

# Poverty and hunger worsen under US welfare reform

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Mounting evidence of deepening poverty in the US reveals that the welfare reform policy adopted by the Clinton administration and the Republican Congress is devastating millions of US families. A December 1999 report entitled *Recent Changes in the Impact of the Safety Net on Child Poverty* found sharp increases in extreme poverty on the one hand, and little, if any, improvement in overall conditions for the majority of children in low-income families.

Kathryn Porter and Wendell Primus, the authors of the report, are researchers at the Center on Budget and Policy Priorities (CBPP), a Washington think tank. Their research found that poverty trends, which had been documented using initial post-welfare reform data, continued into 1998. Using previously unpublished statistics on child poverty for 1998, which were compiled by the US Census Bureau, their report concentrates on demonstrating the impact of welfare reform on children. While the Clinton administration continues to insist that "welfare reform is working," many studies have reported increased hunger and homelessness among families with children.

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) was passed by the US Congress and signed by Clinton in 1996. Temporary Assistance for Needy Families (TANF) replaced Aid to Families with Dependent Children, the decades-old safety net for families with children. This act also contained some of the most vindictive measures aimed at the poor since the first federal assistance programs were adopted during the Great Depression of the 1930s. Among other things, it set a five-year lifetime limit for cash assistance and gave the states power to adopt stringent restrictions in several other areas.

The CBPP study found that the welfare cuts had nearly offset any gains from the "longest peacetime economic recovery in US history." Employment and earnings among low-income parents have increased, but benefits have been sharply cut. The result is that while "the number of children living in poverty has declined significantly since 1993," after 1995 the pace of decline dropped dramatically. "Measured on an annual basis, the number of poor children declined at a rate of 1.2 million per year between 1993 and 1995 and at a rate of 400,000 a year—one-third as much—between 1995 and 1998."

Even with the gains due to the reduction in unemployment, the number and percentage of poor children was still higher in 1998 than in 1979. There were 1.6 million more children in poverty in the US in 1998 than in 1979, even after taking into account cash assistance, other social programs and tax credits.

The level of support provided by the US social safety net program has reached the lowest level in a generation, with fewer poor children receiving cash assistance or Food Stamps than in any year since 1970. Cash assistance from TANF has been largely terminated by the 1996

legislation. But even the Food Stamp Program, which was not supposed to be affected by welfare reform, has been cut back sharply. In 1993, some 85 out of 100 poor children received Food Stamps, and this figure rose to 88 out of 100 in 1995. In 1998, by contrast, only 72 out of every 100 poor children received Food Stamps. The Clinton administration has thus presided over cuts in aid to the poor every bit as drastic and heartless as those carried out under the Reagan administration in the 1980s.

Another CBPP study finds large decreases in income among the poorest families particularly since 1995, as the first welfare reform initiatives bore their bitter fruit. These early measures were undertaken by some states under waivers granted by the Clinton administration. Primus produced another report earlier in 1999 showing that from 1995 to 1997 the average disposable income of the poorest 20 percent of single mothers fell by 7.6 percent; the average disposable income of the poorest 10 percent fell by 15.2 percent.

The new CBPP report concentrates on children and updates some of these earlier findings with new US Census Department data. It notes that while the number of children in poverty has declined since 1993, the fall in the aggregate child poverty gap, or the amount of money needed to lift all children out of poverty, has not declined by the same proportion.

The CBPP authors highlight the two distinct periods of the Clinton administration: before and after welfare reform. "The reason the child poverty gap changed so little between 1995 and 1998, despite strong economic growth and a decline in the number of poor children, is that the children who remained poor became poorer, on average." In fact, 1998 represents the largest poverty gap per poor child recorded since this data was first collected in 1979.

In 1995, before welfare reform, poor children fell an average of \$1,471 below the poverty line. By 1998, they fell an average of \$1,604 below the poverty line. Taking into account the unrealistically low official poverty line, this is a considerable amount. In 1998 the US poverty level was \$13,133 for a single parent with two children and \$16,530 for a couple with two children. A per-child poverty gap of \$1,604 translates into a shortfall of \$6,416 for a poor family of four persons, leaving an income that is less than two-thirds of the amount that the government considers a bare minimum.

The report notes that based on the 1998 Census figures, "Before counting government benefits and taxes, the per child poverty gap was \$2,489, the smallest recorded per child poverty gap before counting government programs. This shows that while the growth of the economy and increases in employment and earnings were working to reduce the depth of poverty among children, the weakening of the safety net was great enough to offset this effect and to increase the

depth of poverty among children."

