

Welfare Limits Left Poor Adrift as Recession Hit

By JASON DePARLE

PHOENIX — Perhaps no law in the past generation has drawn more praise than the drive to “end welfare as we know it,” which joined the late-’90s economic boom to send caseloads plunging, employment rates rising and officials of both parties hailing the virtues of tough love.

But the distress of the last four years has added a cautionary postscript: much as overlooked critics of the restrictions once warned, a program that built its reputation when times were good offered little help when jobs disappeared. Despite the worst economy in decades, the cash welfare rolls have barely budged.

Faced with flat federal financing and rising need, Arizona is one of 16 states that have cut their welfare caseloads further since the start of the recession — in its case, by half. Even as it turned away the needy, Arizona spent most of its federal welfare dollars on other programs, using permissive rules to plug state budget gaps.

The poor people who were dropped from cash assistance here, mostly single mothers, talk with surprising openness about the desperate, and sometimes illegal, ways they make ends meet. They have sold food stamps, sold blood, skipped meals, shoplifted, doubled up with friends, scavenged trash bins for bottles and cans and returned to relationships with violent partners — all with children in tow.

Esmeralda Murillo, a 21-year-old mother of two, lost her welfare check, landed in a shelter and then returned to a boyfriend whose violent temper had driven her away. “You don’t know who to turn to,” she said.

Maria Thomas, 29, with four daughters, helps friends sell piles of brand-name clothes, taking pains not to ask if they are stolen. “I don’t know where they come from,” she said. “I’m just helping get rid of them.”

To keep her lights on, Rosa Pena, 24, sold the groceries she bought with food stamps and then kept her children fed with school lunches and help from neighbors. Her post-welfare credo is widely shared: “I’ll do what I have to do.”

Critics of the stringent system say stories like these vindicate warnings they made in 1996 when President Bill Clinton fulfilled his pledge to “end welfare as we know it”: the revamped law encourages states to withhold aid, especially when the economy turns bad.

The old program, [Aid to Families with Dependent Children](#), dates from the New Deal; it gave states unlimited matching funds and offered poor families extensive rights, with few requirements and no time limits. The new program, Temporary Assistance for Needy Families, created time limits and work rules, capped federal spending and allowed states to turn poor families away.

“My take on it was the states would push people off and not let them back on, and that’s just what they did,” said Peter B. Edelman, a law professor at Georgetown University who [resigned from the Clinton administration](#) to protest the law. “It’s been even worse than I thought it would be.”

But supporters of the current system often say lower caseloads are evidence of decreased dependency. Many leading Republicans are pushing for similar changes to much larger programs, like [Medicaid](#) and food stamps.

Representative Paul D. Ryan of Wisconsin, the top House Republican on budget issues, calls the current welfare program “an unprecedented success.” Mitt Romney, who leads the race for the Republican presidential nomination, has said he would place similar restrictions on “all these federal programs.” One of his rivals, Rick Santorum, calls the welfare law a source of spiritual rejuvenation.

“It didn’t just cut the rolls, but it saved lives,” Mr. Santorum said, giving the poor “something dependency doesn’t give: hope.”

President Obama spoke favorably of the program in his 2008 campaign — promoting his role as a state legislator in cutting the Illinois welfare rolls. But he has said little about it as president.

Even in the 1996 program's early days, when jobs were plentiful, a subset of families appeared disconnected — left with neither welfare nor work. Their numbers were growing before the recession and seem to have surged since then.

No Money, No Job

While data on the very poor is limited and subject to challenge, recent studies have found that as many as one in every four low-income single mothers is jobless and without cash aid — roughly four million women and children. Many of the mothers have problems like addiction or depression, which can make assisting them politically unpopular, and they have received little attention in a downturn that has produced an outpouring of concern for the middle class.

Poor families can turn to other programs, like food stamps or Medicaid, or rely on family and charity. But the absence of a steady source of cash, however modest, can bring new instability to troubled lives.

One prominent supporter of the tough welfare law is worried that it may have increased destitution among the most disadvantaged families. “This is the biggest problem with welfare reform, and we ought to be paying attention to it,” said Ron Haskins of the Brookings Institution, who helped draft the 1996 law as an aide to House Republicans and argues that it has worked well for most recipients.

“The issue here is, can you create a strong work program, as we did, without creating a big problem at the bottom?” Mr. Haskins said. “And we have what appears to be a big problem at the bottom.”

He added, “This is what really bothers me: the people who supported welfare reform, they're ignoring the problem.”

