

# **Welfare Reform and Children's Economic Well-being**

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**Family Impact Seminar**

**Ensuring the Economic Security of Indiana's Children**

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# H.R. Personal Responsibility and Work Opportunity Reconciliation Act of 1996

## SEC. 401. PURPOSE

(a) **IN GENERAL-** The purpose of this part is to increase the flexibility of States in operating a program designed to --

(1) *provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;*

(2) *end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;*

(3) *prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and*

(4) *encourage the formation and maintenance of two-parent families.*

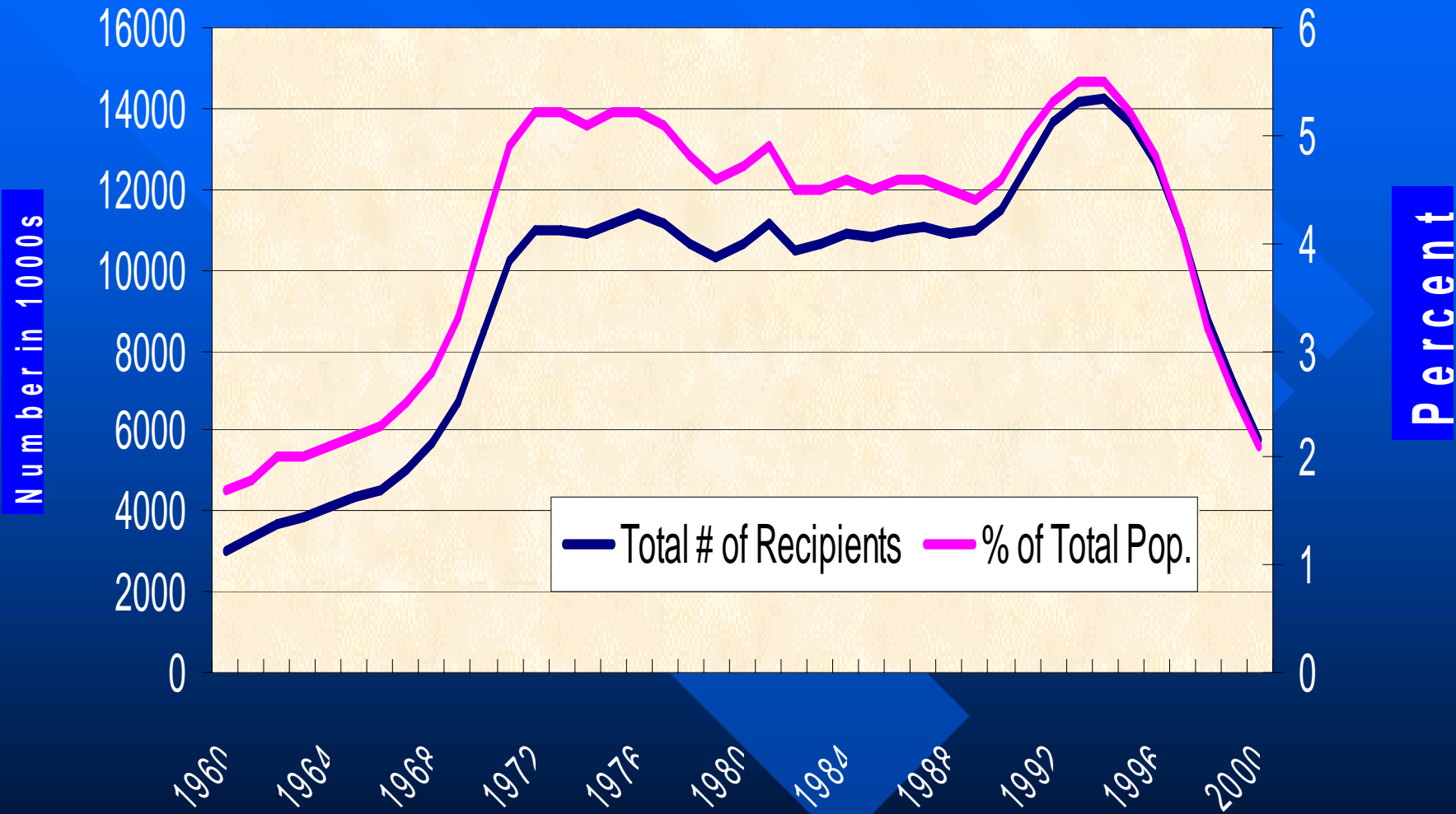
# Objectives

- Describe recent changes in children's economic security
  - \* Welfare receipt
  - \* Maternal employment
  - \* Family change
- Describe changes in child poverty rates in U.S., Indiana, and neighboring states

# Changes in Welfare Receipt



# TANF Recipients, 1960-2000



## Changes in Welfare Recipients, 1993-2000

	<u>% Change</u>	<u>Numerical Change</u>
United States	<b>59% decline</b>	<b>14.1 to 5.8 million</b>
Indiana	<b>54% decline</b>	<b>209,882 to 96,854</b>

June 2003

U.S. (5.0 million)

Indiana (139,974)

