious activities into their social service programmes was now permitted. Although this new provision attracted little attention at the time, it created a precedent in American social welfare which some believe is unconstitutional. As is well known, the current Bush administration has since expanded this idea and the faith based principle became a defining feature of the President's approach to social policy.

The legislation also imposed new reporting requirements on the states and funds were allocated to permit in depth evaluation studies that would assess the impact of the TANF programme. Over the years, the importance of carefully evaluating the outcomes of social policy innovations has been generally acknowledged but, as is widely recognized, outcomes research has not always met rigorous standards. On the other hand, the flurry of studies undertaken in the early 1990s to assess the effects of the JOBS programme had shown that useful results could be obtained through carefully designed evaluation research. Accordingly, resources were allocated to fund

a variety of outcome studies. The Census Bureau was given \$10 million per annum to track low income families including those who had received welfare benefits and the federal department of Health and Human Services was provided with funds to undertake its own studies and to contract with various research organizations to assess the TANF programme's effectiveness.

Although significant additional budgetary allocations were made to fund the welfare reform initiative, the Republicans had originally intended to save money through devolution. Part of the devolution initiative involved a reduction of federal funds allocated to the new state block grants as well as cuts to the other programmes they intended to devolve to the states. Although this proposal did not pass, the Republicans were able to secure Democrat support for a number of comparatively minor budgetary reductions to programmes such as Food Stamps and nutritional supplements to the elderly and the EITC. These cuts would not only contain public spending but release resources to fund the various new initiatives which the legislation had introduced.

Wider economic policy developments

In addition to creating a variety of work supports and incentives, the TANF programme has been supplemented by new policies and programmes that have not only benefited welfare recipients but many other low-income families as well. These were introduced primarily during President Clinton's second term. They facilitated remunerative employment and gave expression to the President's original campaign promise of making work pay. In addition, the economic situation improved dramatically during the mid and late 1990s creating millions of new jobs, reducing unemployment to unprecedented levels and raising average incomes for the first time in many years.

As may be expected, the contribution of the President's economic stimulus package which was mentioned earlier has been disputed. While his supporters claim that it brought the country out of the recession of the early 1990s, others contend that the American market economy was sufficiently resilient to recover on its own. However, irrespective of the role of the stimulus package, there is no doubt that the Clinton administration's policy decisions contributed to an improved business climate and the economic boom of the mid and late 1990s. The administration gave high priority to reducing the budget deficit it had inherited from its predecessors and together with low interest rates, a favourable business climate emerged. In addition, President Clinton developed a close working relationship with Alan Greenspan, the Federal Reserve Bank chairman and he appointed a respected Wall Street insider, Robert Rubin to serve as Secretary of the Treasury. At the time, the use of computer and internet technologies increased rapidly and the country's long decline in productivity was reversed.

In addition to these wider economic improvements, the Clinton administration's policies also contributed to rising living standards particularly among lower income earners. As was reported earlier, the EITC was expanded early in the President first term and soon after being re-elected in 1996, the minimum wage was also increased.

The EITC which was introduced in 1975, provides a refundable cash benefit to low income families in the form of a tax credit. It is administered by the Internal Revenue Service. The value of the credit increases as earnings increase but, as earnings rise further, it is gradually phased out. The value of the credit is higher for two child than one child households. Households without children are also eligible but only a comparatively small benefit is paid. Of course, the EITC is only available to those who complete a tax return and who apply for a refund. There is evidence to show that knowledge of the EITC has increased significantly over the years and that the majority of eligible low paid workers do apply and that most receive the credit in the form of a lump sum payment.

Soon after President Clinton's election in 1992, the amount of the credit was increased to \$3,556 for a family with two or more children. By 2000, the credit had increased to \$4,008 for a family with two or more children. These increases have raised the total cost of the EITC from about \$7.5 billion in 1990 to \$about 30 billion by the end of the decade. By this time, the EITC was being claimed by more than 20 million taxpayers – an increase of about 70% from the approximately seven million claiming the EITC in 1990. In addition, thirteen states have augmented the federal credit with their own EITC programmes. It is widely agreed that the expansion of the EITC has significantly reduced the incidence of poverty among low income earners. Indeed, some experts (Hoffman and Seidman, 2003) have estimated that more than four million people have been lifted above the poverty line as a result of its expansion.

The incomes of poor families were also supplemented through the tax system in other ways. One of these was the child credit. Although a deduction set against income for dependent children had been permitted for many years, a new \$500 credit against actual tax liability was introduced in 1998. The Clinton administration proposed that the credit, like the EITC, be refundable. This proposal was rejected and it was only in 2003, following relentless pressure from the Democrats that a partially refundable credit was introduced. The value of the credit was also raised to \$1,000. Other tax advantaged innovations were a new non-refundable tax credit known as the Dependent Child Care Tax Credit (DCTC) and a new income deductible child care savings account programme that allowed employees to set aside a monthly tax advantaged contribution to meet child care expenses. Generally, these latter provisions have benefited middle and high income families (Cherry, 2007).

Although the Republican majority in Congress resisted proposals to increase the minimum wage, a two step increase from \$4.25 per hour to \$4.75 per hour and then to \$5.15 per hour was approved soon after the President's re-election. However, it was only in 2007 that the minimum wage was raised again, this time the by new Democratic majority to \$5.85 per hour and it will increase to \$6.55 per hour in July, 2008. In the interim, a number of states either raised their own minimum wage, or enacted minimum wage legislation. By 2006, thirteen states had adopted minimum wage provisions which augment the federal mandate, and during the Congressional elections of 2006, voters in another six states approved referenda proposals to introduce a local minimum wage. In, addition a number of cities have introduced their

own living wage ordinances that require firms contracting with the city government to pay their workers specified minimum wages.

The passage of the Workforce Investment Act in 1998 was another important development which overhauled local existing job referral, search, placement and training programmes as well as the processing of unemployment insurance applications. Although not intended specifically to serve welfare recipients, they are given priority with job searches and referral. Priority is also given to low income families seeking assistance of this kind. Local employment services had become fragmented over the years and the legislation sought to improve their coordination and service delivery. It created local 'one-stop' job and advice centres where all employment related services would be located. Close links with local businesses were also established and their representatives were invited to play a significant role in the administration of the programme and the improvement of local employment services through serving on local Private Industry Councils (PICs). Although these programmes also implemented the work first philosophy, they were given greater discretion in allocating funds for education and job training and particularly for vocational training.

In addition to these income subsidies and supports, a number of other policies have further helped the Clinton administration to meet its commitment to make work pay. One of these was the creation in 1997 of the State Child Health Insurance Programme (also known as SCHIP) which was mentioned earlier. The programme extended medical care to families with children who do not qualify for Medicaid but who cannot afford occupational or private insurance. Additional funds were made available to the states which were permitted to fashion their own programmes either by establishing entirely new programmes or extending their existing Medicaid provisions. SCHIP has proved to be extremely popular and enrolment among families in the range of 200 per cent of the poverty line has increased significantly. By 2003, about four million additional children had been covered reducing the number of uninsured Americans by about 12 percent. However, proposals by the Democrats to further expand the programme in 2007 were vetoed by President Bush. Also relevant is the increase in funding for the federal government's Head Start programme and the expansion of state subsidized preschool programmes which have garnered growing public support in recent years.

Finally, in the late 1990s, the Clinton administration used its executive authority to ensure that eligible poor families had improved access to Food Stamps. Following the introduction of the TANF programme, applications for Food Stamps had declined and it became apparent that many poor families were being discouraged from applying. The situation in New York attracted some media attention as it was discovered that many eligible families were being told that they no longer qualified for Food Stamps under the new welfare reform rules. Although Mayor Guiliani justified these actions on the ground that the provision of Food Stamps perpetuated the culture of dependency, the intervention of the federal government and threats by activists to take the matter to the Courts reversed the policy. Gradually, similar declines in other parts

of the country were addressed and the programme's goal of subsidizing low income families and meeting their nutritional needs was reasserted.

Implementing Welfare Reform

It was noted previously that the state governments were required to formulate plans for implementing the TANF programme. These plans were reviewed by the federal government to ensure compliance with the legislation and then formed the basis for state legislation which was adopted throughout the country soon after the enactment of the federal statute. It soon became clear that there were significant differences between the TANF programmes introduced by the different states. Since the role of the state governments in determining policy expanded considerably with devolution, they were no longer narrowly bound by federal rules and many exercised their new autonomy and fashioned their own programmes. As was noted earlier, many also made creative use of the programme's funding mechanism. Consequently, different approaches may be discerned in the way the programme has been implemented. While some states have stressed the TANF programme's conditionality requirements and emphasized its stringent work first philosophy, others have sought to prioritize its work support aspects. Yet others have used the programme to facilitate significant caseload reductions. These variations have further complicated the process of welfare reform in the United States.