The report also documented the benefits of the Earned Income Tax Credit (EITC,) enacted in 1975. Changes made in 1993 to the credit became fully effective in 1996 and further reduced the tax burden for low-income workers, offsetting for some the effects of the cuts in social programs. But allegations in the US Congress of rampant abuse of the EITC are a sign that this benefit for low-income workers is also threatened. The official testimony surrounding the controversy completely ignored evidence that, like the Food Stamp program, the EITC is actually grossly underutilized.

Other recent reports show similar trends:

**\* The impact of poverty on US families:**

"While the child poverty rate of 18.9 percent last year appears to be the lowest since 1980, it is no cause for celebration—the child poverty rate was considerably lower in the late 1960's and during all of the 1970's. The number of children in working poor families leaped by one-third from 1989 to 1997, despite a booming economy and a 25-year low in the nation's unemployment rate." (From a report entitled *Ten Critical Threats to America's Children: Warning Signs for the Next Millennium* released November 29, 1999 by a consortium including the National League of Cities and the National School Boards Association)

This report also cited that 78 percent of women with children aged 6 to 17 are working, and 60 percent of mothers with children under one year of age work. Yet full-time daycare costs as much as full college tuition in most states. Only one in ten children eligible for childcare subsidies gets help. Only 40 percent of children eligible for Head Start participate in the program for low-income preschoolers.

One-third of children enter kindergarten unprepared. By first grade lower-income children have amassed a 5,000-word vocabulary while children from higher incomes have an average 20,000-word vocabulary by the time they enter kindergarten—a year earlier. Children experience developmental problems caused by unseen risks such as known carcinogens and neurotoxins like lead, mercury and pesticides.

**\* The impact of poverty on child health and development:**

Poverty has a greater negative impact on the ability of a young child's brain to focus, organize, and problem-solve than exposure to cocaine before birth. Poor children exposed to cocaine prenatally and poor children not exposed to cocaine performed the same on tests, but both low-income groups were far below the test standard for normal behavior as based on a prior study of mixed-income children. (From the *Journal of Developmental and Behavioral Pediatrics*, December 1999)

Article author Dr. Hallam Hurt, the chairman of the division of neonatology at the Albert Einstein Medical Center in Philadelphia, Pennsylvania, also told *Reuters Health* that the inner-city child who has had no drug exposure at all is doing no better than the child labeled a "crack-baby." Hurt cited social necessities such as books, newspapers, travel, and even communal family meals as often absent or uncommon in lower income households.

**\* The impact of poverty on the cities:**

Among 26 major US cities—including Boston, Chicago, Detroit, San Antonio and Seattle—the demand for emergency food assistance grew an average of 18 percent over the previous year, the largest increase since 1992. For housing it grew 12 percent, the highest since 1994. A 15-year history shows double-digit increases in the demand for emergency food in the cities in every year but one since 1985. Similar increases for homelessness ranged from 10 to 25 percent in every year

but two of the last 15 years. The 27 percent of homeless who were families in 1989 grew to 37 percent by 1999. In 1999, more than one-quarter of the homeless in cities surveyed were children. (From *The 1999 Status Report on Hunger Homelessness in America's Cities* released in December 1999 by the National Conference of Mayors)

In Alexandria, Virginia families' total income overall remained the same after leaving TANF and averaged below the poverty level even if they had found a job. Nearly 50 percent were not steadily employed by the time of the survey. Though 86 percent had held at least one job at some time after leaving welfare, less than half the jobs offered benefits. Fifty-one percent of the families reported not always having enough money for food. Nearly half of families with children under age two and the quarter of those with children aged three to twelve reported unreliable childcare. (From the *Alexandria Virginia Welfare Reform Evaluation Study*, compiled through June 1999 by the City of Alexandria Department of Human Services)

**\* The impact of poverty on the states:**

The "Women's Employment Survey" was conducted in 1997-98 in an urban Michigan county. Even though the 1998 unemployment level for women in this county fell to 5 percent, the number of women formerly on welfare who were employed over 20 hours per week by late 1998 increased less than 4 percent. Forty percent of women who worked almost every month were still in poverty.

One-third of the group holding steady jobs paid out of pocket for childcare. While collecting an EITC of up to \$207 per month, childcare cost from \$229 to \$350 per month. Women who work every month are the *least* likely to have health insurance; one in five went without health insurance. Fifty-five percent of those who work every month still found it difficult to live on their income and 21 percent received charity at some time. Another 10 percent pawned or sold personal possessions to survive. (From *Work Income and Material Hardship after Welfare Reform* published in October 1999 by the Program on Poverty and Social Welfare Policy at the University of Michigan)



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