



Why Did Welfare Caseloads Collapse? The Mystery of Diversion

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Welfare reform:

- Meant a combination of “help and hassle”:
 - New work demands.
 - Time limits.
 - New support benefits.
- Legislative basis:
 - Family Support Act 1988, PRWORA 1996.
 - Expanded EITC 1990, 1993.
- Chief goals:
 - Raise work levels among welfare adults.
 - Reduce dependency.



Earlier research had stressed the difficulty of reducing dependency:

- Statistical studies: Welfare mothers face many barriers to employment.
- Welfare work evaluations: most programs reduce welfare rolls only marginally.
- Welfare work programs were worthwhile but unlikely to transform welfare.

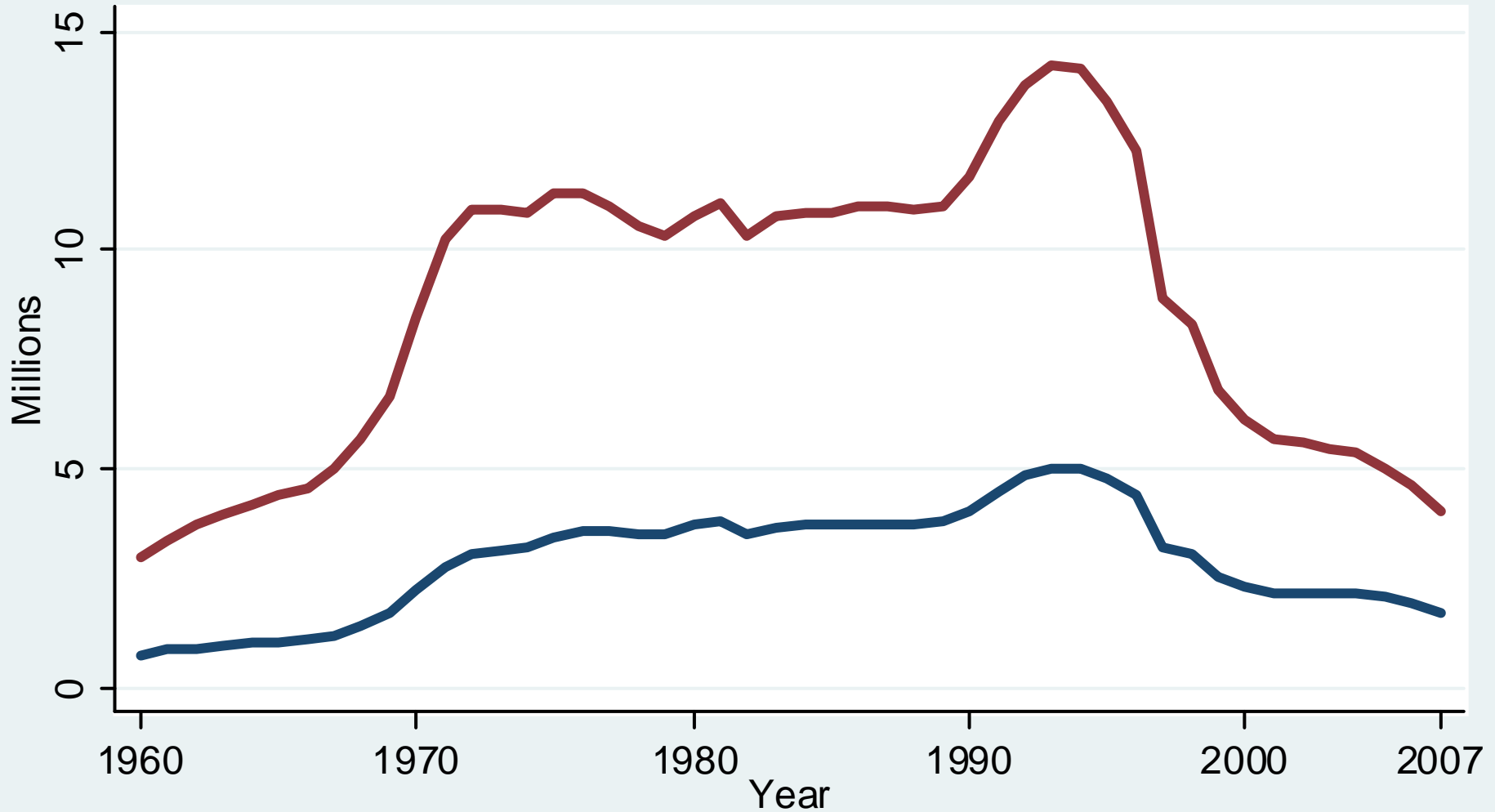


In fact, the caseload fall was far greater than expected:

- Over 1994-2007, the decline is:
 - 66 percent for cases.
 - 71 percent for recipients.
- Usually, experimental programs outperform programs taken to scale—e.g., Head Start.
- Here, the structural reform outperformed the experiments.

Trends in AFDC/TANF Caseload

1960-2007




— Cases — Recipients

Percent change in AFDC/TANF cases from prior year, 1995-2007:

<i>Year</i>	<i>% change</i>	<i>Year</i>	<i>% change</i>
1994		2001	-4.8
1995	-4.8	2002	-0.2
1996	-7.4	2003	-0.3
1997	-28.0	2004	-1.2
1998	-4.5	2005	-4.3
1999	-16.3	2006	-7.2
2000	-9.8	2007	-9.9

Source: U.S. Administration for Children and Families



Our question is not why the caseload fell:

- Econometric studies already address this.
- Most attribute the overall decline to:
 - Welfare reform requirements.
 - Excellent economic conditions.
 - Support benefits (especially EITC).
- Studies differ on the relative importance of these factors.
- We are not reopening that issue.



Rather, our questions are:

1. Why was the caseload fall *so much greater* than anticipated by earlier research?
2. What explains diversion—the tendency of mothers to leave or avoid welfare *even before they were told*?



Why the issue is important:

- Welfare reform suggests that social policy can have systemic effects.
- How might subsequent reforms have similar effects?
- Such as new work programs for nonworking men.



We will hear from field researchers:

- Those who had direct contact with recipients or local welfare officials.
- Two large projects:
 - Assessing the New Federalism—Urban Institute.
 - State Capacity Study—Rockefeller Institute.
- Several other studies.



Our panel chairs:

- Ron Haskins
- Doug Besharov
- Sheila Zedlewski