Devolution developments

Since the creation of the state TANF programmes, different interpretations of the federal statute and different evolving administrative and political practices have reinforced devolution and the divergence of state policies. The result of this 'devolution revolution' as it has been called, is that the national TANF programme has now arguably evolved into 50 separate state programmes. For this reason, commentators such as Gretchen Rowe and Linda Gianarelli (2006) believe that it is no longer possible to make any universally applicable statement about welfare and welfare reform in the United States. Although this may be an overstatement, it is true that there are now major differences between the different state welfare programmes.

Devolution has been augmented by the further devolution in some states of the TANF programme from the state to county and city governments. Although a number of state governments implement the TANF programme directly through a network of decentralized local offices, many others have devolved the programme further so that counties and cities are now primarily responsible for the programme. States such as Texas have a centralized system while others such as California have what is known as a county-administered system. In this latter case, the counties and cities have themselves interpreted the federal and state legislation in different ways and some have even used their own revenues to supplement the programme.

The diversification of the programme has also been facilitated by the new funding formula which has permitted the state governments to use resources in innovative

ways. In addition to having considerable flexibility in the way they spend federal resources, it was noted earlier that state 'maintenance of effort' funds are no longer directly matched with federal allocations, and they are not subject to stringent federal rules. Accordingly, the state governments have spent these funds in ways that diverge significantly from the spirit of the federal statute. Some states have allocated maintenance of effort funds to provide job training and access to educational programmes in excess of the amount of time permitted under the federal rules. Some have also used their own funds to modify sanction requirements and address the problems created by the federal time limit.

Generally, the new TANF programme has been adequately funded at least with regard to its benefit obligations. At the time that the welfare reform legislation was being debated in Congress, many state governors were concerned that the new block grants would not meet benefit obligations. Some were worried that the apparent economic recovery of the mid-1990s would not be sustained and, if conditions worsened, the states would have to assume responsibility for what had previously been a federal obligation. However, many were reassured when it was agreed that the new block grants would be funded for five years at the 1994 AFDC level. In fact, it soon became apparent that the block grants were more than adequate to meet the programme's needs. As the numbers of welfare clients declined during the mid and late 1990s, the new funding formula produced sizable surpluses. Despite these surpluses, benefit levels are comparatively low. In 2003, thirteen states, mostly in the South, paid less than \$300 per month for a family of three. 24 states paid between \$300 and \$500 per month and the remaining paid more than \$500 per month. Only a handful of states such as Alaska, California, and some of the smaller New England states paid in excess of \$600 per month (Rowe and Gianarelli, 2006).

TANF surpluses have been used in different ways by different states. Many have allocated additional funds to childcare and other employment support programmes. New counselling and other social service programmes designed to meet the needs of clients facing particular challenges related to psychological and emotional problems, substance abuse and domestic violence have been created. Funds have also been used to enhance monitoring and tracking procedures and to improve the educational qualifications and skills of the staff responsible for implementing the TANF programme. However, it is clear that the states would have faced major funding challenges in the absence of the surpluses resulting from higher than expected caseload reductions.

The devolution of the programme has required significant changes in the way the old AFDC programme operated and this has resulted in a major administrative restructuring of state, county and city programmes. It has also required staff retraining and the creation of new monitoring and tracking procedures. These innovations have required significant budgetary allocations. In addition, many states have incurred costs as well as administrative challenges in tracking clients and ensuring that those who move residence comply with the programme's work participation and other requirements. California attempted to establish a computerized, state-wide tracking

system but because of the high cost and implementation difficulties, the system is still not in operation. Accordingly, the state is not able to report with certainty the number of clients who have exceeded the programme's lifetime time limits (Crow and Anderson, 2004).

It has been reported that there has been a significant shift around the country in the way the staff responsible for the programme's day to day 'street level' administration have made a major readjustment to give priority to the TANF programme's work first philosophy (Lurie, 2006). Previously, under the AFDC programme, the staff had been almost exclusively concerned with determining benefit eligibility but with the new emphasis on work promotion, they are now required to assist clients to find jobs and to provide various other employment related services. This obviously requires new skills and expertise. Many states have introduced new in-service courses or otherwise contracted with community colleges and other educational institutions to retrain their staff and prepare them for this task.

Meeting federal work participation targets became a top priority for all the states. Staff were urged not only to pressure their clients to find employment but to urge them to declare any form of paid work in which they were illicitly engaged. As was noted earlier, several studies of AFDC recipients (Edin and Lein, 1997; Harris, 1993; Rank, 1994) found that most were working clandestinely but on a part time and intermittent basis in various low wage jobs which they did not report. Since caseworkers were not usually unaware of these activities, clients were now encouraged to declare these earnings since this would count towards the work participation requirement and facilitate the payment of benefits. Although not widely recognized, the disclosure of these activities significantly increased work participation rates through administrative means. Of course, staff were also urged to help unemployed clients seek work and to refer them to potential employers or otherwise the local job and advice centres established in terms of the Workforce Investment Act.

Many states have contracted with non-profit and commercial providers to administer different components of the new TANF programme. Monitoring compliance and providing additional counselling and job referral and placement services has been widely contracted out to these providers. In addition, as was noted earlier, faith-based organizations have been given new rights to integrate their religious and social service functions. However, relatively little is known about the cost-effectiveness of the contracting system and about whether the state and county governments have in fact accrued significant savings by transferring functions previously carried out by governmental employees to non-profit and commercial providers.

Most states have given high priority to expanding subsidized child care and to enforcing child support collection procedures. As was noted earlier, many states allocated surplus TANF funds to extend childcare subsidies to low income families and in Congress, the Democrats continued to advocate vigorously for increased childcare funding. The result was that federal as well as state spending on childcare rose to \$12.3 billion by 2003 (Cherry, 2007). Although this figure is a substantial

increase over the amount spent on childcare when the TANF programme was introduced, it has not been raised significantly since then. Nevertheless, many believe that many more former welfare recipients as well as low income families generally now have far better access to childcare although there are still concerns about the quality of these services. Only a comparatively small proportion of children attend well-run and properly regulated day care centres, and little is known about the adequacy of non-centre services. Recently, a number of state governments have begun to expand preschool day care and educational programmes with the intention of increasing access to centre based care (Kirp, 2007) and, in addition, funding for the federal government's Head Start programme has risen further.

Improved child support enforcement procedures have produced significantly higher collection rates in most of the states. Compared to 1994, when about 18 percent of mothers received child support, the figure reached 51 percent by 2004. In cases where court orders have been issued, the collection rate has also improved with the result that approximately 70 percent of fathers now comply with child support orders (Cherry, 2007). In addition, as a result of the rules that permit TANF recipients to retain a larger share of child support payments, their incomes have also increased and this has even facilitated exit from the programme.

Although devolution has fostered the emergence of very different state programmes, the federal government has not abrogated its own responsibilities. It requires regular reporting, maintains oversight and uses its budgetary authority and control over TANF resources to ensure compliance with the programme's requirements. Despite permitting the states to interpret the federal statute in different ways, some aspects of the programme that foster national social policy goals have been prioritized by both the Clinton and Bush administrations. As had been shown earlier, the Clinton administration linked welfare reform to national economic and income policy innovations that sought to promote employment and raise incomes and standards of living among low-wage workers. On the other hand, the Bush administration stressed marriage promotion and the expansion of the role of faith based organizations in social service delivery. Both subsequently became national priorities.

Immigration is another issue under the purview of the federal government. As was reported previously, noncitizens were explicitly excluded from receiving TANF benefits and they were also prohibited from receiving Food Stamps, Medicaid and SSI. After President Clinton's re-election in 1996, these prohibitions were relaxed and the states were given discretionary authority to provide Food Stamps and TANF benefits to immigrants after five years of continuous residence. During the Bush administration's first term, food stamp eligibility for immigrants was further relaxed and states were provided with additional funding to publicize the programme in the hope that more applications would be received. This initiative formed part of a wider campaign to increase participation in the programme and by the end of 2004, it had largely succeeded as the number recipients again rose to levels recorded in the early 1990s. However, it appears that many who are eligible Food Stamps still do not apply.

It was noted earlier that the TANF programme was funded for five years and accordingly, at the turn of the new century, reauthorization debates were initiated in the Congress. However, the Republicans and Democrats again disagreed sharply about key aspects of the programme. The Republicans insisted that work participation requirements be increased from 30 hours per week for 50 percent of the caseload to 40 hours per week for 70 per cent of the caseload. The Democrats opposed these tougher work participation requirements but more importantly they campaigned for significant increases for childcare funding. It soon became clear that differences between the two parties could not be resolved and funding was extended on a temporary basis for one year. In fact, further temporary extensions were approved until 2005 when a compromise was reached and the programme was again reauthorized. Work participation rates were increased to 30 hours per week for 70 percent of the caseload but childcare funding was not increased. The new provisions also tightened up what many Republicans saw as violations of the original legislation. As will be shown, a number of states had significantly diluted the provisions of the TANF programme. On the other hand, additional exemptions were introduced in response to pressure from the Democrats producing a complex and increasingly impenetrable regulatory system.

