
The Effects of Welfare Reform on Family Well-Being

James X Sullivan
University of Notre Dame

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Outline

- I. Policy Changes
- II. Welfare Reform in Nebraska
- III. Effects of Welfare Reform on:
 - a. Caseloads
 - b. Employment
 - c. Income
 - d. Consumption
 - e. Savings
 - f. Other outcomes
- IV. Lessons Learned

I. Policy Changes

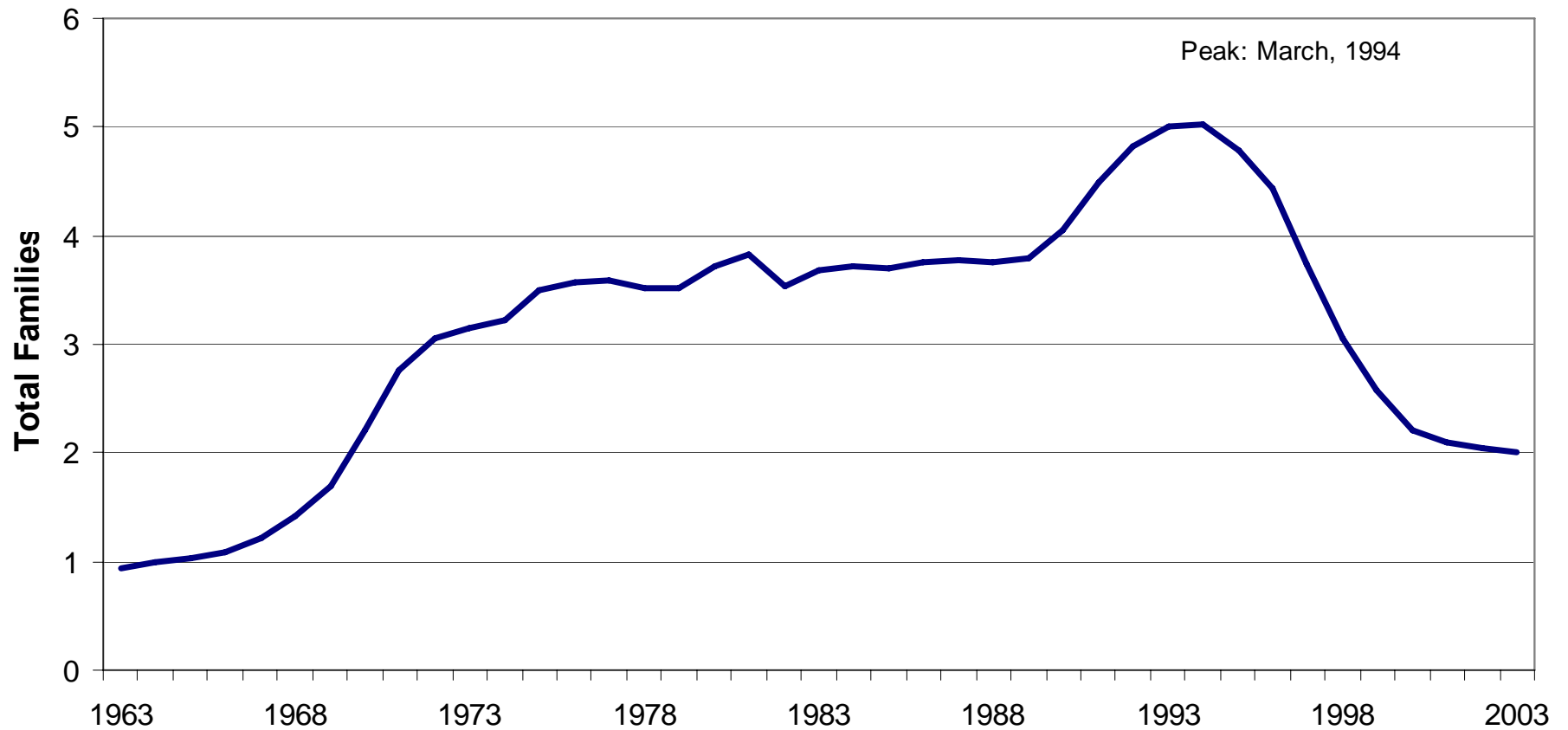
- Waivers, PRWORA, EITC (1993-1998)
- 4 Goals of PRWORA
 - Provide assistance to needy families
 - End dependence on government benefits by promoting work
 - Prevent and reduce out-of-wedlock pregnancy
 - Encourage 2-parent families.
- Major policy changes
 - Work requirements
 - Time limits
 - Family Caps
 - Asset Restrictions