**Maximum annual TANF benefit for a  
single-parent family of three with no  
earnings, 2001:**

**Monthly amount: \$288**

**Percent of state median income: 9.4%**

**Percent of federal poverty level: 24.4%**

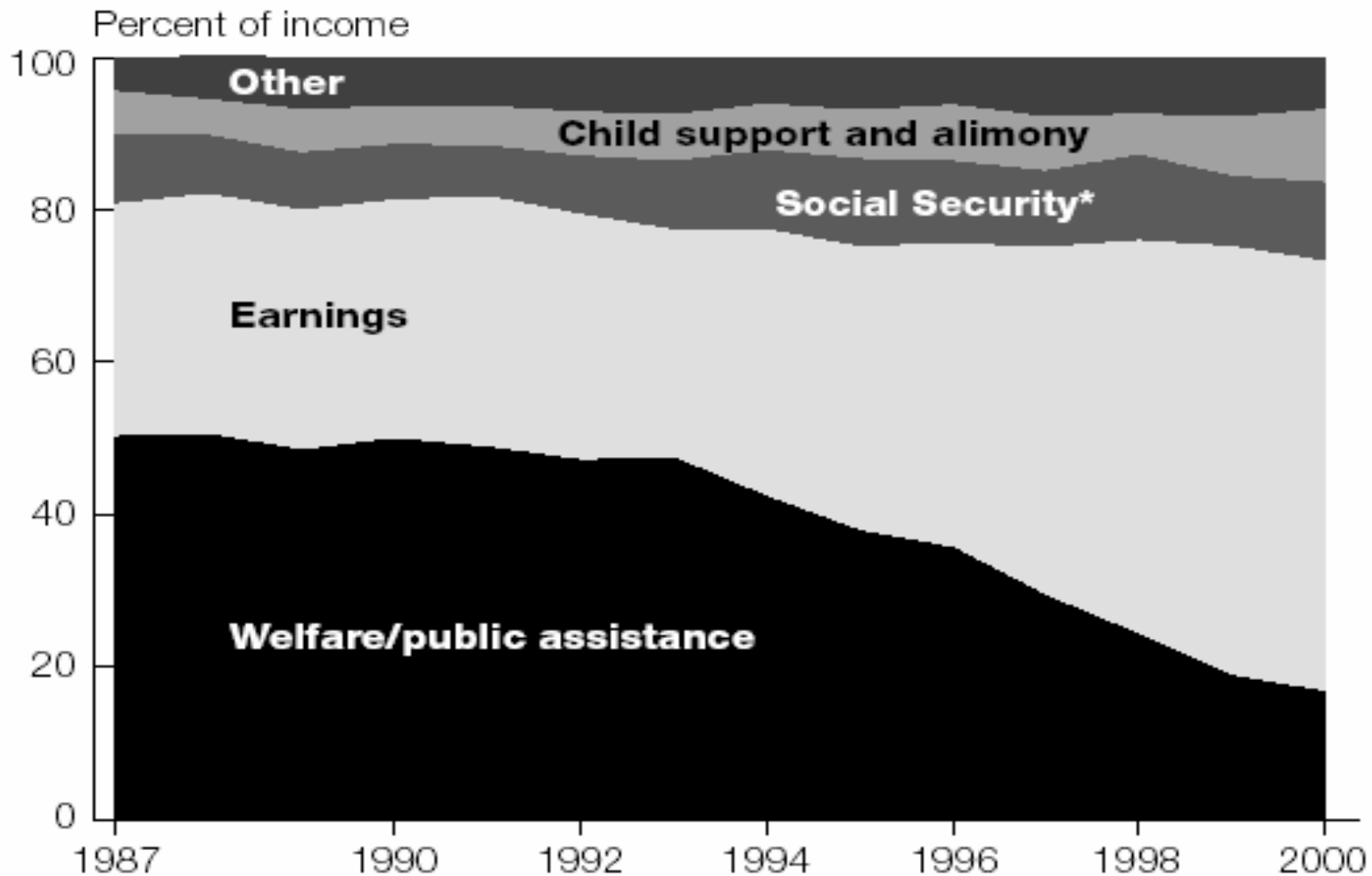
**Monthly food stamps: \$341**

# Changes in Maternal Employment

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# Income Sources for Poor Female-Headed Families With Children, 1987-2000