State implementation variations

Despite complying with the most important mandates of the federal statute, and sharing common features, the federal government's express commitment to devolution as well as greater state control over maintenance of effort funds allowed the states to shape the programme in different ways. As was discussed earlier, this resulted in the emergence of quite different programmes in the different states. Nevertheless, it is possible to discern some common approaches and trends among different clusters of states. Although the situation is not as clear-cut as the following might suggest, it is possible to identify four major approaches of this kind.

First, some states have clearly been committed to implementing the programme's tough, work first philosophy. These states have been true to its original intention to change the behaviour of welfare recipients and move them from dependency into employment and self-sufficiency. Staff have been trained to give high priority to job referral and placement and to collaborate with local job centres to increase work participation. In many cases they impose a 'job search' requirement by refusing to review new applications unless the applicant is already registered with the job centre and is actively seeking work. These states are also faithful to the TANF programme's work participation requirements and minimize the use of exemptions that permit clients to receive benefits without working. Although they impose sanctions, these are used to shape behaviour by reducing benefits for limited periods of time in the hope that the client will return to compliance again. Examples include Georgia, Illinois, Missouri, New Jersey and Vermont. These states also impose a job search requirement. On the other hand, they have comparatively generous earnings disregards so that benefits are gradually phased out as clients engage in regular employment. Among the most generous is Virginia which increased its earnings income disregard by almost 250 percent in recent years. All these provisions are designed to promote work as well as positive work habits among those applying for and receiving benefits.

Second, some states have deliberately used the programme's conditionalities and strict requirements to achieve rapid caseload reductions. They have not been primarily concerned with behavioural modification and have sought instead to terminate benefits for existing clients and to deter new applicants. Instead of ensuring that clients engage in regular employment and become self-sufficient, they measure success through the number of clients who are expelled from the caseload. These states impose strict conditionality requirements which are often difficult to meet and which trigger sanctions and facilitate expulsion. They often set more stringent work participation standards than prescribed by the federal statute, and impose a shorter lifetime time limit. Otherwise, they have introduced intermittent time limits by which applicants can only receive benefits for specified periods of time. For example, they permit clients to draw benefits for twelve months followed by 24 months of ineligibility. Examples include Arkansas, Florida, South Carolina, Tennessee and Texas. Some states also impose a variety of strict conditionalities accompanied by severe sanctions. In these states, even one non-compliance event results in the full termination rather than a reduction of benefits.¹¹ Examples include Florida, Hawaii, Idaho, Mississippi, Maryland, Oklahoma and Tennessee. Many of these states do not have a formula by which benefits are gradually reduced as earnings increase and instead, benefits are immediately terminated when clients reaches a fairly low income threshold. They also make use of what is known as 'diversionary' payments to discourage new applications. Those seeking assistance are offered a lump sum cash payment on condition that they do not apply for benefits during a specified time period. Of the twenty seven states currently using diversionary payments, some such as Florida, Hawaii, Idaho and Maryland also use severe sanctions. Finally, states committed to a caseload reduction approach have trained their staff to use various tactics to deter needy people from applying for benefits and to facilitate exit from the programme. These 'hassle' techniques as they are known include unresponsiveness, excessive demands for documentation and even rudeness and intimidation.

Third, while complying with the general thrust of the TANF programme, some states have been comparatively generous and flexible and have not rigidly imposed the work first requirement nor made excessive use of sanctions. Although these states are committed to increasing work participation and provide a range of services to achieve this goal, they use sanctions sparingly and only impose limited benefit reductions. In a few cases such as California and Massachusetts, sanctions never involve the full withdrawal of benefits. In California even the most flagrant noncompliance can only result in a benefit reduction of 19 percent. Massachusetts does not impose any benefit reduction at all. Some states such as Arizona, Connecticut and Pennsylvania do not impose a minimum work participation requirement but permit caseworkers to use discretion in setting work prescriptions for different clients. Some states have also devised innovative ways of circumventing the federal time limits. As time limits

¹¹ The complete termination of TANF benefits is known as a 'full family' sanction. Although the majority of states permit full family sanctions, a significant number continue to pay a proportion of the benefit primarily to protect children. In these cases, it is usually the adult portion of the benefit that is terminated.

began to affect some particularly hard to serve clients at the beginning of the new century, these clients were transferred out of the TANF programme into programmes funded by state funds that do not impose time limits. For example, New York used its own funds to create a new programme known as the Safety Net Assistance Program which does not have time limits. California and Michigan have established similar programmes.¹²

Although these states have been criticized for violating the spirit of the federal statute by creating alternative programmes that circumvent federal requirements, supporters counter that a more flexible approach is needed if welfare recipients are to be assisted to engage in regular employment. In addition, in some states such as California and New York, political opposition to the stringent work first requirements of the TANF programme, as well as Democratic party control over the state legislature has been conducive to the adoption of a more liberal approach, particularly with regard to protecting children. Major Californian cities such as Los Angeles and San Francisco have a highly visible population of homeless people, and the prospect of small children begging on the streets is something the state's political leaders are anxious to avoid. Similarly, these states have also been more generous to immigrants permitting them to receive benefits within the limits set by the federal government.

Finally, a few states have sought to combine work participation with a variety of policies and programmes that create incentives, invest in education and job training and provide work supports. Although they are officially committed to the work first model, their emphasis on incentives and investments departs significantly from the programme's paternalistic provisions. They emphasize job-training and educational qualifications as a condition of successful, sustainable employment and believe that welfare recipients as well as low income families require a range of supports that will make work pay. These states have used their own funds to allow clients to enrol in educational and job-training programmes in excess of the federal provision. They have also made extensive use of counselling and social service programmes to assist hard to serve clients and their families, and to address the barriers that impede employment. These 'barrier reduction' programmes as they are known, include special services for clients with learning disabilities, substance abuse and mental health counselling and social work interventions to address family violence and other problems. These states give high priority to childcare and also combine their welfare to work programmes with wider work supports. In many cases, they have their own income tax credit and minimum wage standards which exceed the federal level. However, relatively few states have implemented a social investment approach of this kind. One example is Minnesota's Family Investment Program which has used a multi-pronged strategy of

¹² By shifting these families out of the TANF programme into state welfare programmes, state governments could claim that they had reduced the caseload even when this had been achieved through administrative means. In 2002, when caseloads around the country were increasing due to the short-lived post-September 11th recession, New York's reported a caseload decline of 17 per cent. But, as Douglas Besharov (2002) revealed in an article in the *Washington Post*, this caseload reduction was primarily because 43,000 families were moved out of the TANF programme to the state's own Safety Net Assistance Program.

employment counselling, job referral and training and education coupled with a generous income disregard and the provision of childcare. The programme has been positively evaluated (Knox, Miller and Gennetian, 2000) but it is expensive especially when compared to the caseload reduction approach.

Welfare Reform Outcomes and Interpretations

The significant resources allocated for the evaluation of the TANF programme have produced a plethora of studies that have shed a good deal of light on the programme's impact. These studies have been undertaken by university scholars and researchers at foundations and think tanks. The Census Bureau, the General Accounting Office and the Department of Health and Human Services have also undertaken numerous outcome studies. In addition, the Department of Health and Human Services has contracted with a number of major research organizations including the Manpower Demonstration Research Corporation and the Urban Institute for evaluation research.

However, it should be recognized that scholars engaged in outcomes research have faced formidable methodological challenges in, for example, tracking former welfare recipients and measuring incomes and documenting living conditions. But these limitations are generally not emphasized and often the findings of outcome studies are uncritically accepted. Despite these limitations, many policy relevant conclusions about the TANF programme's effectiveness have been drawn and unqualified statements about its effects have been published. The fact that it is extremely difficult to undertake accurate and reliable research on the incomes and living standards of families, and particularly of those families that move residence regularly, is seldom mentioned.

The sizable volume of published research on the TANF programme and its outcomes also poses challenges to anyone seeking to summarize these findings and reach general conclusions. Fortunately, a number of useful meta-studies, based on the findings of numerous separate studies have been undertaken and they have attempted to discern general trends. However, the findings of these studies have been interpreted differently. It is clear that the facts do not speak for themselves but are often marshalled in ways that tend to reinforce preconceptions and preferences. Nevertheless, by reviewing these studies as well as the way they have been interpreted, some broad conclusions about the impact of the TANF programme and the other welfare policy innovations introduced in the mid-1990s can be reached.

