

# Why Did Welfare Caseloads Collapse? State Studies

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# Possible causes of unexpected caseload fall and diversion:

- Explicit cuts in coverage.
- Diversion programs.
- Activity demands:
  - Participation requirements.
  - Job search requirements.
- Political direction: messages that:
  - Work is now expected.
  - Welfare is time-limited.



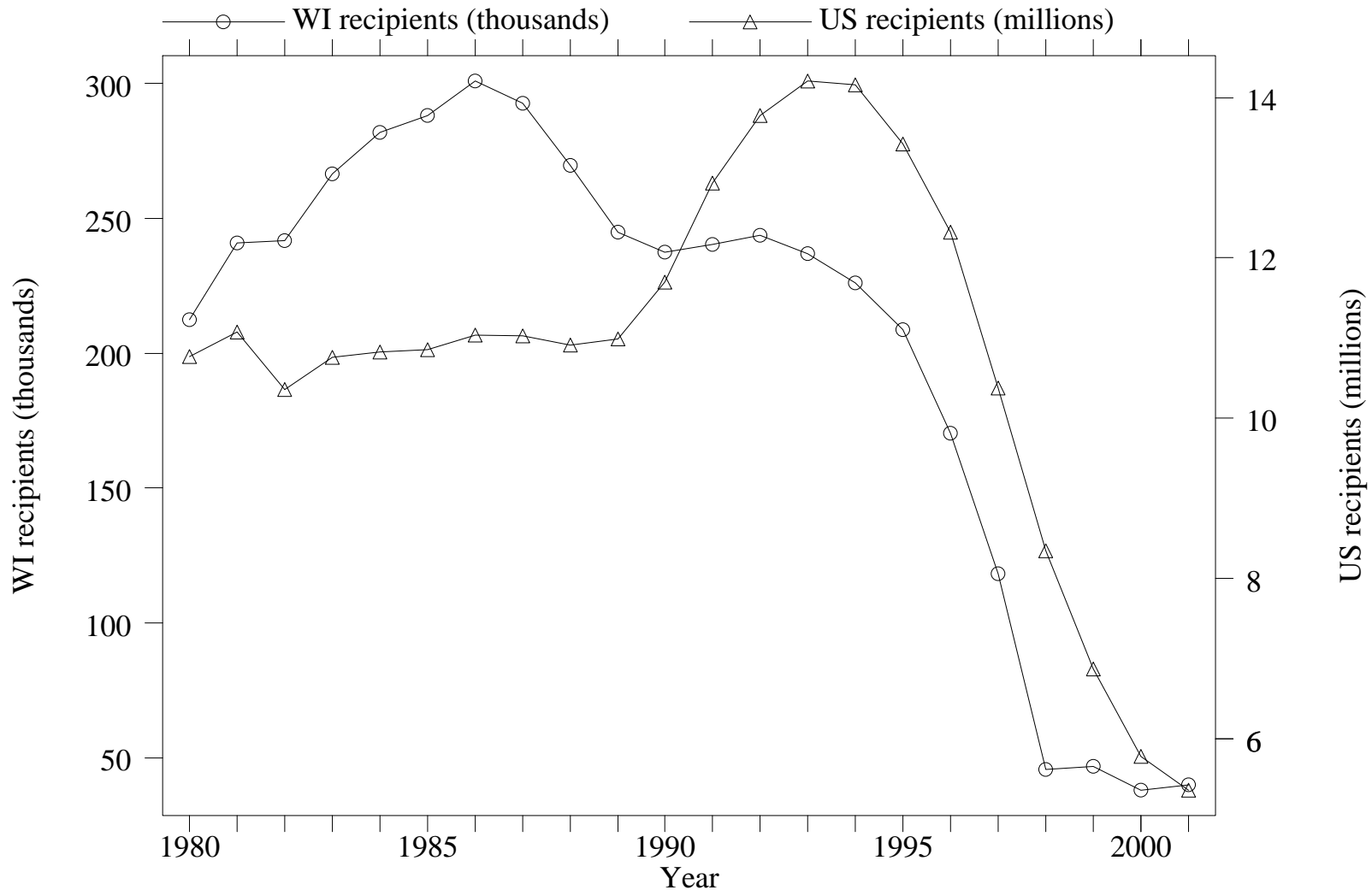
# Nationwide, diversion resulted:

- Mostly from activity demands and political direction.
- Less from explicit curbs or diversion programs.
- But there was much variation around the country.