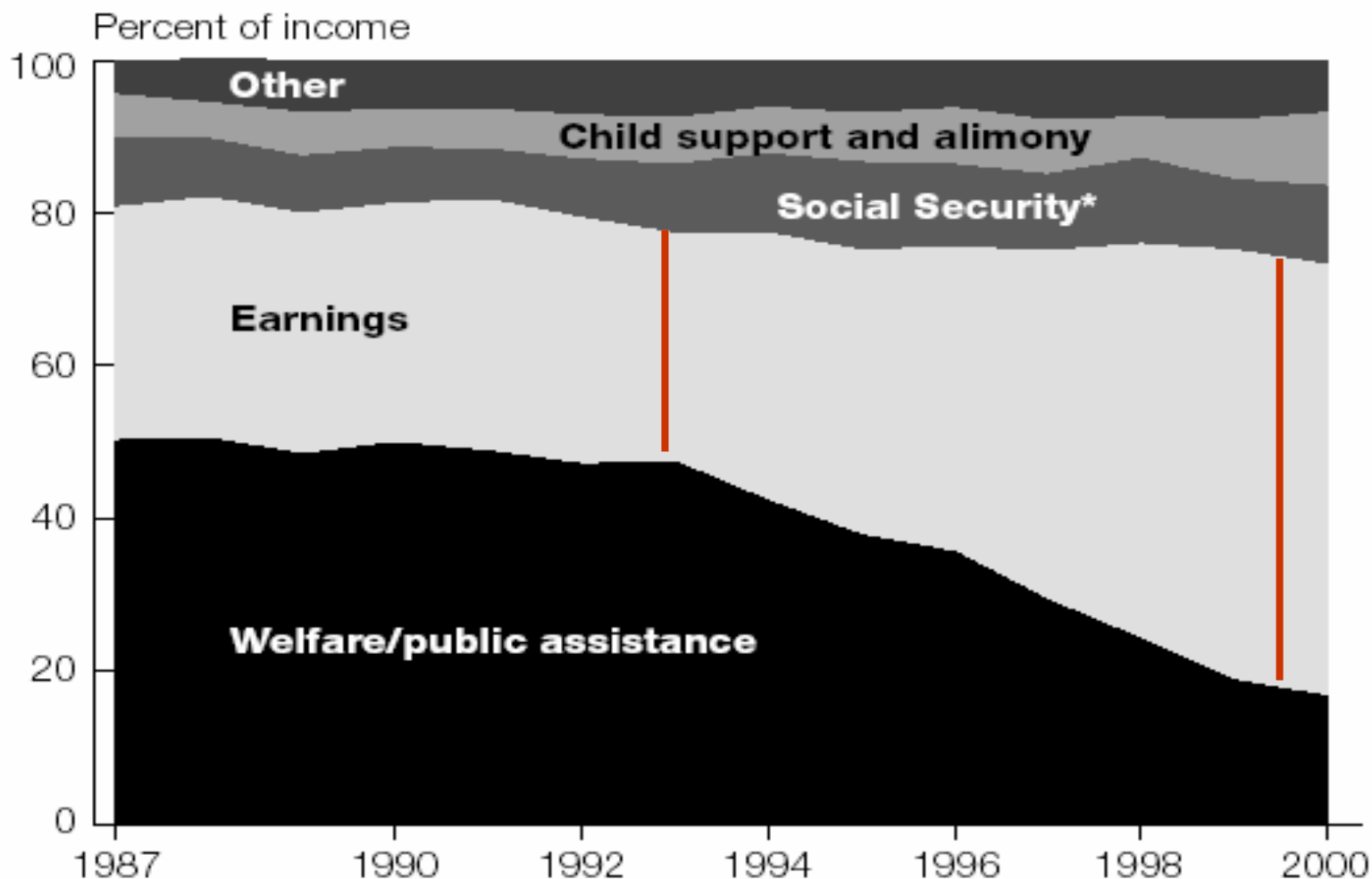


\*Includes SSI (Social Security Insurance) for disabled workers.

Source: U.S. Census Bureau, March Supplements of the Current Population Surveys.

Lichter & Crowley (2002), *Poverty in America: Beyond Welfare Reform*, Population Reference Bureau.