The outcome of the TANF Programme

It is possible to discern at least four different approaches used by researchers investigating the TANF programme and its outcomes. First, a number of studies have focused on caseload trends and particularly on the significant caseload declines since the mid-1990s. A second group of studies has sought to track former welfare recipients and collect information about their employment activities, incomes and living conditions in order to determine whether exit from the welfare system has

ended dependency and promoted self-sufficiency. A third approach has been to study individuals and families currently receiving TANF benefits. A number of these studies have focused specifically on clients who have been sanctioned. Finally, some studies have used secondary sources to discern general trends with regard to the earnings, incomes and social well-being of low-income families. Based on an analysis of these trends, inferences about the wider effects of welfare reform have been made.

Routine record keeping data reveal that the numbers of people applying for and receiving benefits has declined significantly since the mid-1990s. A number of studies have sought to analyze these caseload reductions and to determine reasons for the decline. Although it is often implied that these declines began after the introduction of the TANF programme, the AFDC caseload had already begun to decline in 1994 – three years before the TANF programme actually came into effect. At that time, approximately 5.1 million families (or about 14.2 million individuals) were in receipt of AFDC benefits.¹³ Kent Weaver (2000) reported that the numbers receiving TANF benefits in 1999 had fallen to about 2.5 million families (or about 6.7 million individuals). By 2001, a further decline in the caseload to about 2.1 million families (or about 5.6 million individuals) had been recorded (Besharov and Germanis, 2003). However, following the recession of the early 1990s, the caseload again increased although not significantly. By 2005, the caseload had declined again to about 1.9 million families and as was reported earlier, in 2008 about 1.7 million families were enrolled in the programme. Generally, most analyses conclude that the total caseload reduction since 1994 is about 60 percent.

Both the Republicans and Democrats have claimed that the fall in the caseload is due to the TANF programme and its work first requirements. However, many scholarly accounts suggest that a number of complex factors have contributed to the decline. Some argue that the strong economy of the 1990s and the creation of millions of new jobs drew welfare recipients out of the TANF programme into regular employment. Others dispute this claim using historical data to show that periods of economic expansion in the 1980s did not produce significant caseload declines. A strong economy, they contend, is unlikely to end welfare dependency and, they insist that it is only through the imposition of tough work participation requirements bolstered by sanctions that welfare recipients will engage in regular employment. These different arguments have been carefully analyzed by Douglas Besharov and his colleague Peter Germanis (2000, 2003; Besharov, 2006) who conclude that there are in fact multiple reasons for the caseload decline. They believe that economic growth is the single largest factor, accounting for between 35 and 45 percent of the decline. However, the TANF programme and its work first commitment also played a significant role contributing to between 25 and 35 percent of the decline. They also believe that incentives associated with President Clinton's make work pay policies, and particularly the EITC, also contributed and explains between 20 to 30 percent of the caseload decline.

¹³ The average size of a family receiving AFDC benefits was approximate 2.7 individuals. It should be noted that a small number of 'child only' benefits were also paid.

Although caseload decline is usually cited as the primary indicator of the success of the TANF programme, the fact that welfare recipients no longer receive benefits does not necessarily mean that they are now working in remunerative jobs and that they are self-sufficient and successful. It is for this reason that quite extensive research has been undertaken into individuals and families who previously received TANF benefits in order to determine whether their incomes and social conditions have improved. These 'leaver studies' as they are known provide useful information about how former recipients have fared since exiting the programme.

Unfortunately, the leavers studies have produced conflicting results. Reviewing a number of these studies, some meta-analyses report that the majority of former welfare recipients have found work and that they are in regular, remunerative employment. These analyses conclude that by compelling welfare recipients to work, the TANF programme has not only ended welfare dependency but created an upward trajectory towards self-sufficiency. For example, Cherry's analysis (2007) found that the majority of welfare leavers were working regularly and that only a small minority had not found employment. He concluded that only about 15 to 20 percent of welfare leavers were adversely affected as a result of exiting the TANF programme. However, he did find that most leavers were employed in low-wage occupations and his analysis stresses the importance of work incentives and supports such as the EITC in sustaining an adequate standard living among former recipients. Ron Haskin's (2006) review of the research has also concluded that the TANF programme's emphasis on work first has propelled many people who previously dependent on welfare into regular remunerative employment.

Other meta-analyses have reached a less optimistic conclusion. One of the most important is by Gregory Acs and Pamela Loprest (2004), who examined separate 15 leaver studies, and found that a minority (40 percent) of welfare leavers had steady, regular jobs while about 30 percent worked intermittently. The remainder (30 percent) reported no work activity. Besharov and Germanis (2000, 2003) confirm these findings. In his latest analysis, Besharov (2006) concludes that no more than 40 to 50 percent of welfare leavers are in steady, full-time employment. Another 15 percent have part-time jobs. Perhaps as many as a third do not work at all and are dependent on intermittent child-support payments, in-kind support from friends and relatives and on other sources of government aid such as Food Stamps, housing assistance and nutritional programmes.

Most meta-analyses of the leaver studies agree that those who work are engaged in low-wage employment. Several studies report that most leavers had incomes that were only marginally above the poverty line (Brauner and Loprest, 1999; Acs and Loprest, 2004). Besharov (2006) found that the average wage for welfare leavers was about \$8 per hour or about \$16,000 per annum which he concluded "is not a lot of money, especially for a mother with two children (p. 2). In one rare study using a control group, Pamela Loprest and Sheila Zedlweski (2006) found that wages among current welfare recipients and welfare leavers and a control group of low income women who

had never received welfare benefits increased in the late 1990s and early years of the 21st century but were still only in the \$6.00 to \$8.00 per hour range.

Several studies reveal that many welfare leavers have difficulty meeting their needs. Reviewing national data, Loprest (1999) found that about a third of those interviewed reported skipping meals or reducing food intake because of insufficient incomes. About 38 percent reported that they had difficulty in paying rents and utility bills. Indeed, many had defaulted on rent and utility payments since leaving welfare. A study undertaken by the General Accounting Office (1999) reached a similar conclusion. Loprest and Zedlweski (2006) found that as many as 25 percent of leavers faced significant psychological and educational limitations in securing and maintaining steady work and that among this group, food insecurity increased. Although it is true that the incomes of many welfare leavers are augmented by the Earned Income Tax Credit, child support payments, child care subsidies and other sources, the conclusion that former welfare recipients are now self-sufficient and enjoying a reasonably comfortable middle class life style is not supported by the evidence. These findings have led even some critics of welfare such as Besharov and Germanis (2003) to conclude that while welfare reform has not been the social catastrophe liberals predicted, “neither has it lifted large numbers of female headed households out of poverty (p.53).”

Of course, a significant number of families are currently receiving benefits under the TANF programme and a number of studies into their characteristics, incomes and living conditions have been undertaken.¹⁴ A subgroup of this type of research comprises studies into TANF recipients who have been subjected to sanctions. Although studies of current TANF programme participants reveal that the majority are in compliance with work participation requirements and engage in part-time employment while receiving benefits, they too are working in the low-wage economy. Despite receiving benefits, a significant number report difficulty in making ends meet. An official government study revealed that 13 percent of TANF recipients reported falling behind with rent payments, 16 percent could not pay utility bills, 11 percent could not afford child care and 6 percent experienced times when they could not afford food (US General Accounting Office, 1999). These findings confirm earlier studies that showed how difficult it is for current welfare recipients to make ends meet.¹⁵

Studies of current welfare recipients reveal that many have serious psychological and other problems that limit their ability to engage in regular employment (Danziger and Seefeldt, 2003; Loprest and Zedlweski, 2006) This is particularly true of clients who have been sanctioned. Many encounter serious barriers and trying to balance work and

¹⁴ Although the caseload has fallen by about 60 percent since 1994, it should be remembered that almost two million families still receive benefits today.

¹⁵ Research undertaken before the introduction of the TANF programme found that most of the women receiving AFDC and other benefits were struggling to secure a minimum standard of living and to cope as best they could (Edin and Lein, 1997; Harris, 1993; Rank, 1994).

carrying for small children is often a formidable challenge. It is not surprising therefore that many are unable to comply with the TANF programme's requirements. Studies of those who had been sanctioned reveal that many are unable to function independently on the open job market. These studies also reveal that sanctions seldom resolve the problems facing these clients. Indeed, they are often exacerbated endangering children who are then brought into the public child welfare system (Lindhorst, Mancoske and Kemp, 2000; Ong and Houston, 2005; Reichman, Teitler and Curtis, 2005).

