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Welfare-to-Work: Reform or Rhetoric?

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Abstract by Richard G. Rose

Handler analyzes the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) and its effect on the welfare state. In particular, Handler looks at PRWORA's work programs, the law's creation of a cumulative five-year limit on cash assistance, and the law's requirement that states convert welfare recipients into workers over time. Handler takes issue with the assumptions upon which PRWORA is based and analyzes whether or not the law will be successful. Close scrutiny of some of the more "successful" welfare-to-work programs in the states reveals only modest results. This is because assumptions behind welfare-to-work programs are misconceived as to who welfare recipients are and why they are on welfare in the first place. First, most recipients are adults with small children and are on welfare for a short period of time (two to four years). Second, most recipients are not strangers to the low-wage paid labor market and already have the "work ethic" reform programs are designed to inculcate. Moreover, the nature of the low-wage labor market—stagnating wages, increasing competition for fewer available jobs, and increasing numbers of short-term or contingency work—creates cycling between welfare and work. And, not surprisingly, welfare recipients often do not possess the skills and experience employers desire. Dramatic reductions of welfare rolls, Handler concludes, are likely not attributable to welfare reform, but rather the upsurge in the economy.

Handler discusses some of the likely effects of PRWORA. When the five-year cumulative cap on cash assistance is fully phased in, some estimate the reduction in spending for the lowest income group would be \$16 billion less than current levels. Other estimates are similarly dramatic and include predictions that 2.6 million additional people will fall below the poverty line. The effects on the low-wage job market, subsidized day care, and foster care systems will be significant, with much of the attendant costs delegated to the local counties and municipalities. However, Handler contends that, in spite of dire predictions, actual outcomes, if history is any guide, are likely to be more moderate. This is because there is considerable discretion built into the administration of the reforms and the states and the federal government will likely take a pragmatic, if not compassionate, approach to the problem. However, though the dramatic changes may never come to pass, less visible changes will have a significant effect on the system - including gradual erosion of benefits and the use of administrative flexibility to quietly deflect welfare applicants.