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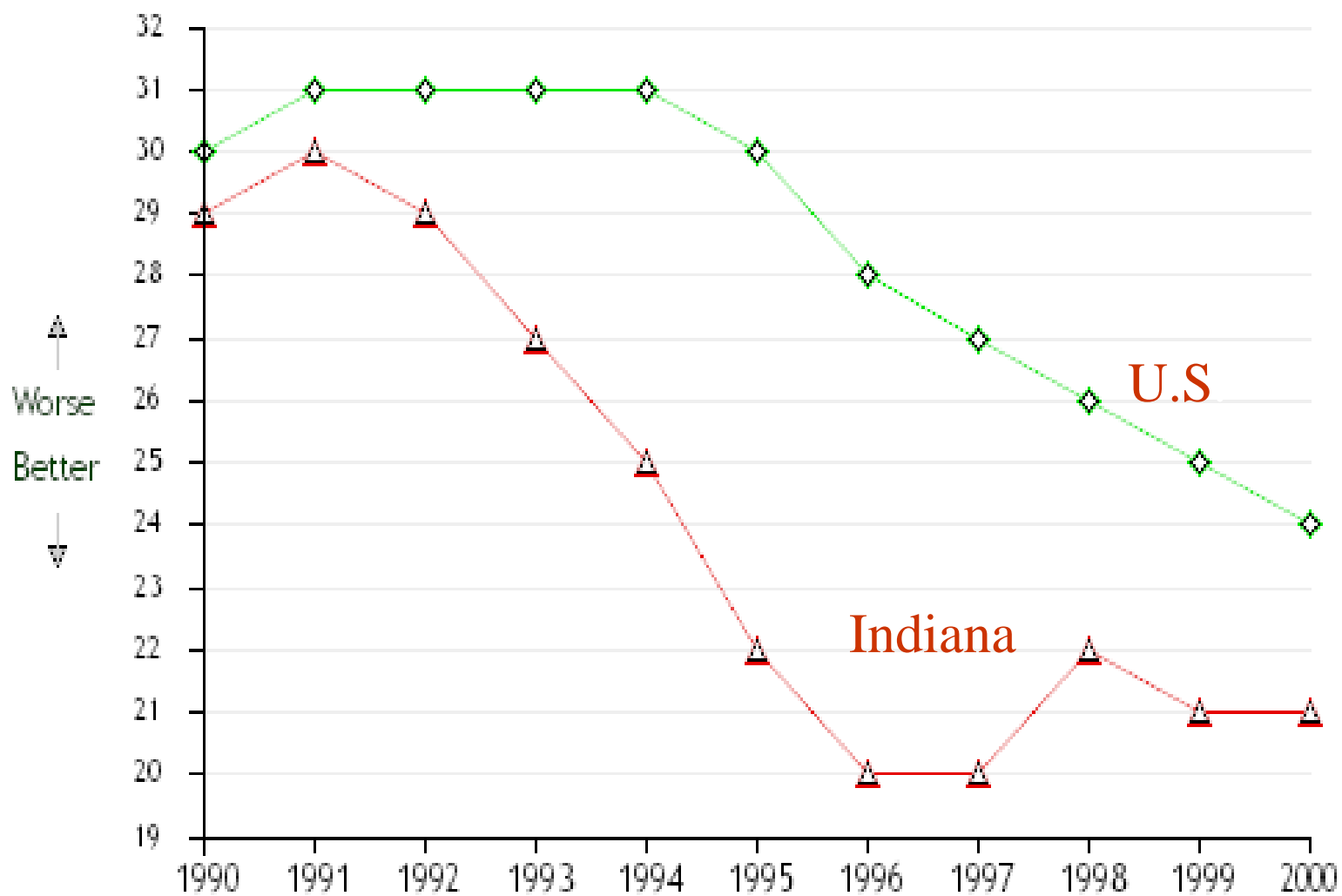


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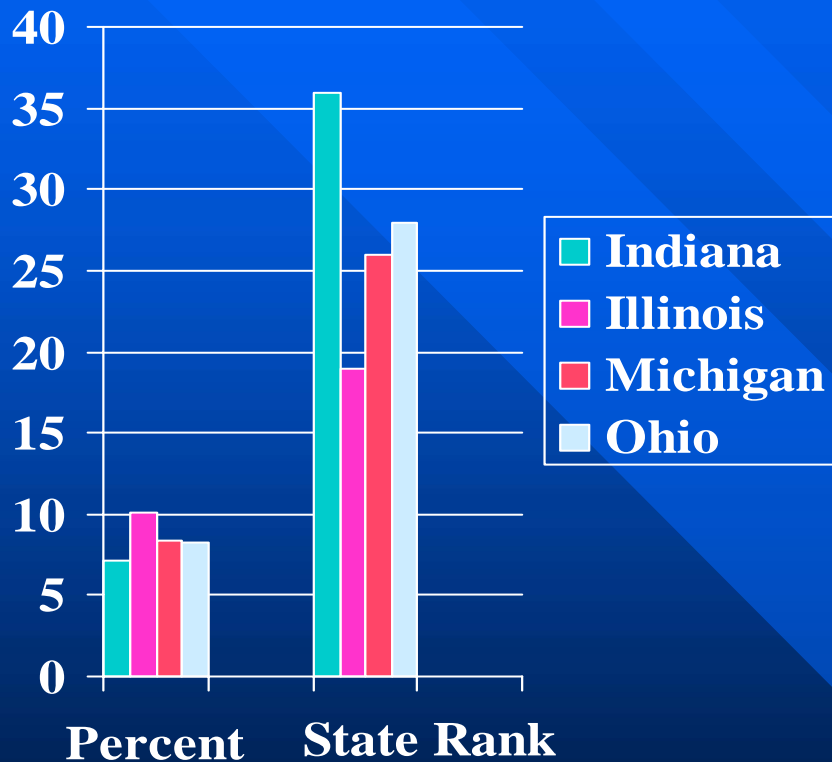
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## Percent of children living in families where no parent has full-time, year-round employment



[Source: <http://www.kidscount.org/>]

# Percent of Children with No Working Parents, 2000



- The large majority of children have working parents
- This is especially true in Indiana
- 35 states have higher percentages of children with no working parent