It should also be noted that the current caseload is not static and that a significant number of welfare recipients cycle in and out of the TANF programme. In Wisconsin, where the state's TANF programme is said to have been particularly successful, 30 percent of leavers returned to claim benefits within 15 months (US General Accounting Office, 1999). In her nation-wide review, Loprest (1999) found that about 30 percent of leavers returned to the rolls. In the subsequent study with Acs mentioned earlier, it was found that about a quarter of leavers had returned (Acs and Loprest, 2004). These findings are consistent with earlier research into welfare spells which showed that a significant proportion of those who leave welfare do not in fact succeed in becoming self-sufficient and that many require assistance again (Bane and Ellwood, 1994). However, as with the AFDC programme, the proportion of TANF clients who remain in the system for extended periods of time is comparatively small.

Finally, research into earnings, incomes and poverty and other indicators of the well-being of American families have been used to make inferences about the TANF programme. These studies often rely on secondary data and are not specifically focused on TANF recipients or welfare leavers but they shed light on the programme and its wider effects. These studies infer that welfare reform has contributed to declines in the poverty rate or the falling rate of non-marital births or improvements in the well-being of children or higher standards of food security or the decline in the murder rate in American cities. For example, it is claimed that census data show that the poverty rate has declined significantly since the mid-1990s and that this can be attributed to the higher proportion of women now engaged in regular employment (Cherry, 2007; Haskins, 2006). However, the fact that the poverty rate increased again in the early years of the 21st century is not always acknowledged. Similarly, careful research by Duncan Lindsay and Sacha Klein Martin (2003) into the link between welfare receipt and child poverty rates in several states found that the decline in welfare rolls was not accompanied by a fall in the child poverty rate.

Another example of the use of indicators of well-being to assess the outcome of welfare reform is the work of Christopher Jencks (2005) who has used indicators of food security to draw conclusions about the TANF programme's effects. Although he initially criticized the programme, he now believes that it has contributed to improvements in nutrition as well as incomes and standards of living. He also believes that welfare reform has contributed to the fall in rate of non-marital births. Similarly, Besharov and Germanis (2003) point to the programme's contribution in addressing what they describe as the deep-seated, dysfunctional social problems facing low income communities. On the other hand, critics of welfare reform such as Joel

Handler and Yeheskel Hasenfeld (2007) are less sanguine. Drawing on a diverse body of research, they conclude that the social and economic circumstances of low income families have not significantly improved in recent years.

It difficult to reach definite conclusions about the findings of these different studies. Indeed, it may be claimed that the sizable resources allocated to evaluations of the TANF programme have not produced the desired results and that these funds could have been spent more profitably elsewhere. On the other hand, many scholars believe that the research has shed light on the programme and that it is possible to reach some general, cautious conclusions. First, as indicated earlier, many commentators conclude that exit from the TANF programme has not in fact propelled former recipients into remunerative employment and a comfortable, middle class lifestyle. On the other hand, many also believe that the TANF programme and particularly the work support and earnings subsidization policies that accompanied the programme's introduction have contributed to reductions in poverty and modest improvements in living standards among former welfare recipients. They point particularly to the positive effects of the EITC, improved access to Medicaid, the introduction of the SCHIP programme and increases in child care funds which have made it easier for low income families and working mothers in particular to secure child care of a reasonably good quality for their children. However, these more cautious and guarded conclusions are not always communicated to the media or to politicians and instead, more sweeping generalizations have been preferred. These reflect the influence of ideological preferences in the way ostensibly objective research findings are interpreted.

Interpretations

Sweeping claims about TANF programme have often been made. Indeed, claims of this kind were made even before the programme was introduced. Republican House Speaker, Newt Gingrich insisted that his party's welfare to work proposals would compel indolent welfare recipients to find employment and that by ending welfare dependency, incomes would rise, the poverty rate would fall and the problems of crime, marital breakdown and social disorganization facing the country would be ameliorated. On the other hand, some Democrats made dire predictions about its likely effects on low income families and especially children. Wendell Primus who had served on President Clinton's welfare reform working group produced a statistical simulation model to show that as many as two million children would be plunged into poverty. His data were frequently quoted by Senator Moynihan who, as was noted earlier, made particularly gloomy prediction about the effects of welfare reform on poor families and their children.

By the end of the 1990s, it was clear that these negative predictions had not been fulfilled and instead sweeping claims about the programme's success now began to permeate the media. An article in the *Washington Post* in 1999 claimed that the facts about the success of welfare reform were now incontrovertible and, as was noted earlier, *The Economist* described welfare reform as 'America's great achievement.' President Clinton himself is reported to have claimed that "The debate is over. We

know that welfare reform works” (Schram and Soss, 2002, p. 59). Similarly, Ron Haskins (2006) who worked closely with the Republican leadership on the original bill declared that the TANF programme brought about the ‘triumph of work over welfare’. The programme, he points out, involved sweeping reforms that produced sweeping effects. On the other hand, claims about the negative impact of the programme have also been made particularly by feminist and multicultural writers who believe that welfare reform amounts to a concerted attack on poor women and ethnic minorities in an attempt to reassert patriarchal and racist ideologies.

In addition to these sweeping claims, it is possible to identify a number of different scholarly interpretations of the findings of the outcomes research reviewed earlier. First, there are the optimists who emphasize the positive aspects of welfare reform and its role in promoting work, as well as desirable behaviours and values. Second, the pessimists take a diametrically opposite point of view claiming that welfare reform has been disastrous for low-income families and particularly for women and ethnic minorities. A third group are the pragmatists who reflect the generally cautious conclusion of the outcome studies mentioned earlier. A fourth group, who will be described as sceptics, generally transcend debates about the positive or negative or mixed impact of welfare reform and instead emphasize its role in achieving electoral and other goals that have little to do with poor women and their daily struggles to fend for themselves and their families.

The optimists interpret the research data to claim that welfare reform has, as Haskins (2006, p. 362) argued, “produced a host of benefits for poor mothers and the nation.” Generally, they project a conceptual image of the typical welfare recipient as a lone mother, entirely dependent on benefits who has been corrupted by the welfare system but who has now been reformed by the TANF programme’s firm and paternalistic provisions. Although the optimists are usually Republicans on the right of the political spectrum, President Clinton is himself an optimist and many Democrats have also reached favourable conclusions about the outcomes of welfare reform. Cherry (2007), who regards himself as a liberal, also sides with the optimists claiming that the majority of welfare leavers are now in regular employment and that their standards of living have improved significantly.

The optimists contend that even if the findings of the leaver studies are equivocal, the caseload reductions that have been achieved are in themselves highly desirable. In addition, they accentuate the positive findings of the outcome studies. For example, Haskins claims that many more welfare recipients are now in regular employment, that earnings have increased and the poverty rate particularly among children has fallen. Many commentators have indeed noted the increase in [reported] labour force participation among poor women and lone mothers. Rebecca Blank and Lucie Schmidt (2001) note that labour force participation among these women had increased by about ten percent since the mid-1990s. Loprest and Zedlweski (2006) confirm this finding and report a nine percent increase in labour force participation which they described as ‘dramatic’. Although Haskins contends that increased work participation has resulted in improvements in incomes and a decline in the poverty rate, Blank and

Schmidt are more cautious pointing out that improvements in incomes are not due only to work participation but to the effects of work support policies such as the EITC.¹⁶

As noted earlier, the pessimists are generally associated with the ideological left. Generally, they subscribe to a conceptual image of the typical welfare recipient as a lone mother who does not choose to draw welfare benefits but is compelled to seek social assistance primarily to protect her children. Welfare recipients are not indolent or irresponsible but rather, as Ruth Sidell (2006) argued, unsung heroes who engage in a relentless struggle to cope with adversity. The pessimists cite a number of ethnographic studies of the clients of the old AFDC programme to support their position. As was mentioned earlier, these studies (Edin and Lein, 1997; Harris, 1993; Rank, 1994) found that many AFDC recipients were not idle and entirely dependent on welfare but that most were in fact clandestinely employed, although usually in a part time capacity and on an intermittent basis. The fact that they were supplementing their meagre benefits with part-time employment attests to their resolve and determination to provide for their families. Accordingly, they deserve to be helped. In fact, the provision of financial aid to these women is desirable not only because it gives expression to society's collective altruistic values, but to the notion that the provision of social assistance is an inalienable right of citizenship.

Obviously, the pessimists interpret the outcome studies and secondary data in negative ways. They accentuate the fact that a significant proportion of welfare leavers do not engage in regular employment and that their earnings from part-time and intermittent work are low. Some such as Primus and his colleagues (1999) have produced research to show that the incomes of the poorest welfare leavers have in fact declined and that these families are significantly worse off than before. They also stress the fact that those who do engage in regular employment generally work for low wages. They strongly contest the claim that incomes have risen and that the poverty rate has declined as a result of welfare reform. Instead, improvements in living standards are primarily due to the booming economy of the late 1990s and the incentives and work supports introduced by the Clinton administration. They contend that while the poverty rate declined steadily during the 1990s, it subsequently increased again. Despite the claims of the optimists, the child poverty rate has also increased and reached 17.6 percent in 2005. In addition, in excess of 20 per cent of children under the age of six were in poverty at this time. This datum, they point out, is far higher than in other Western countries and should be viewed as a national disgrace.¹⁷

¹⁶ It should also be noted that these work supports and the TANF programme itself has drawn many former welfare recipients out of the underground economy thus resulting in high official [reported] participation rates.

