

Committee on Ways and Means

1996 Welfare Reforms Produced Remarkable Success

Key Effects 10 Years Later:

1. Dramatic Reductions in Welfare Dependence

- Welfare caseloads are down by 64 percent, as nearly eight million parents and children no longer receive welfare.

2. Fewer Families in Poverty

- The overall poverty rate dropped 7 percent, the child poverty rate dropped 13 percent, and poverty among children in female-headed families – the group most likely to go on welfare – dropped 15 percent from 1996 to 2004.
- Compared with 1996, 1.4 million fewer children lived in poverty in 2004.

3. Remarkable Increases in Work and Earnings

- The number of adults on welfare who work has more than doubled since welfare reform.
- More broadly, work among all never-married mothers has surged 34 percent since 1996.
- A study by former CBO Director June O’Neill found “Total household income (including non-cash benefits) increased significantly among those mothers who left welfare since 1996.”

4. Declines in Waste, Fraud, and Abuse of Welfare Benefits

- The 1996 reforms prevented prisoners and fugitives from collecting welfare benefits, ended checks for those who claimed drug addiction and alcoholism as a “disability”, and barred non-citizens from collecting welfare benefits they pledged to avoid as a condition of entry.

This Success Contrasts with Opponents’ Rhetoric about 1996 Reforms:

- Rep. Nancy Pelosi (D-CA): “The Republican welfare reform proposal will make the problems of poverty and dependence much worse because it refuses to make work the cornerstone of welfare reform.” (House floor debate, July 18, 1996)
- Rep. Jim McDermott (D-WA): “It will put 1 1/2 million to 2 1/2 million children into poverty. In about 1998, you’re going to start to see the impacts on cities, with more homeless families. They can’t pay the rent. You will wind up with people living under bridges and in cardboard boxes.” (House floor debate, March 21, 1995)