II. Welfare Reform in Nebraska

- “Employment First”
 - ❑ Mandatory participation in employment preparation
 - ❑ Employment supports
 - ❑ Sanctions
 - ❑ Time limits: 5 year lifetime; 24 of 48 months
 - ❑ Family Cap: No additions after contract signed
 - ❑ Monthly Benefits: \$364 (2003) U.S. Median: \$396
 - ❑ Asset Restrictions: Liquid \$4,000 / \$6,000;
Vehicle: Value excluded for 1 car

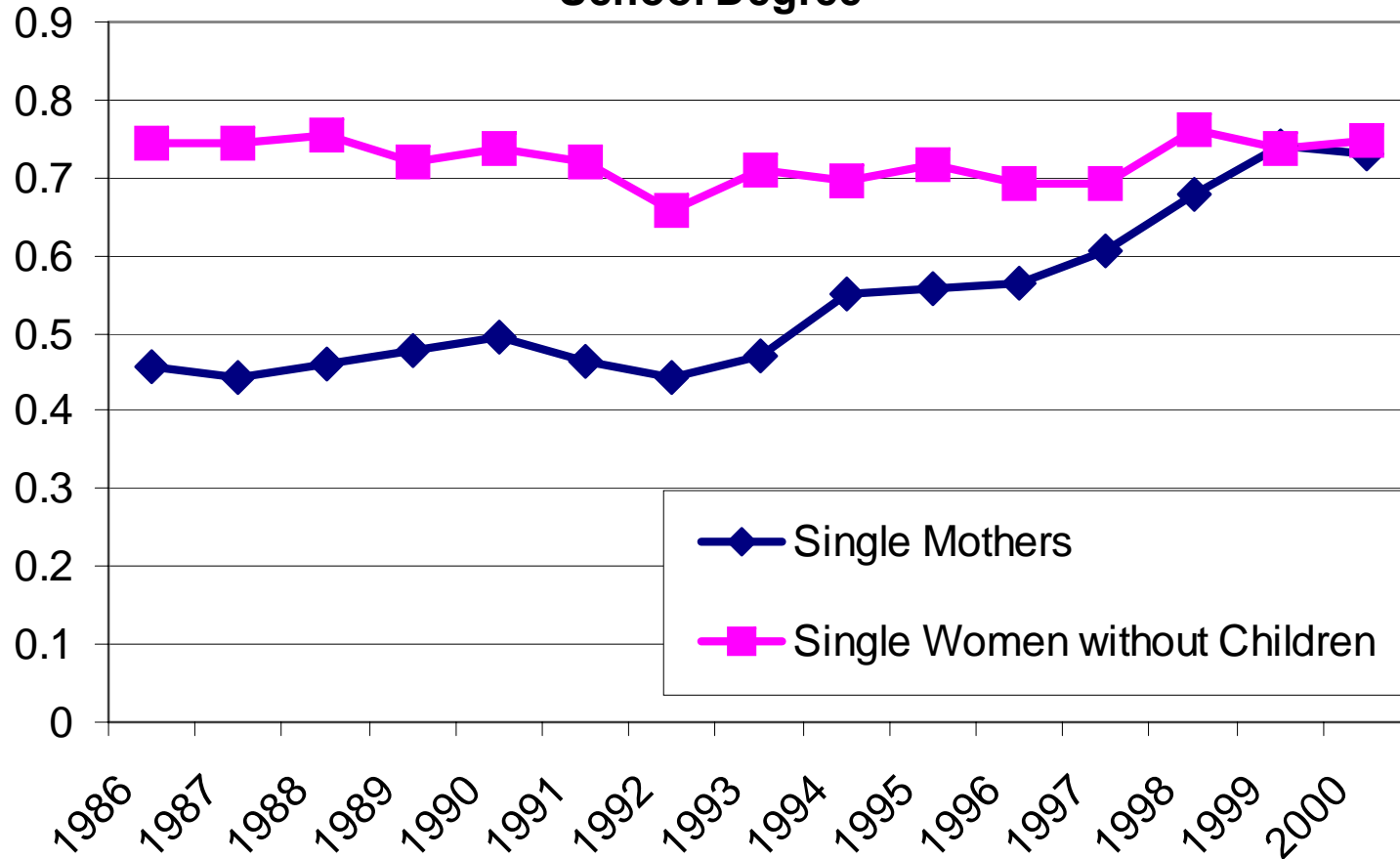
III. Effects on: Caseloads

**Average Monthly AFDC/TANF
Caseloads (1963-2003, in Millions)**



III. Effects on: Employment

Employment Rates for Single Women without a High School Degree



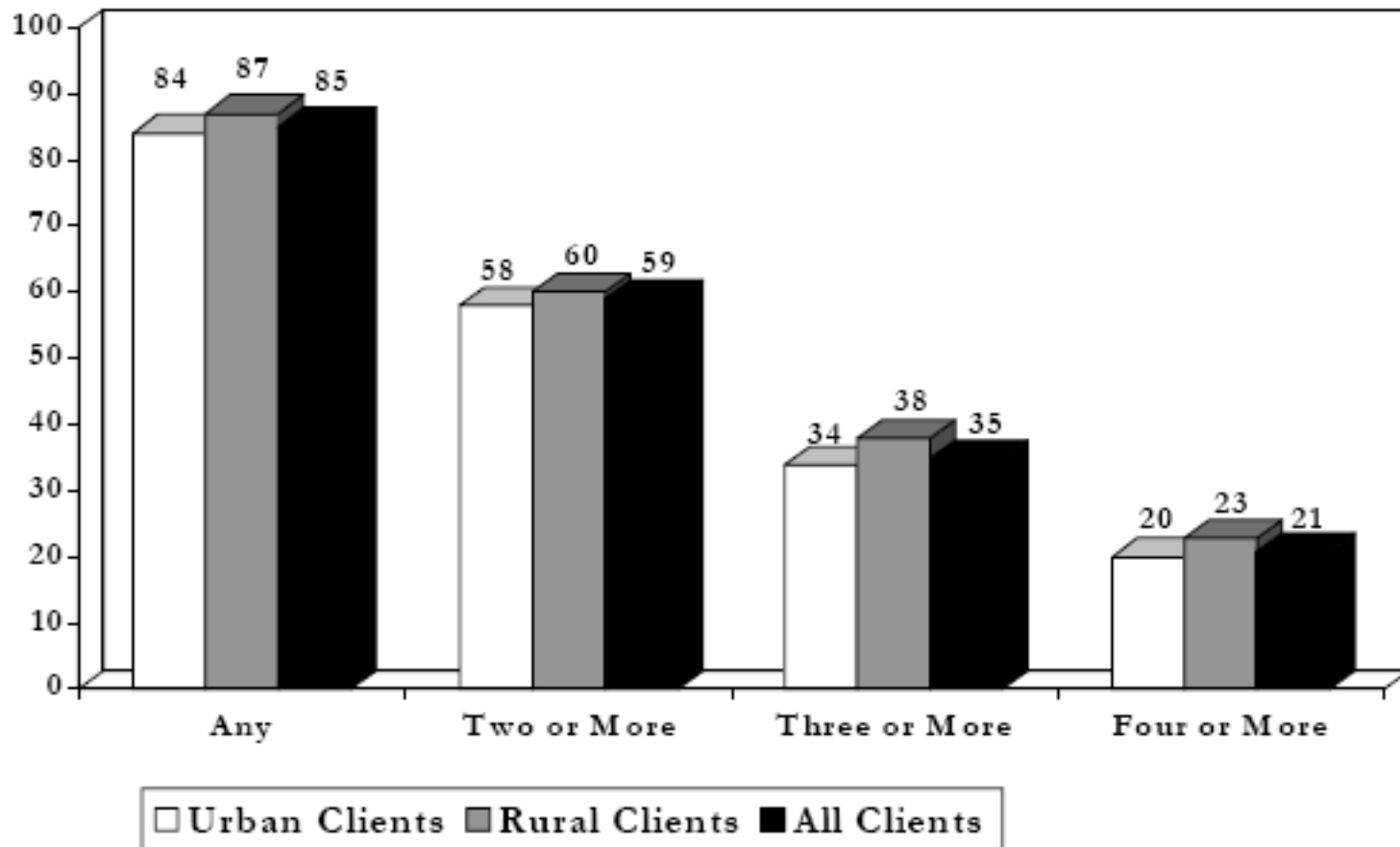
III. Effects on: Employment

- Employment Rates of TANF Families in Nebraska
 - 2001: 18%
 - 2002: 28% (National average in 2002: 33%)