¹⁷ As measured by official federal poverty criteria, which many regard as artificially stringent, 12.8 percent of the population of the United States lived below the poverty line in 1990. This figure dropped to 11.3 percent in 2000 but rose again to 12.6 percent in 2005. This translates into approximately 37 million people or almost five million more than in 2000. Among children under 18, the poverty rate declined from 19.6 percent to 16.2 percent in 2000 but rose again to 17.6 percent in 2005.

The pessimists have not only interpreted the findings of the outcome studies to show that welfare reform has failed to meet its goals, but claim that it reveals ulterior motives. A number of feminist scholars including Mimi Abramovitz (1996), Gwendoline Mink (1998) and Ellen Reese (2005) are persuaded that the TANF programme has been deliberately used to exercise social control over women and their lives. As women have become more independent, and challenged institutionalized patriarchal beliefs, they have provoked a violent response. Attempts to reverse abortion rights, restore women's traditional 'housewife' role and continued sexism in the workplace are indicative of this response. The TANF programme is just one more effort to control and discipline women and to reassert patriarchal authority. It is no accident they claim that the AFCD programme which catered primarily for poor, lone mother families was singled out for 'reform'. Other social programmes such as unemployment insurance, workers' compensation and Social Security which do not serve these women, continue to consume sizable public revenues but have not been the object of venomous attacks.

This argument has been extended by Kenneth Neubeck and Noel Cazenave (2001) who contend that the TANF programme is an obvious example of what they described as 'welfare racism.' Drawing on earlier research by Jill Quadagno (1994), they claim that American social policy has long given expression to the country's deeply institutionalized racist attitudes and practices. Despite the achievements of the civil rights movement, racism still finds expression in all spheres of life and especially in the country's segregated schools, the criminal justice system, in electoral politics, the media and in daily social interaction. It is hardly surprising, therefore, that racial attitudes should permeate the TANF programme. In particular, the programme gives expression to racist attitudes about the alleged promiscuity of African-American women, their indolence and deviant behaviour. There is also ample evidence to show that the programme is highly discriminatory using sanctions disproportionately against people of colour. The fact that most politicians deny that the programme is racist is in itself, they claim, highly revealing.

Barbara Ehrenreich (2002a) whose undercover activities as a low-wage worker attracted a good deal of media attention (Ehrenreich, 2002b), takes a more traditionalist Marxist view claiming that welfare reform should be viewed as one of several initiatives directed against workers since the 1970s. Faced with growing international competition and falling profits, American corporations have engaged in a relentless and largely successful anti-union campaign which has significantly reduced the ability of ordinary workers to protect their rights. They and their political allies in Congress have deliberately used unemployment to instil fear and to discipline workers and, as the labour force has become increasingly compliant and docile, they exacted more demanding work but provided fewer benefits, and also increased surveillance and control in the workplace. Ehrenreich contends that the TANF programme is just another instrument in the hands of corporate interests which disciplines and controls employees and, by creating what Marx described as a 'reserve army' of workers, ensures a ready supply of cheap unskilled labour. Reese (2005) endorses this interpretation by arguing that many corporations have not only commended welfare

reform but benefited from hiring both current and former welfare recipients at low wages.

The pragmatists tend to avoid sweeping generalizations about the success or failure of the TANF programme, and have generally reached more cautious and qualified conclusions about its impact. They do not have a single conceptual image of the welfare recipient but believe that they are comprised of many different types of individuals and families. References to 'welfare recipients', they point out are meaningless because they conceal wide variations among those who receive benefits. They agree that there are some welfare recipients who abuse the system and whose behaviour should be censured but they also believe that many more benefit from temporary financial aid. Most then exit from the welfare system. They cite the earlier studies by Bane and Ellwood (1994) on the welfare spells of AFDC recipients to support this argument. They also recognized that some welfare recipients face serious barriers to employment and require special assistance. Many favour a social investment approach which emphasizes job training, as well as incentives and work supports. There are, they believe, many examples of former welfare recipients who have benefited from temporary assistance.¹⁸ While they believe that welfare to work programmes can help those in financial difficulty, they generally oppose the imposition of stringent requirements and believe that incentives are a more effective way of promoting self-sufficiency. They interpret the results of the outcome studies by showing that harsh conditionalities have not propelled former welfare recipients into a comfortable middle-class life style but that the extensive work supports and subsidies provided through minimum wages, tax credits, adequate child care, educational opportunities and health-care have brought real benefits. It is only through wider economic and social policies of this kind, they contend that the problems of poverty and deprivation in American society can be solved.

Finally, unlike the optimists, pessimists and pragmatists the sceptics are not particularly concerned with the findings of the outcome studies and are more interested in the political and ideological functions of welfare reform. They claim that welfare reform is not really about ending welfare dependency or compelling poor women to work. Nor is it about addressing the problem of low wages and poverty in American society. Why is it, they ask, that welfare reform is focused on only one cash transfer programme and that other programmes which in fact consume sizable resources remain intact. They also ask why welfare mothers who are supposed to be self-sufficient continue to be supported by a variety social programmes such as Food Stamps, subsidized child care and the EITC. Although no longer dependent on AFDC or TANF benefits, the fact that they are now 'dependent' on other welfare programmes is seldom mentioned. They also point to the double standards in the

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One is the world renowned author, J. K. Rowling who is former welfare mother. She wrote her first Harry Potter novel while receiving benefits and then went on to become a multi-millionaire with an estimated fortune in excess of \$500 million. In addition to becoming economically self-sufficient, she has contributed hugely to the international reputation of the British publishing industry.

welfare debate. While many Republicans and religious traditionalists extol family values and the role of women in raising and inculcating positive behaviours in their children, these values do not seem to apply to poor women and particular poor women of colour who are exhorted to work long hours in low paying jobs which prevent them from caring adequately for their children.

Like the pessimists, the sceptics believe that welfare reform has ulterior motives. These motives, they agree, reflect popular stereotypical views about poor women and particularly women of colour. However, these stereotypes are part of a larger project that is primarily concerned with electoral politics and securing and maintaining political power. While the AFDC program catered primarily for widows and deserted wives, it was uncontroversial. But as more African-American women who had never married began to claim benefits, and as this trend was reported in the media, welfare became a highly politicized issue. When President Reagan seized the initiative in the 1980s and demonized the 'welfare queen', the Democratic party's commitment to the AFDC programme became a major electoral liability. This was exacerbated by the President's successful electoral onslaught on the Southern states which resulted in millions of white voters deserting the party and effectively ending decades of Democratic control. President Clinton's promise to 'end welfare as we know it' was thus disingenuous since it was not actually designed to deal with welfare dependency or poverty among lone mothers but to address what had become a serious electoral problem. Clinton's policy of ending welfare revealed his political mastery in removing the issue from the national electoral agenda. Welfare was not debated during either the 2000 or the 2004 presidential election campaigns. Nor will it be an issue in the forthcoming election later this year. The real winners of welfare reform are not the mothers who have found work or now benefit from increased child care support or who receive EITC subsidies but the hundreds of Democratic congressional members and senators who no longer have to wage election campaigns that involve the emotive issue of welfare.

Final Thoughts: Relevance for British Social Policy

As noted at the beginning of this paper, more information about social policy innovations in different nations is now being diffused around the world than ever before and governments are increasingly adopting social welfare approaches emanating from other countries or modifying existing policies in the light of developments elsewhere. Innovations in social welfare in the United States have attracted a good deal of international attention and have influenced social policy formulation in other parts of the world although, of course, these influences have not always been welcomed or positively assessed by academic commentators.

The authors of the commentaries following this paper have been asked to reflect on the relevance and implications, if any, of American welfare reform for social policy in the United Kingdom. The obvious, converse question is whether developments in social welfare policy in Britain have implications for the United States. International

exchanges in social welfare thinking, and the potential adaptation of policies should be a mutually beneficial and reciprocal process. With few exceptions (Hokenstad and Midgley, 2004), American social policy scholars have not sought to address the question of whether the United States can benefit from the purposeful adoption and adaptation of social welfare innovations from other countries and how this can best be facilitated and realized. Although there is a growing awareness and interest among American social policy scholars in the social policies and programmes of other countries, the study of transnational social policy transfers is still in its infancy. The same may be said of social policy scholarship in many other parts of the world.