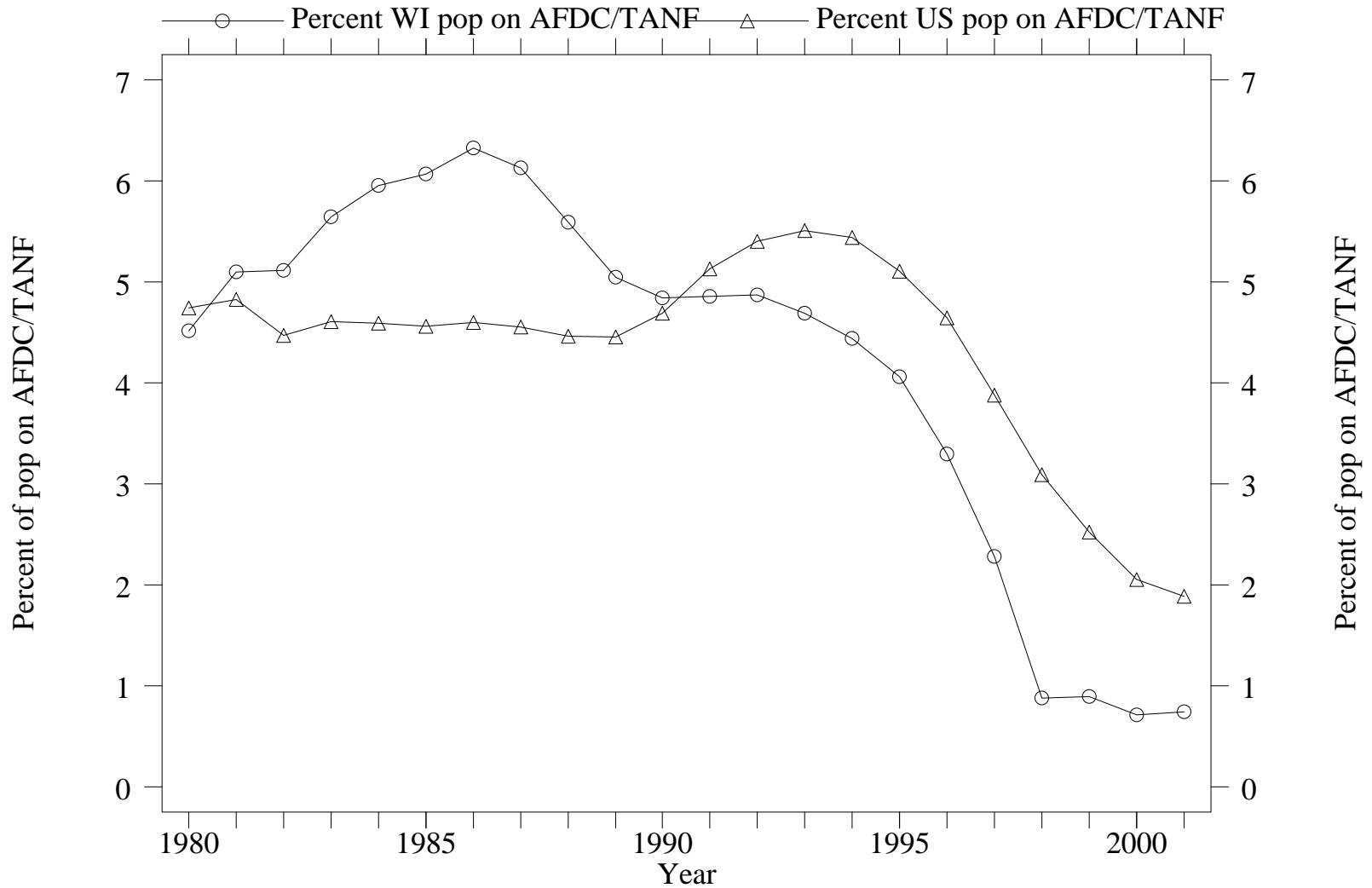
# Wisconsin:

- For *Government Matters*, I interviewed at the state level and in ten countries.
- The state had an unusually great caseload fall—80 to 90 percent.
- The decline began unusually early—in 1986.

# Caseload trends: WI vs. US:



# Dependency rates: WI vs. US





# Forces behind decline in WI:

- From mid 1980s, political direction.
- From mid 1990s, activity demands.
- Under W-2, 1997, diversion programs.
- But most of the caseload fall preceded W-2.
- So the earlier political direction and activity demands were more fundamental to change.



# New York City:

- Studies of welfare work programs in New York City and State in early 1980s suggested a need to enforce work.
- I consulted with the city welfare department during reform in late 1990s.
- City began with over 1 million on aid out of a population of 7 million.



# Rudy Giuliani's reforms, 1994-2002:

- Explicit curbs: Eligibility Verification Review.
- Activity demands:
  - Placement of recipients in government jobs.
  - Up front work search requirements.
- Political direction:
  - Strong anti-welfare message.
  - Despite strong opposition from some politicians and community groups.

# NYC: Persons on public aid (families and individuals):

■ March 1995:	1,160,593
■ February 2007:	<u>369,601</u>
■ Difference:	790,992
■ Percent decline:	68%

Source: Human Resources Administration



# NYS: Share of TANF cases in work activities:

- 1997: 28 percent
- 2001: 41 percent
- 2004: 38 percent

Source: U.S. Administration for Children and Families



# Answering our questions:

- Diversion: results when entitlement gives way to conditioning welfare on work.
- Unexpected caseload fall: resulted because systemic change motivated a commitment to work as experiments could not.
- Welfare reform cannot be done halfway.



# Implications:

- Welfare reform involved more than economics, also institutions.
- Politics and administration were crucial to driving the work message home.
- Recipients responded to governance more than incentives.
- How can we extend this model to other populations—including nonworking men?