Eight million removed from US welfare rolls since 1993

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The government's 2000 report on the progress of welfare reform reports that eight million people have been removed from US welfare rolls since 1993. Using waivers from the federal government, some states began to develop programs to replace Aid to Families with Dependent Children in the early 1990s. In 1996 massive federal welfare reform, signed by then-president Bill Clinton, ended the 30-year-old safety net for families with children.

Most of those removed from welfare were families headed by single mothers. According to an analysis of government statistics, by 1999 families headed by working single mothers were no better off than they were in 1995. After accounting for taxes and government benefits, the poverty rate in 1999 among people in female-headed families where the mother worked was 19 percent, the same as it had been four years before, refuting claims that welfare to work would raise living standards for these families.

Even as the percentage of children in families below the poverty level declined from a high of 22 percent during the recession of the early 1990s to 16.4 percent in 1999, a marked contraction in government assistance resulted in the poor growing poorer.

Declines in food stamp and cash assistance benefits that working single-mother families received played a particularly large role in pushing the poorest of these families deeper into poverty, according to a recent report from the Center on Budget and Policy Priorities (CBPP), a liberal Washington think tank.

The poverty gap is the dollar amount the income of the average poor person falls below the poverty line. After government benefits are counted, working single-mother families that were poor fell a total of $5 billion below the poverty line in 1995. In 1999 the aggregate amount these families fell below the poverty line was $6.3 billion. While wages at the bottom pay scales rose slightly as unemployment hit the previous low reached 30 years ago, child poverty still exceeded the record low of 14 percent recorded in 1969.

A new US government report paints a stark picture of the role poverty plays in the exacerbation of social problems among children. *America's Children, Key National Indicators of Child Well-being 2001* is the fifth annual report from the Federal Interagency Forum on Child and Family Statistics. Its release in July became the occasion for a pronouncement by Tommy Thompson, George W. Bush's new Health and Human Services director and former Republican governor of Wisconsin, who told the press: "It's a good time to be a child in America."

But the statistics presented by 12 federal agencies reveal that it all depends on which class you happen to be born into.

Health and health care:

In 1998, 12 percent of children in families below the poverty line had no usual source of medical care, compared with 5 percent of children in higher-income families. The number of children who had no health insurance at any time during 1999 was 10 million, or 14 percent of all children. For Hispanic children it was 27 percent and for black children, 18 percent. In 1998, children who were uninsured were over nine times as likely as children with private insurance to have no usual source of care.

Eleven percent of school-age children living below poverty had activity limitations due to chronic conditions in 1998, compared to 7 percent for those at or above poverty. The percentage of children with asthma, the most common chronic childhood illness in the US, grew to about 5 percent of children under age 18 in 1998, up from 3 percent in 1981. About 7 percent of black children and 7 percent of all poor children have asthma.

Hunger:

In 1999, 11.8 percent of children in households with incomes below the federal poverty level experienced food insecurity with hunger, compared with 1.9 percent of children in households with income above the poverty level.

Housing:

Severe housing problems are especially prevalent among very-low-income renters. In 1999, 29 percent of very-low-income renter households with children reported severe housing problems, with severe cost burden (paying more than half of their income for housing) the major problem. The number with such problems grew from 1.4 million in 1978 to 1.8 million in 1999.

Between 1978 and 1999 the percentage of households with children paying more than 30 percent of family income for housing rose from 15 percent to 28 percent. The percentage with severe cost burdens rose from 6 percent to 11 percent.

Children working:

Large numbers of high school students are contributing to total family income. Nearly 60 percent of students who were 16 years old when the 1997-98 school year began worked for an employer at some point during the academic year. Working during the academic year is common even among younger students. Eighteen percent of those who were age 14 at the beginning of the 1997-98 school year worked at some point during the school year and almost half of those working continued into the following summer.

The US remains a leader among developed countries in the number and percentage of its population in poverty. New data from the American Community Survey, an experimental survey conducted in 2000 alongside the regular 10-year census, was also released this summer. It showed that in 1999-2000 the total number of poor in the country totaled 34 million, or 12.5 percent of the population. During the height of the stock market bubble, 17.1 percent or 12 million US children were in families living below the official poverty line.

A serious estimate of living costs for families shows that the 2000 official poverty level set at $17,601 for a family of four grossly underestimates the amount of money a family needs. The Economic Policy Institute (EPI), which acts as advisor to national US unions, estimates that two-and-a-half-times as many families fall below family budget levels as fall below the official poverty line. The family budget level consists of income sufficient to avoid serious hardship, such as missing meals, being unable to pay rent or having the phone disconnected.

Despite declining unemployment, getting off welfare and finding a job did not raise most families out of poverty. Between 1976 and 1999, the number of poor children living in families totally dependent on welfare has actually fallen from 2.8 million to 1.1 million. The percentage of children below the poverty level, with family income from earnings but no income from public assistance, increased from 4.4 million in 1976 to 6.7 million in 1999.

Six percent of US families with children have an annual income less than one-half the poverty level. They are labeled "extremely poor" by US Census officials and make up the lowest of five income levels included in data from the economic well being section of *America's Children.* Their income was below $8,515 for a family of four in 1999. In contrast, a very-high-income family with the same number of children took in over 12 times that amount, at least $102,174.