Speculation about the relevance of social policies to other countries should take a number of factors into consideration. Obviously the historical institutionalization of particular policies as well as broader policy styles and preferences will affect the potential adoption of innovations from other countries. Cultural attitudes, values and beliefs are obviously also relevant as are political, demographic and economic realities. These factors are relevant when considering the implications of American welfare reform for Britain. Despite similarities, there are significant historical and cultural differences between Britain and the United States. In terms of policy preferences, Britain has a longer and more extensive tradition of universalism in social welfare than the United States particularly with reference to health-care and social insurance. The tendency to lump Britain and the United States together when categorizing social welfare systems internationally may be popular but it is questionable when these and other social policy approaches are considered. Britain's engagement with Europe is another relevant factor.

Nevertheless, as has been noted already, social policy in Britain over the last decade has been influenced by developments in the United States. A recent announcement by the leader of the Conservative Party that a new welfare policy based extensively on the American experience will be introduced should the party be returned to office at the next election suggests that the process will continue.¹⁹ Whether this bodes well for

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In January 2008, Mr. David Cameron, the Conservative leader, unveiled new welfare reform proposals which, it was pointed out, were based on the successful reforms introduced in Australia and the United States where it was claimed that tougher requirements had significantly reduced the welfare rolls. It was reported that in Wisconsin alone, the number of people on welfare had fallen by 82 percent after work requirements were imposed (*Sunday Times*, 6 January 2008). As in the United States, the Conservative proposals would introduce time limits and work participation rules on those receiving the jobseekers allowance and also toughen incapacity benefit eligibility requirements. Benefits would be terminated for those who failed to comply. In addition, greater use of private contractors would be made. Shortly after these proposals were unveiled, the *Sunday Telegraph* (2008) reported that a poll it had commissioned put the Conservative party seven points ahead of Labour – an increase of two points since its previous December poll. It also reported that there was significant support among likely voters for the party's welfare reform plans. More than 80 percent of those interviewed agreed with the party's proposals. It is perhaps interesting that these proposals were introduced in the wake of Prime Minister Gordon Brown's announcement in December 2007 of what *The Guardian Weekly* newspaper (2007) described as a "raft of initiatives to restore confidence in [the Prime Minister's] leadership." These included a new commitment to addressing the problems of disadvantaged children, further educational reforms, assistance

British social policy is a question that the knowledgeable and insightful commentaries following this paper are best qualified to answer.

Commentaries

What have we learned? Kitty Stewart

Clearly President Clinton's advocacy of welfare reform had a big impact on New Labour's approach to welfare reform. But the UK government's starting point was different. It began with a commitment to eradicate child poverty rather than to reduce welfare roles. As a result, it is no surprise that UK policy was grounded in a range of supportive policies – the earned income tax credit, the increase in minimum wage (the creation of a minimum wage, indeed), extending financial support for childcare and help in finding employment. There were, at least initially, no punitive strategies (time limits, sanctions and compulsion) though these have come later. In the paper's classification of the approaches in different states I felt the UK fitted in most closely with Minnesota's "social investment approach". But even there the UK had wider policies to encourage early years education, more to regulate childcare (and much more serious financial support for childcare), and additional services for under fives through Sure Start. We have also been much more supportive of part-time work as an option, with tax credits starting at 16 hours work a week. As a result one of the biggest falls in child poverty in the UK has been seen in the case of children living with a lone parent who is working part-time.

In addition, the UK had a much more generous strategy for women who do not work. I would highlight in particular:

- Increases in universal child benefits, and in income support rates for families with children under 11.
- Much more generous support for new babies, aimed at allowing more mothers to stay home for a year – in contrast, many states in the US require work within 3 or 4 months of a newborn's birth.

Outcomes

If we compare outcomes for the two countries after a decade or so, I think we find:

- Much more dramatic employment effects in the US, but sharper reductions in child poverty in the UK.
- Furthermore, while the official headcount of those in absolute poverty did fall in the US, there is some evidence that incomes may have deteriorated for families in the bottom fifth (Waldfoegel, 2007). In the UK, real income has grown for all

for the poor of the developing world, tougher immigration requirements and the construction of new 'supersized' prisons designed to tackle the problem of jail overcrowding. Future polls and, of course, electoral outcomes will no doubt reveal the extent to which these and other social policy proposals appeal to voters and influence their political choices.

income quintiles since 1997 (although there is some debate about what happened at the very bottom where measurement is noisy). This difference is not surprising when one considers the differences in approach. Those in the US who went from welfare to nothing – Rebecca Blank (2007) calculates that as many as 25% of single mothers may now be living without work or welfare – must have fallen from below the poverty line to way below it, though they seem to be invisible in many studies.

- At the same time, expenditure studies, like those done by Paul Gregg, Jane Waldfogel and Elizabeth Washbrook (2005) in the UK show what the increased income in poor families in the UK has been spent on. They show significant increases in child related items (in particular children’s clothing and shoes, fruit and vegetables, books and magazines, holidays). Comparable US studies (Waldfogel, 2007) show much smaller expenditure increases. That which has occurred has been spent on work-related items (transport, food away from home and childcare) and on housing. Thus the impact on child well-being appears to have been very different in the two cases.

What Might we Still Learn?

Of course, if the policy goal is employment growth or cost reduction , we might want to pay more attention to the US experience. As with Midgley’s comment on Minnesota, an assessment might conclude that our approach is expensive when compared to the caseload reduction approach. However, given that the goal is child poverty reduction, it is not clear why we should be looking to take further lessons. Yet there are definite indications that that is what we are doing. We have often talked at CASE about how people in the UK seem to want European levels of services but US tax rates (Glennerster, 2003). Now it seems we want to achieve child poverty rates that are ‘among the best in Europe’ using US policies.

We are seeing the introduction of more conditionality and time limits, although these are still on quite a different scale to those in the US – lone parents will be moved on to a more punitive regime once their youngest child reaches seven. Gordon Brown is also testing talk about a “Contract out of Poverty”. It is not yet clear what this will mean but it has resonance with the Republican “Contract with America” talked about in the paper and is particularly worrying if we are primarily concerned with child poverty. The pledge to any individual child may be becoming conditional on their parents’ behaviour.

The Conservative welfare reform strategy published in January goes much further in seeking lessons from the US (Conservative Party, 2008). The title - ‘Real Welfare Reform to Make British Poverty History’ – indicates a policy goal similar to that of the government, yet one of the key strands of policy is ‘no participation, no benefits, and this is very clearly based on the TANF model.

It is worth noting that we do have a very formalized mechanism for sharing policies and learning within the EU: the Open Method of Coordination. There is a process of peer review whereby countries host talks on an aspect of social policy and other

countries come to comment and discuss how they approach the questions in their own country. The website highlights a series of ‘success stories’, where countries have changed policy after peer review and examination of policies in other countries. I was very interested to see that UK policy on homelessness has influenced policy in both Denmark and Romania! But there are no examples of policy in the UK being influenced by other countries, as yet. At a seminar with the new Child Poverty Unit last week someone asked a question about how far the Unit was finding the OMC helpful. The sense was that it was not at all. Indeed, it was unclear whether the Unit had even heard of it. Yet Europe’s record on child poverty is much better than the UK, and better by far than the USA. The most recent figures from the Luxembourg Income Study – for the year 2000 – show 15% of children in the UK and 22% in the US living below 50% of median income, while seven EU countries have rates below 10%.

What is still far off the Agenda?

Even so I do not think we should exaggerate how far the UK is drifting in the US direction. The paper is in large part a reminder that we are really a long way away from the US story. That is true not just for what we have done but in what is being proposed. We are beginning to see attempts to do more about employment sustainability and progression for those on low incomes. This is important because of concern about lone parents cycling in and out of work. More than half of poor children now live in a working household. It is the quality and rewards of work for this group which matter. That was notably absent from the paper for the US. The paper was also a reminder of just how different the two systems still are, and many of the details of the TANF would be quite unacceptable here, from requiring mothers of newborns to work to the fact that there can be so much variation across identical individuals within an area.

I was very interested that programmes have limits to the number of claimants who can get benefit for working fewer than 40 hours, for instance, or who can claim while training. So identical people showing up at different times can be treated differently – opening the way for racist treatment, for example, as Midgley mentions. Similarly the limited overall budget for TANF contains the potential for injustice – this does not seem to have had much impact in practice because of falling rolls, but in principle a potential claimant might simply be too far back in the queue to get assistance.

Some aspects of the US agenda still seem to be off limits here – it is to be hoped.

Devolution and Social Security in the United Kingdom: David Piachaud

These comments will concentrate on what lessons can be learned from the US experience regarding the devolution of welfare from the federal to the state level. Midgley’s paper shows that following devolution, a number of differences have developed.

First, there have been differences in goals and priorities. Some states – Georgia, Missouri, New Jersey and Vermont - have given priority to putting ‘work first’ and have emphasised behaviour modification. Some, mostly southern states, have concentrated on terminating benefits by means of severe conditionality or intermittent time limits. Some have been generous and flexible, with only modest sanction on those who do not comply – a 19 percent benefit reduction in California. Others have invested in education and job training, a social investment approach, for example Minnesota.