III. Effects on: Employment

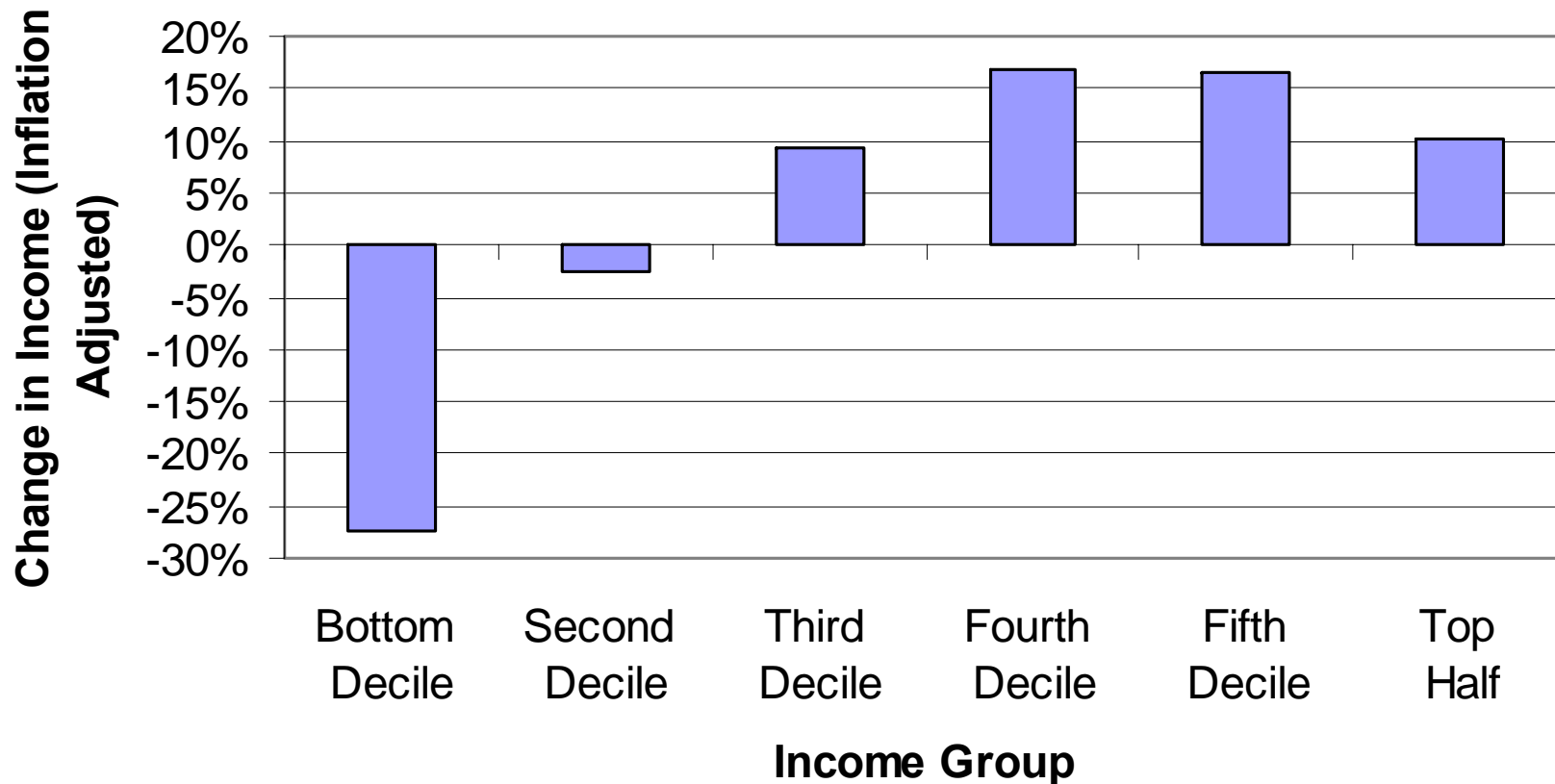
NUMBER OF EMPLOYMENT OBSTACLES AMONG TANF CLIENTS DURING THE PAST YEAR

Percentage



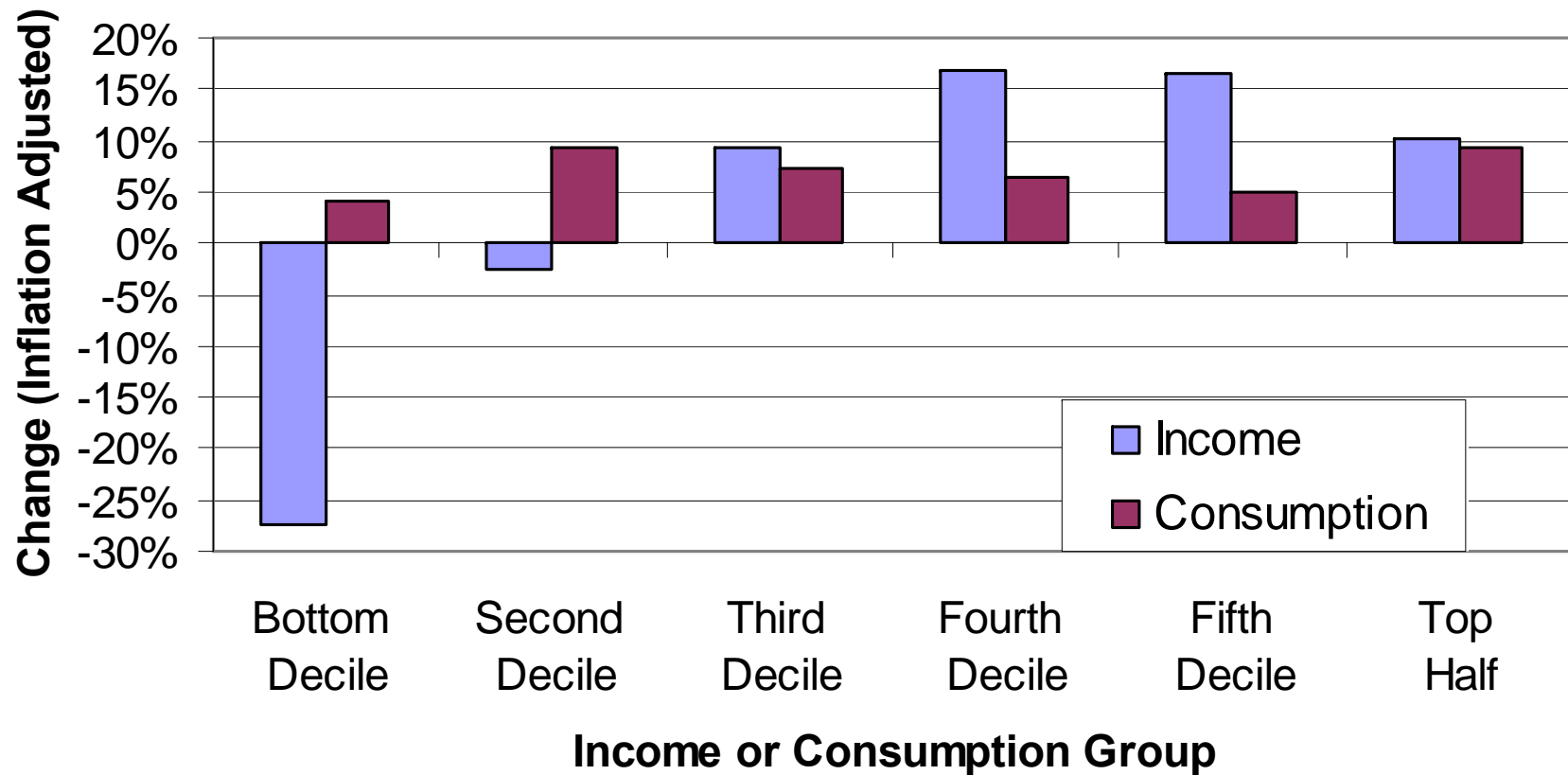
III. Effects on: Income

Changes in Income for Single Mother Families by Decile, 1993-1995 to 1997-2000



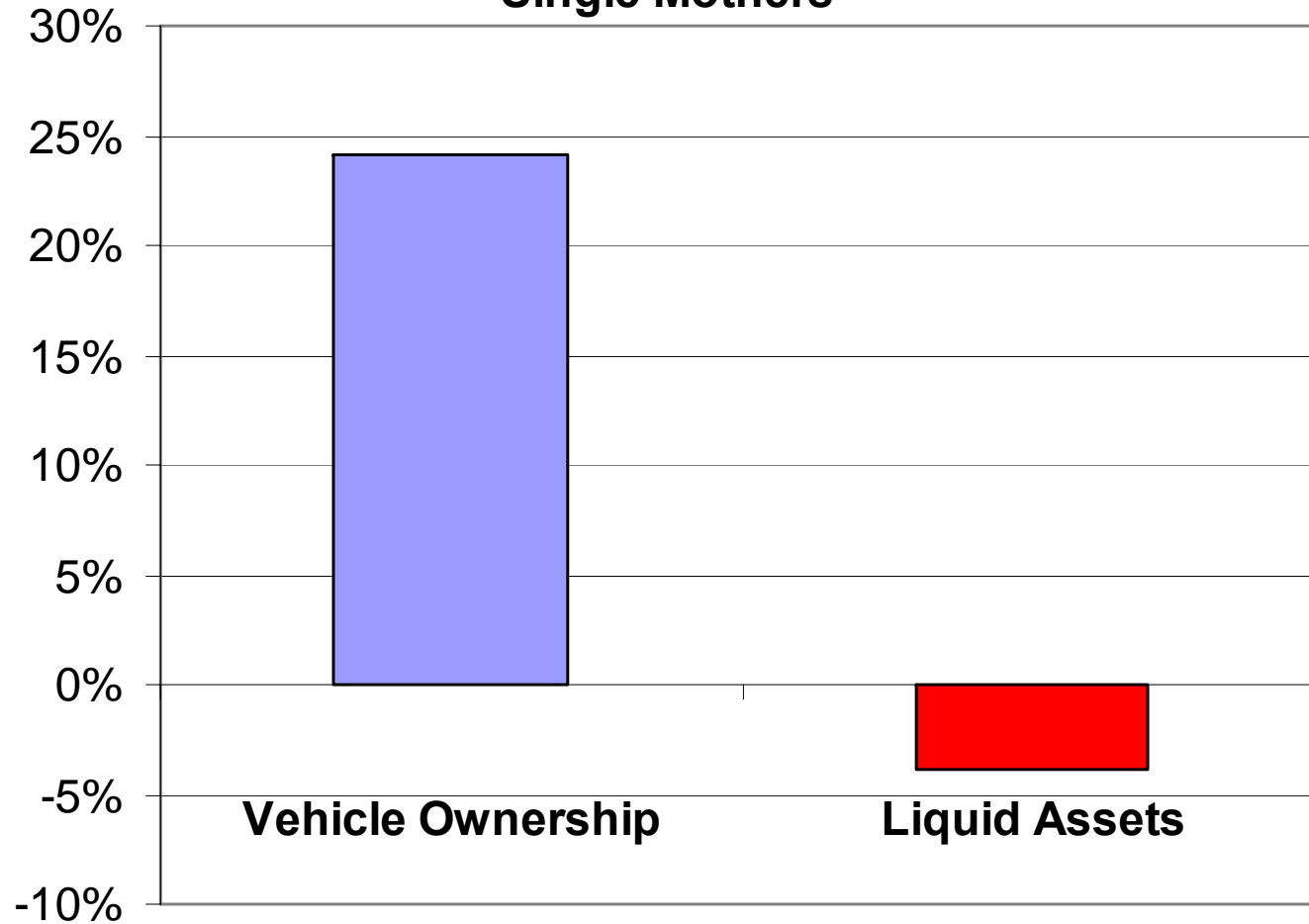
III. Effects on: Consumption

Changes in Income and Consumption for Single Mother Families by Decile, 1993-1995 to 1997-2000



III. Effects on: Savings

**Effect of Welfare Reform on Assets Holdings,
Single Mothers**



III. Effects on: Other Outcomes

- Family structure:
 - Fraction of children living with unmarried parents ↓
 - Fraction living with married parents or neither parent ↑
- Marriage/Divorce:
 - Fewer new divorces and fewer new marriages
- Fertility:
 - Little to no effect
- Time Use
 - Substitution from non-market work to market work

IV. Lessons Learned

- Projections of rampant, abject poverty never materialized
- Clear effects on employment
- Effects on self-sufficiency less clear
- Very modest gains in economic well-being
- Welfare can't be blamed for low savings or out-of-wedlock childbearing
- Policy concerns:
 - Employment instability
 - Loss of other benefits
 - Effects on children