



Federal Experiment In Welfare Yields Success

by David Hogberg

In “Redistribution In A Federal System: Lessons From Welfare Reform,” Chapter Eight of *FEDERALIST GOVERNMENT IN PRINCIPLE AND PRACTICE*, Professor John C. Weicher charts the progress of welfare reform in the United States. Dr. Weicher finds that states have not engaged in a “race to the bottom” as many critics of the 1996 welfare reform bill charged that they would. Instead, “a shift in the focus of welfare” has occurred. Welfare is no longer an entitlement, but a temporary assistance program “for families in need while they find their way into the labor force and become productive members of society.”¹

To demonstrate the recent progress, Dr. Weicher first outlines the problems with the old system of Aid to Families with Dependent Children (AFDC). First, in many states unemployed fathers were not eligible for benefits, resulting in family disintegration. Second, it discouraged work because of the high marginal tax rate on earnings. And third, the granting of benefits was not related to a work requirement.

Although much credit for welfare reform is given to the 1996 welfare reform bill, the process of reform actually began in 1981 under the new Reagan Administration. Under the Reagan Administration states gained the latitude to establish their own “workfare” programs. The Reagan Administration also waived many federal welfare rules, enabling state governments to conduct their own welfare reform experiments.

This process culminated in the passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in 1996. PRWORA replaced AFDC with Temporary Assistance to Needy Families (TANF) and imposed some important restrictions on welfare recipients. First, welfare recipients are required to work no later than two years after first receiving welfare benefits. Second, recipients are limited to five years on welfare over a lifetime. Third, unmarried minor mothers must live with a relative or guardian to receive benefits. Fourth, states will lose part of their federal welfare funding if at least half of their welfare recipients are not working within six years. Dr. Weicher notes that the overall effect of PRWORA has not been that states have reduced benefits or eligibility. Rather, states have toughened the work requirements for recipients.

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Dr. Weicher offers Wisconsin as the hallmark state for welfare reform. Reform began in Wisconsin in the late 1980s under Governor Tommy Thompson. The zenith of this reform occurred in early 1996 when the state enacted a radical reform package known as “Wisconsin Works” or “W-2.” Under W-2, recipients in Wisconsin must work immediately, either in private-sector or public-sector jobs. They are also sanctioned for not working. This makes Wisconsin virtually unique among states. The results of this reform have been astonishing: From early 1996 through late 1999, the Wisconsin caseload dropped from 70,000 families to fewer than 7,000.

Dr. Weicher concludes by pointing out that states have not engaged in a “race to the bottom” on welfare policy. Rather, many states have expanded their funding for child care, transportation, and job search for welfare recipients. Instead of a race to the bottom, states have shifted the focus of welfare from a program of dependence to one of individual responsibility.

ENDNOTES:

¹Weicher, John C. “Redistribution in a Federal System,” in *Federalist Government in Principle and Practice*, eds. Donald P. Racheter and Richard E. Wagner. Boston: Kluwer Academic Publishers, p.189.

This Institute Brief is one in a series on the chapters of a just published book, FEDERALIST GOVERNMENT IN PRINCIPLE AND PRACTICE, edited by Dr. Don Racheter, President of Public Interest Institute, and Dr. Richard Wagner, Economics Professor at George Mason University and Chairman of the Institute’s Academic Advisory Board. FEDERALIST GOVERNMENT IN PRINCIPLE AND PRACTICE looks at the relationship between federalism and liberty and explores the substantive practice of federalism, particularly the centralizing processes at work and the opportunities for decentralization.

The author of this chapter of FEDERALIST GOVERNMENT IN PRINCIPLE AND PRACTICE is Dr. John C. Weicher, Director of Urban Policy Studies at The Hudson Institute, Washington, D.C.

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