Second, there are big variations in TANF levels. In thirteen states, the level was under \$300 per month. In twenty four states the level was between \$300 and \$500 per month. The rest paid over \$500 with a few paying over \$600.

Three other identified features of US TANF devolution are striking:

- The importance of and differences in ‘street level administration’.
- The extent of contracting for services with non-profit and commercial providers.
- The fact that block grants were meeting all the TANF costs and more, giving states considerable leeway and discretion.

What Lessons can be drawn for Britain on devolution?

At first sight, there seem to be very few. Both social security and income tax are the function of the unitary government of the UK, with standard rates throughout the realm. Scotland, the most devolved government, has made no proposal to take over social security, still less pay for it. Richard Parry discussing devolution and social security in Scotland wrote:

‘Social security is the spectre at the feast. In a settlement short of independence, no one wishes to include such a large expenditure total that would need to be balanced on the income side. Post-independence, the issue of the generosity of benefits would need to be confronted. The SNP has campaigned on pension increases financed by oil revenues, but these headline amounts are of less and less significance in a benefits system dominated by tax credits, income guarantees and the rules for occupational pensions. ... No one has thought through how a Scottish administration would use the policy instruments of social security to develop distinctive policies to reflect Scottish wishes and circumstances.’ (Parry, *Benefits*, 12(3): 174)

Yet, there is more variation and devolution in the UK than perhaps meets the eye. This can be seen if we start from the reasons why regional difference or devolution – not the same thing - may be seen as desirable or attractive.

First, there may be differences in price levels. In the USA as in Britain these are generally small. But there is a huge exception in relation to housing costs. Beveridge debated whether there should be different amounts for housing in his proposals for social insurance but decided against them. Glennerster (2007) called this a critical

flaw in the Beveridge Plan. National Assistance went the other way. Now Housing Benefit is a huge discriminator between regions. The average expenditure per household (not just recipients) in London was twice that in Scotland – about £600 more per household (averaged over all households, not only housing benefit recipients). The variation in TANF rates in the USA may to some degree reflect differences in price levels.

Second, there may be differences in other incomes, such as the levels of earnings in the area. This can mean replacement ratios – benefits relative to in-work incomes – differ markedly. This does not necessarily mean that social security rates should vary – for social justice perhaps they should not – but it may justify variation in the interests of labour market efficiency. Will there be more pressure for different rates across the UK in the future? In the next few years, probably not, because the emphasis now is on conditionality. But welfare to work programmes may – sensibly and efficiently - be different according to local needs and labour market conditions. If the conditions on receipt of benefit can and do vary, pressure to vary benefit rates may be slight. In any case, wage rates vary far more across the USA than across the UK.

Yet it is a salutary warning that, with devolution in the USA, TANF levels have come to vary far more than could be explained or justified by differences in price levels or differences in earnings. Whether or not there ever was a common standard of social justice for lone parents in the USA, it does not exist with devolution.

A third reason for regional difference is that other non-social security policies differ and have consequences for social security levels. Scotland's free personal care for long-term residents is a clear example. As Richard Parry wrote:

More social work money from the [Scottish] Executive implied less social security money from Westminster. Many Scottish interests argued that fairness demanded the transfer of money saved in Attendance Allowance into the Scottish budget.' (Parry, *Benefits*, 12(3): 173)

On this the Treasury were intransigent and made no concession.

The US experience suggests that the more social security gets enmeshed with services and conditionalities the more there will be de facto devolution even if that is not the declared aim. That is an important lesson.

A fourth reason for regional difference is the autonomy, albeit constrained, of street level bureaucrats. Regulations may be interpreted differently in different parts of the country, reflecting different attitudes of staff. These attitudes may reflect local values or customs. An important lesson that can be drawn from the US experience is that devolution has allowed the most atavistic prejudices to be turned into accepted practice in some states – prejudices that a more centralised system sought to curb.

The fifth reason for difference is the free exercise of autonomy and different political priorities in different communities. The most serious lesson that I draw from

Midgley's historical account is that the federal government can easily, without apparently very much resistance, accept that this is happening and accept or tolerate the variation, inequity or injustice that results, perhaps because it is meted out on an unpopular minority.

Associated with that variation, inequity or injustice – the appropriate word is a matter of judgement – is the fact that there is little effective monitoring of the variations that are occurring – and this in the land more richly endowed with social scientists than any other on the planet.

One final lesson can be drawn from the apparent satisfaction of the states with falling welfare rolls alongside block grants that more than compensated them. It appears that states found this readily acceptable. If, in the future, in the UK parts of social security were devolved, providing devolved money came with devolved responsibility then who would resist? In the USA, fully-funded autonomy was irresistible.

The Politics of Comparative Politics: Howard Glennerster

For me this very interesting paper raises a whole series of questions about the politics of comparative policy. How did it come about that the UK took so much notice in the mid 1990s of changes that were happening to a very different kind of welfare system? Why America when there were models so much nearer in geography and values – namely Europe and Australia? Were the changes not, in fact, more derivative of Scandinavian, Dutch or Australian models? If so why was the rhetoric largely American? There is a political science answer to this question – Blair and Brown wanted to borrow the Clinton strategy of distinguishing New from Old Labour and use welfare reform to do so. The phrase 'welfare reform' had never entered the British political lexicon before this. But were there any good policy reasons to do so?

Bad Reasons to Copy the US

- In fact the US welfare system is so different to the UK system of income support that it was an odd place to look for help and still is.
 - The American term 'welfare' is largely confined to a programme that supports lone parents, essentially lone mothers. There is no parallel to the national means tested safety net for all residents that National Assistance and its successors embody.
 - The major worry in the UK and Europe has been to get young people, especially young men, into the labour force. The next priority has been the long term unemployed and older men. Then came the long term sick. Only after that are single parents really the 'problem'. None of these previous groups were part of US welfare reform.
 - The history of welfare in the US has always involved colour. In the 1930s when Roosevelt envisaged a Federal Programme for lone parents the Southern Democrats opposed it and made sure its administration

remained with the states. This stigma is less easy to make stick in the UK where broken marriages are seen to afflict all classes and races.

- In this country, *children's* welfare dominated the discussion of how to deal with lone parents' problems right from the 1940s. Conservatives believed that it was women's job to stay at home to look after children whatever their marital state. On the left trade unions did not want women to challenge men's jobs.
- In Europe there has been much puzzlement about the Anglo-Saxon worry about single parents. Countries that have good levels of low priced child care get a high level of work participation from lone parents as they do from married couples.

Some Good Lessons?

But there are good reasons to look around for other models than the old rather relaxed view of simply accommodating trends that led to long periods out of work.

- Fewer lone parents are in the formal labour market than in the US or other European countries. The figure is 56% in the UK, 74% in the US and 70 % over the OECD as a whole.
- Fewer are in work compared to other family types while this is not as significantly so elsewhere.
- We permit lone parents to remain outside the labour market for longer than most other countries.

But if I were looking for exemplars they would not be the harsher states in the United States.

Where I thought Midgley was helpful was in challenging the notion that there is some uniform US model.

The second useful topic on which he touched, and where I would have liked more, was on the use of private and voluntary organisations. The present government has backed the use of more private agencies and the Conservative Party (2008) has said the job of delivering their back to work policy will be *largely* contracted out to private agencies who will be rewarded for their results (p12). So here a hard look at how this actually works in the US would be helpful. Though again it is as well to recognise that the UK does not have the large scale not for profit or profit agencies the US does working in this field – yet.

Thirdly there is the topic that David Piachaud raised. Midgley describes the very local administration of back to work schemes and the link with other agencies and local labour markets. This links up with John Hill's (2007) work on the poor return to work rates we find on social housing estates. Tailoring local back to work efforts more closely to local situations and labour markets is important and new organizations or locally based ones may do the job better.

Trans-Atlantic Ideas

There is something deeper that is worth exploring about the ‘Anglo-Saxon affinity’ issue. There is a thread to the New Conservatism here that is derivative of the modern right in the US. This came home to me listening to David Willetts’ first Michael Oakshott Memorial Lecture given here recently at the LSE. Conservatism, he argued, is not about weak or limited government. The state has three legitimate roles that need strengthening.

- Law and order and defence, now including internal security from terrorist attack.
- Setting the framework for a competitive environment more aggressively.
- Third is setting rules that promote good behaviour. This involves encouraging the small battalions – voluntary organisations, informal self help and the family. Since marriage, work and the traditional family are some of the ultimate expressions of good behaviour government must give powerful incentives to sustain them.

This is where welfare reform policy links onto a much larger agenda and the American debate does become relevant whether we agree or not.

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