# Changes in Family Structure

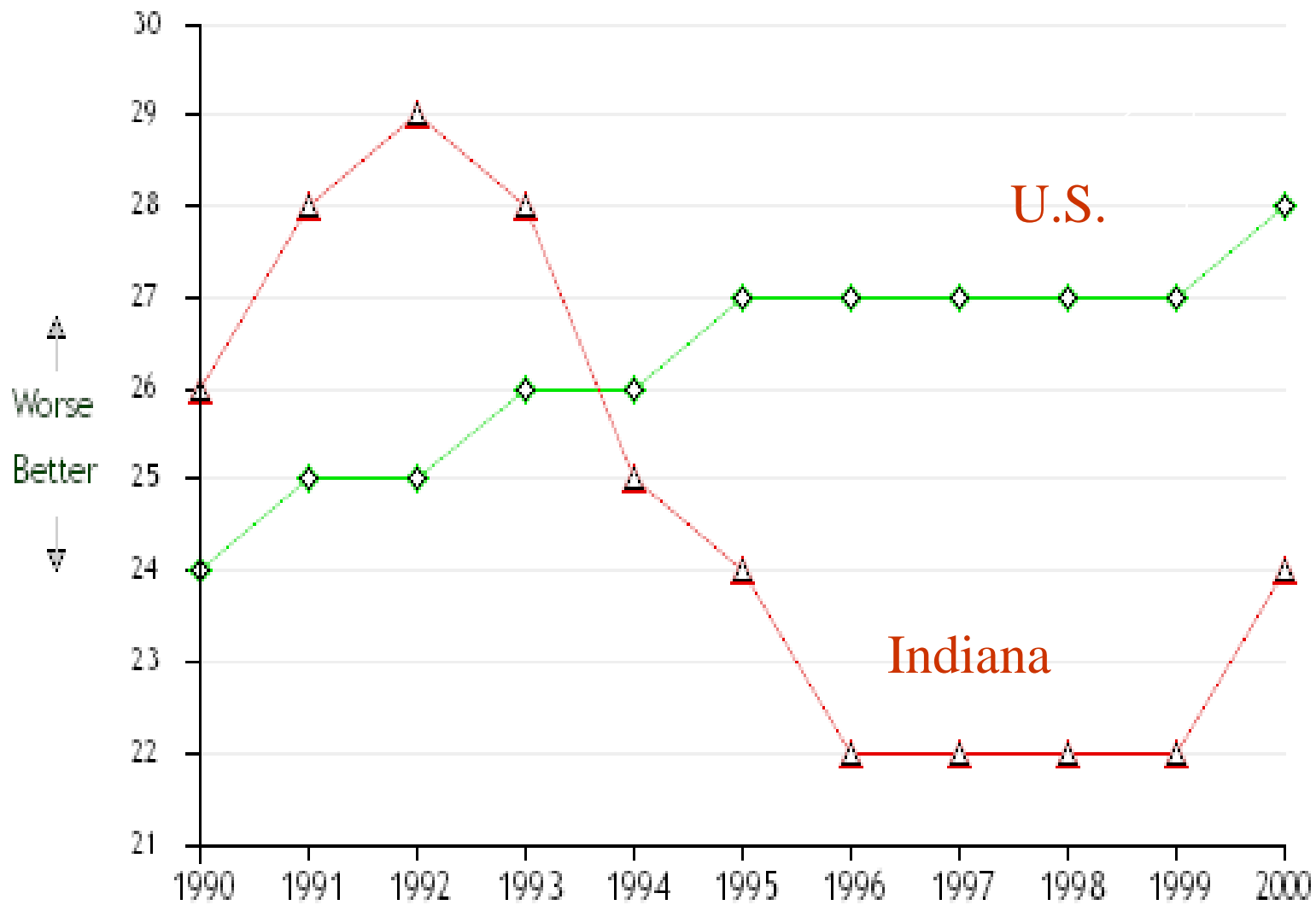


# Children's Living Arrangements, 1985-2000

Family Type	1985	1990	1995	2000
Married Couple	74.3	73.1	69.5	70.1
Cohabiting Mother	1.5	1.9	2.6	3.0
Single Mother	18.8	18.9	19.9	18.4
Cohabiting or Single Father	2.4	3.0	3.3	3.9
No Parents	2.6	2.8	4.3	4.1
Other	.5	.3	.3	.4

Source: Dupree and Primus (2001)