The welfare program was born amid apocalyptic warnings and was instantly proclaimed a success, at times with a measure of “I told you so” glee from its supporters. Liberal critics had warned that its mix of time limits and work rules would create mass destitution — “children sleeping on the grates,” in the words of Senator Daniel Patrick Moynihan, a New York Democrat who died in 2003.

But the economy boomed, employment soared, poverty fell and caseloads plunged. Thirty-two states reduced their caseloads by two-thirds or more, as officials issued press releases and jostled for bragging rights. The tough law played a large role, but so did expansions of child care and tax credits that raised take-home pay.

In a twist on poverty politics, poor single mothers, previously chided as “welfare queens,” were celebrated as working-class heroes, with their stories of leaving the welfare rolls cast as uplifting tales of pluck. Flush with federal money, states experimented with programs that offered counseling, clothes and used cars.

But if the rise in employment was larger than predicted, it was also less transformative than it may have seemed. Researchers found that most families that escaped poverty remained “near poor.”

And despite widespread hopes that working mothers might serve as role models, studies found few social or educational benefits for their children. (They measured things like children's aspirations, self-esteem, grades, drug use and arrests.) Nonmarital births continued to rise.

But the image of success formed early and stayed frozen in time.

“The debate is over,” President Clinton said a year after signing the law, which he often cites in casting himself as a centrist. “Welfare reform works.”

The recession that began in 2007 posed a new test to that claim. Even with \$5 billion in new federal funds, caseloads rose just 15 percent from the lowest level in two generations. Compared with the 1990s peak, the national welfare rolls are still down by 68 percent. Just one in five poor children now receives cash aid, the lowest level in nearly 50 years.

As the downturn wreaked havoc on budgets, some states took new steps to keep the needy away. They shortened time limits, tightened eligibility rules and reduced benefits (to an average of about \$350 a month for a family of three).

Since 2007, 11 states have cut the rolls by 10 percent or more. They include centers of unemployment like Georgia, Indiana and Rhode Island, as well as Michigan, where the welfare director justified cuts by telling legislators, “We have a fair number of people gaming the system.” Arizona cut benefits by 20 percent and shortened time limits twice — to two years, from five.

Many people already found the underlying system more hassle than help, a gantlet of job-search classes where absences can be punished by a complete loss of aid. Some states explicitly pursue a policy of deterrence to make sure people use the program only as a last resort.

Since the states get fixed federal grants, any caseload growth comes at their own expense. By contrast, the federal government pays the entire food stamp bill no matter how many people enroll; states encourage applications, and the rolls have reached record highs.

Among the Arizonans who lost their checks was Tamika Shelby, who first sought cash aid at 29 after fast-food jobs and a stint as a waitress in a Phoenix strip club. The state gave her \$176 a month and sent her to work part time at a food bank. Though she was effectively working for \$2 an hour, she scarcely missed a day in more than a year.

“I loved it,” she said.

Her supervisor, Michael Cox, said Ms. Shelby “was just wonderful” and “would even come up here on her days off.”

Then the reduced time limit left Ms. Shelby with neither welfare nor work. She still gets about \$250 a month in food stamps for herself and her 3-year-old son, Dejon. She counts herself fortunate, she said, because a male friend lets her stay in a spare room, with no expectations of sex. Still, after feeding her roommate and her child, she said, “there are plenty of days I don’t eat.”

“I know there are some people who abuse the system,” Ms. Shelby said. “But I was willing to do anything they asked me to. If I could, I’d still be working for those two dollars an hour.”

Diverting Federal Funds

Clarence H. Carter, Arizona’s director of economic security, says finances forced officials to cut the rolls. But the state gets the same base funding from the federal government, \$200 million, that it received in the mid-1990s when caseloads were five times as high. (The law also requires it to spend \$86 million in state funds.)

Arizona spends most of the federal money on other human services programs, especially [foster care](#) and adoption services, while using just one-third for cash benefits and work programs — the core purposes of Temporary Assistance for Needy Families. If it did not use the federal welfare money, the state would have to finance more of those programs itself.

“Yes, we divert — divert’s a bad word,” said State Representative John Kavanagh, a Republican and chairman of the Arizona House Appropriations Committee. “It helps the state.”

While federal law allows such flexibility, critics say states neglect poor families to patch their own finances. Nationally, only 30 percent of the welfare money is spent on cash benefits.