The percentage of children in high-income families, with income over four times the poverty level, grew steadily from 17 percent of all US children in 1980 to 29 percent in 1999. A large part of that 20-year increase included a tripling in the percentage of children in very-high-income families, to 12.4 percent. There was a steady decline in the percentage of children living in families designated medium income over the past 20 years.

From 1995 to 1999 overall poverty declined by 3.4 percent, but the aggregate poverty gap remained at about $65 billion in both years because the poor became even poorer. In 1993 the average poor person fell $2,104 below the poverty line. By 1999 this figure was $2,416.

CBPP researchers used tax returns, which include personal income over $1,000,000 including capital gains income, to determine the increases in top incomes. (For its income and poverty report, the Census Bureau ignores the income of the wealthy over $999,999.) They found an average increase of $123,000 (in 1998 dollars) in the after-tax income of the top one percent of tax filers between 1995 and 1997 and another $69,000 increase between 1997 and 1998.

The aggregate income of the top one percent, around 1.2 million taxpayers each year, increased by over $230 billion from 1995 to 1998. In other words, the three-year aggregate *increase* in income of the top one percent was more than the total poverty gap of about $200 billion for those three years. But during these same years, welfare was gutted, poverty deepened and inequality soared. Furthermore, the share of after-tax income of the top one percent has more than doubled, to 16 percent since 1977.

For several reasons the safety net for the US poor will be further eroded in the coming period. Five-year federal time limits imposed on Temporary Assistance for Needy Families (TANF) by the 1996 welfare legislation will expire for large numbers of families in all the states this fall.

Recent layoffs will also swell the rolls of the unemployed. Private sector payrolls fell by 394,000 since March, the largest decline in jobs since the recession of the early 1990s. Young women ages 16 to 24 had the highest increase in unemployment, up 1.5 percent since October 2000.

To date, one third of US states are running budget deficits, for the first time since the early 1990s. Twenty-five states had to provide supplemental money to offset rising costs for Medicaid, which is the government means-tested health care program. A growing number of states are in deficit as declining business profits reduce tax receipts and other revenues. In some states they are cutting social programs rather than rolling back tax cuts that were designed to attract new business.

Although the percentage of children in poverty is much higher than the poverty rate in the general population, there are many more poor adults than there are poor children. TANF excludes adults with no children at home from cash benefits, although some states still provide minimal cash support for out-of-work adults. Onerous paperwork and other qualifying procedures for Food Stamps have been set up by federal and state entities, making it impossible for huge numbers of the very poorest workers even to get the Food Stamps and Medicaid to which they are entitled.

Given great leeway in implementing welfare reform, the states were as insatiable as the federal government in crafting rules designed to cut welfare caseloads. The 2000 report on the progress of welfare reform noted that seven states limited lifetime benefits to periods lasting less than the 60-month federal limit. They range from less than two years to 48 months. Connecticut had a 21-month limit, yet exceptions allowed 40 percent of recipients there to exceed the state's time limit. Now the state welfare budget is being cut, and new rules will end these exceptions. Only the disabled and a very few others will be allowed to receive more than 39 months of benefits in a lifetime.

TANF requires parents begin working within 24 months. Twenty-eight states imposed stricter rules, requiring families to begin participating immediately. Nine other states require participation within six months of receipt of cash assistance. Twenty-two states have either no exemption for parents with infants or an exemption that is substantially shorter than the one-year period provided for under the federal law. Several states offer lump-sum payments for emergencies if families agree not to seek additional assistance for a specified period of time.

Many states have adopted sanction policies that are also more stringent. The General Accounting Office (GAO) found that on average 112,700 families (4.5 percent of the families receiving TANF cash assistance) were under a partial-benefit sanction and 16,000 families lost all cash assistance each month in 1998. Using GAO's numbers and data from the states, Heidi Goldberg at the CBPP estimated 540,000 families nationwide lost assistance following a full-family sanction sometime from 1997 through 1999. Approximately two-thirds were likely to have remained off assistance at the end of 1999.

The Personal Responsibility and Work Opportunity Act or PRWOA, the welfare reform legislation, is up for reauthorization at the federal level next year and demands are mounting for deep cuts in the federal block grant amounts allocated to the states to fund their TANF programs. The CBPP and the EPI point to their research on the expansion of the working poor and deepening poverty to counter that adjustments in the work support programs and other benefits are required to reform further the TANF programs. They do not address the economic and political conditions that lie behind the growing income inequality they report, or the conditions under which so many working adults and their families have been reduced to pauperism.

Welfare reform has been used as a mechanism to enhance the ability of corporations to compete on the world market by keeping wage increases for the most poorly paid in check. By tying benefits to work, welfare reform allowed states to provide employers with workers desperate for any job in order to preserve eligibility for government benefits.

Welfare offices have been turned into job search facilities, virtual poorhouses where employers send in electronic requests for workers. Employers are increasingly able to force workers into part-time and casual positions. When an assignment runs out many of these workers, who usually earn too little or work too few hours to qualify for regular unemployment compensation, are whipped on to the next dead-end job under the threat of losing their benefits.