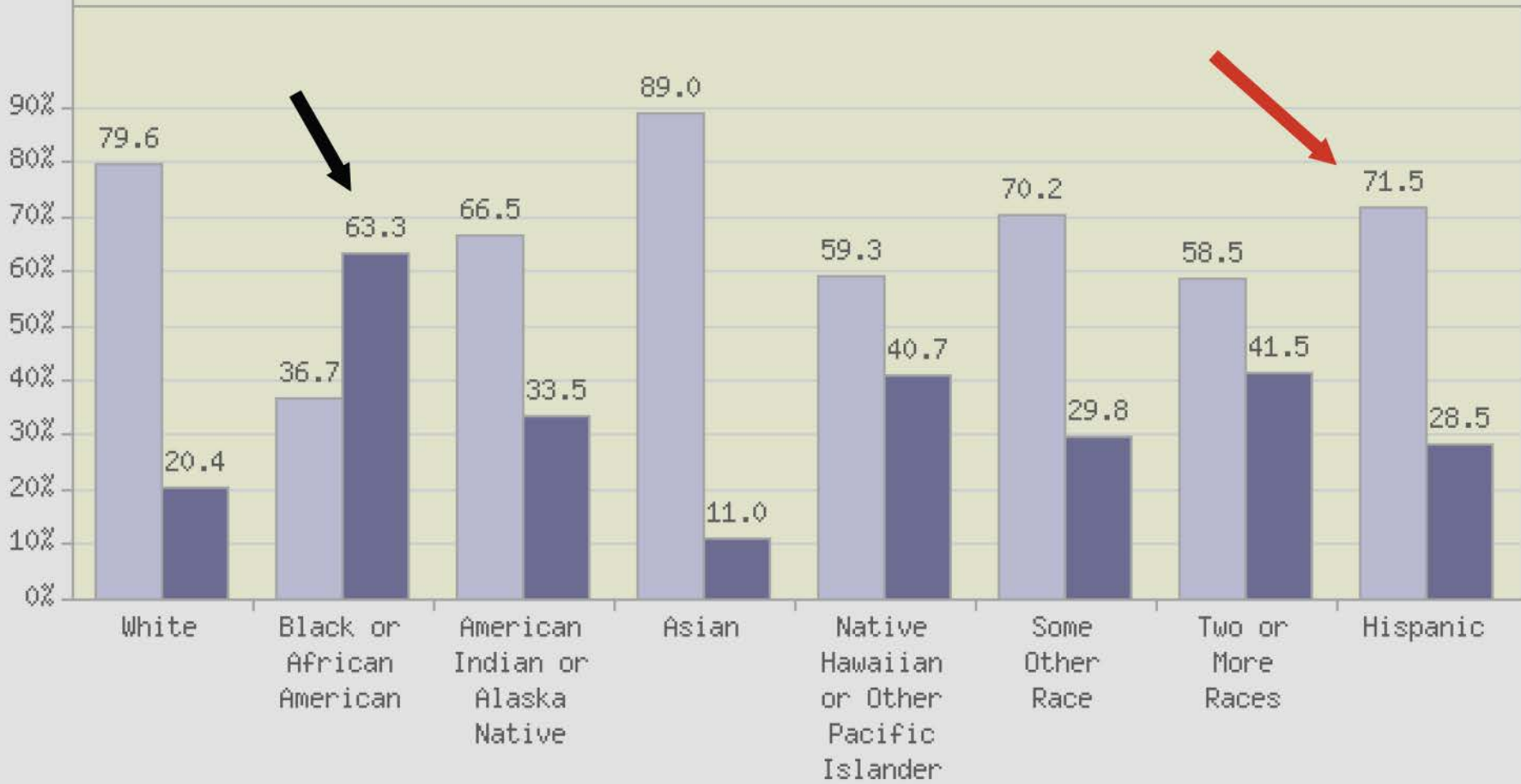
## Percent of families with children headed by a single parent



[Source: <http://www.kidscount.org/>]