“It’s not that the other stuff isn’t important, but it’s not what T.A.N.F.” — the Temporary Assistance program — “was intended for,” said LaDonna Pavetti of the [Center on Budget and Policy Priorities](#), a Washington research and advocacy group. “The states use the money to fill budget holes.”

Even in an economy as bad as Arizona’s, some recipients find work. Estefana Armas, a 30-year-old mother of three, spent nine years on the rolls, fighting depression so severe that it left her hospitalized. Once exempt from time limits because of her mental health, Ms. Armas joined support groups, earned a high school equivalency degree and enrolled in [community college](#).

Just as her time expired last summer, Ms. Armas found work as a teacher’s aide at a church preschool.

“It kind of pushed me to get a job,” she said.

Supporters of Temporary Assistance cite stories like that to argue that it promotes a work ethic. Despite high unemployment, low-skilled single mothers work as much now, on average, as they did under the old welfare law — and by some measures, a bit more. As a group, their poverty rates are still lower. And those without cash aid, they say, can turn to other programs.

“We have reduced our caseload, and we don’t have people dying in the street,” Mr. Kavanagh said. “There were an awful lot of people who didn’t need it.”

But the number of very poor families appears to be growing. Pamela Loprest and Austin Nichols, researchers at the [Urban Institute](#), found that one in four low-income single mothers nationwide — about 1.5 million — are jobless and without cash aid. That is twice the rate the researchers found under the old welfare law. More than 40 percent remain that way for more than a year, and many have mental or physical disabilities, sick children or problems with domestic violence.

Using a different definition of distress, Luke Shafer of the University of Michigan and Kathryn Edin of Harvard examined the share of households with children in a given month living on less than \$2 per person per day. It has nearly doubled since 1996, to almost 4 percent. Even when counting food stamps as cash, they found one of every 50 children live in such a household.

The Census Bureau uses a third measure, “deep poverty,” which it defines as living on less than half of the amount needed to escape poverty (for a family of three, that means living on less than \$9,000 a year). About 10 percent of households headed by women report incomes that low, a bit less than the peak under the old law but still the highest level in 18 years.

Some researchers say the studies exaggerate poverty by inadequately accounting for undisclosed income, like help from boyfriends or under-the-table jobs. They note that asking poor people about their consumption, rather than their income, suggests that even the poorest single mothers have improved their standard of living since 1996.

Mr. Haskins, the Temporary Assistance program’s architect, agrees that poverty at the bottom “is not as bad as it seems,” but adds, “It’s still pretty darn bad.”

Trying to Make Do

Asked how they survived without cash aid, virtually all of the women interviewed here said they had sold food stamps, getting 50 cents for every dollar of groceries they let others buy with their benefit cards. Many turned to [food banks](#) and churches. Nationally, roughly a quarter have subsidized housing, with rents as low as \$50 a month.

Several women said the loss of aid had left them more dependent on troubled boyfriends. One woman said she sold her child’s [Social Security](#) number so a relative could collect a tax credit worth \$3,000.

“I tried to sell blood, but they told me I was anemic,” she said.

Several women acknowledged that they had resorted to shoplifting, including one who took orders for brand-name clothes and sold them for half-price. Asked how she got cash, one woman said flatly, “We rob wetbacks” — illegal immigrants, who tend to carry cash and avoid the police. At least nine times, she said, she has flirted with men and led them toward her home, where accomplices robbed them.

“I felt bad afterwards,” she said. But she added, “There were times when we didn’t have nothing to eat.”

One family ruled out crime and rummaged through trash cans instead. The mother, an illegal immigrant from Mexico, could not get aid for herself but received \$164 a month for her four American-born children until their time limit expired. Distraught at losing her only steady source of cash, she asked the children if they would be ashamed to help her collect discarded cans.

“I told her I would be embarrassed to steal from someone — not to pick up cans,” her teenage daughter said.

Weekly park patrols ensued, and recycling money replaced about half of the welfare check.

Despite having a father in prison and a mother who could be deported, the children exude earnest cheer. A daughter in the fifth grade won a contest at school for reading the most books. A son in the eighth grade is a student leader praised by his principal for tutoring younger students, using supplies he pays for himself.

“That’s just the kind of character he has,” the principal said.

After losing cash aid, the mother found a cleaning job but lost it when her boss discovered that she was in the United States illegally. The family still gets subsidized housing and \$650 a month in food stamps.

The boy worries about homelessness, but his younger sisters, 9 and 10, see an upside in scavenging.

“It’s kind of fun because you get to look through the trash,” one of the girls said.

“And you get to play in the park a little while before you go home,” her sister agreed.