**Indiana:  
Own Children in Married-Couple or Single-Parent Families by Race and Hispanic Origin in the 2000 Census**

■ In married-couple family    ■ In single-parent family

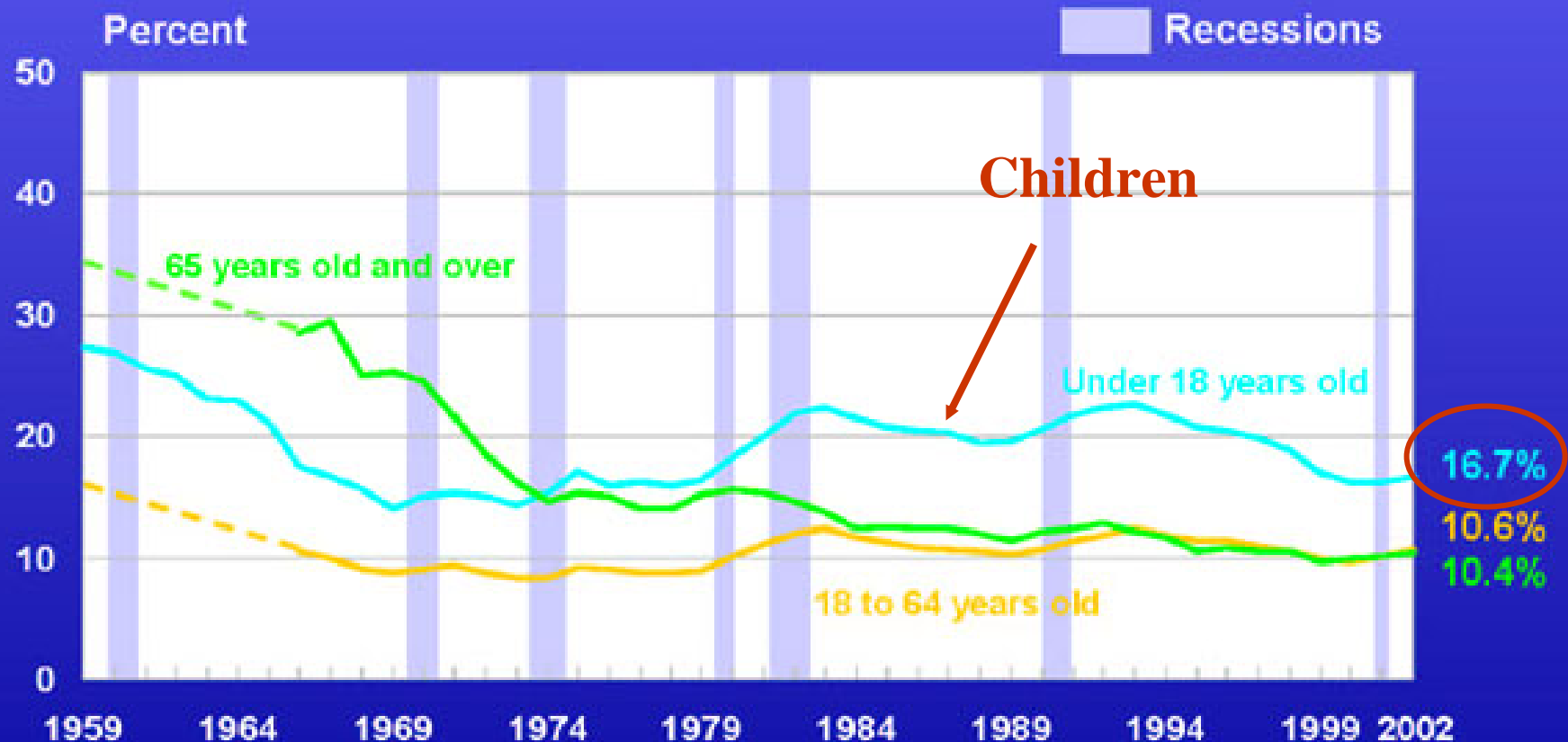




Have trends in welfare, maternal employment, and family affected poverty?

# Poverty Rates by Age: 1959 to 2002

Poverty rate increased for people 18 to 64



Note: Data for people 18 to 64 and 65 and older are not available from 1960 to 1965.

Source: U.S. Census Bureau, Current Population Survey, 1960 to 2003 Annual Social and Economic Supplements.


# Post-welfare-reform declines in child poverty in female-headed families

	% change in poverty 1996-2000	% due to maternal employment
Total	-8.9%	<b>50.6%</b>
High school dropout	-10.2	<b>43.9</b>
Black	-9.0	<b>69.3</b>
Hispanic	-18.3	<b>24.0</b>

Source: Lichter & Crowley (2004), *Social Science Research*

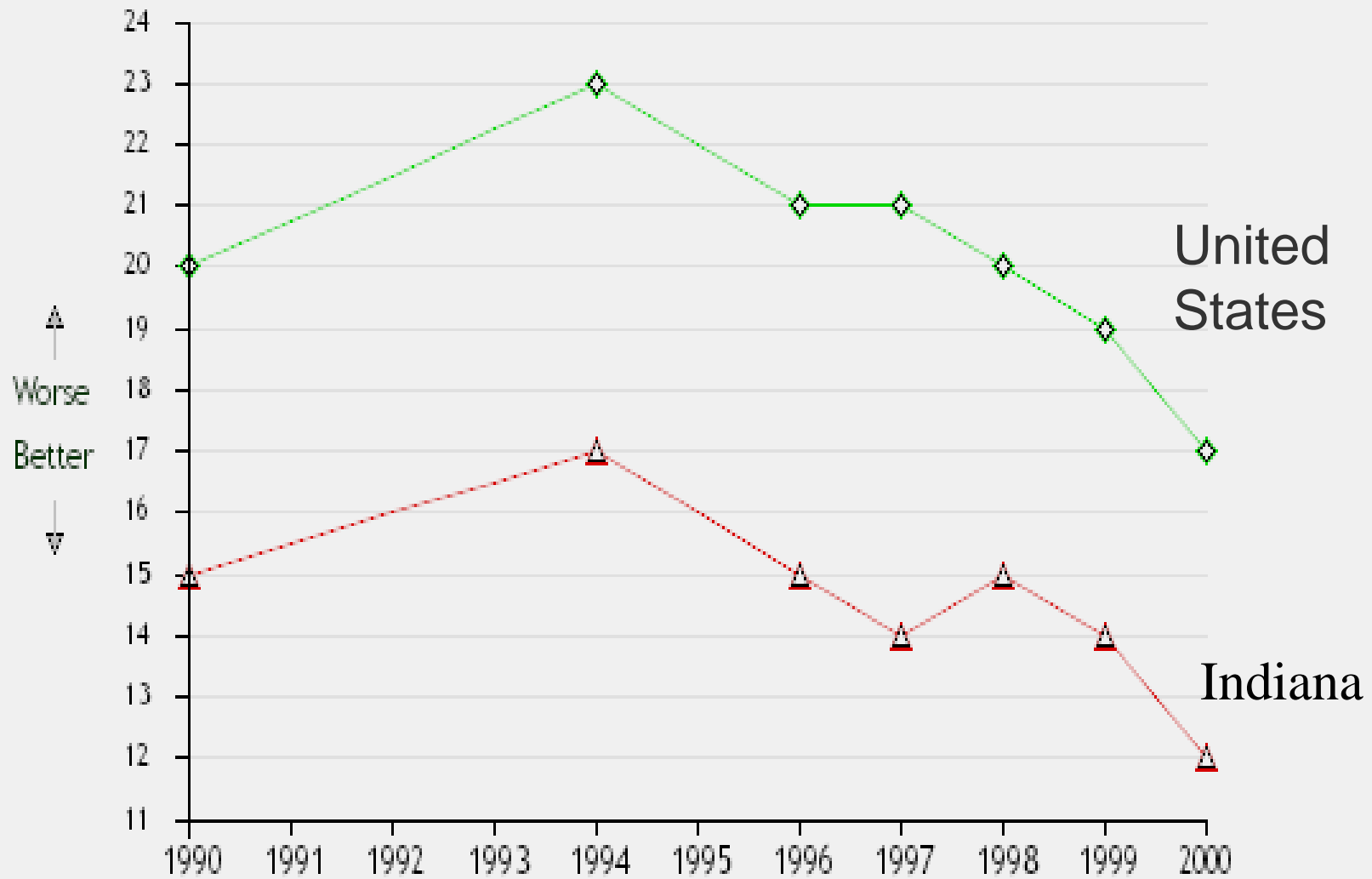
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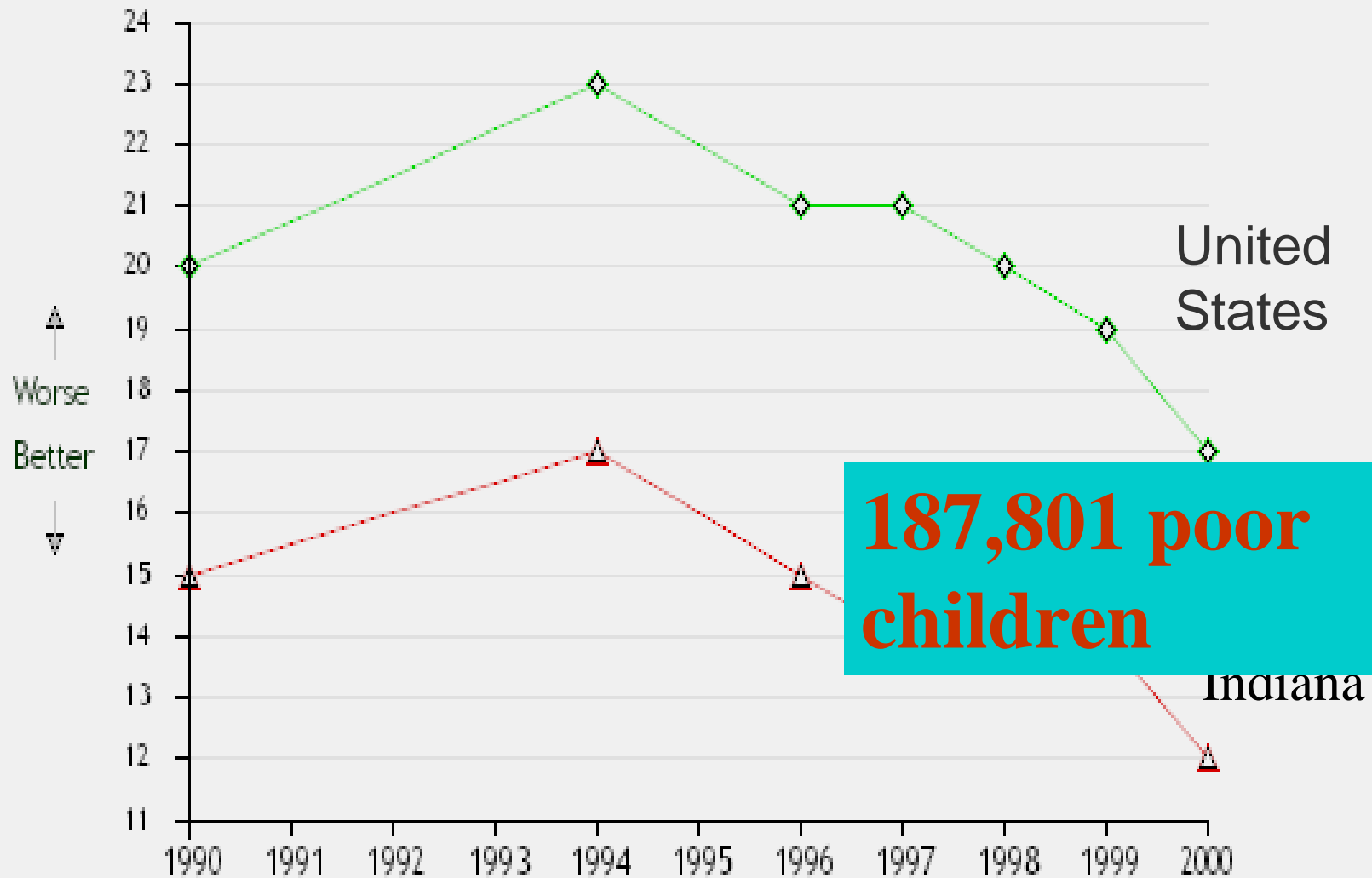
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## Percent of children in poverty (data reflect poverty in the previous year)



[Source: <http://www.kidscount.org/>]

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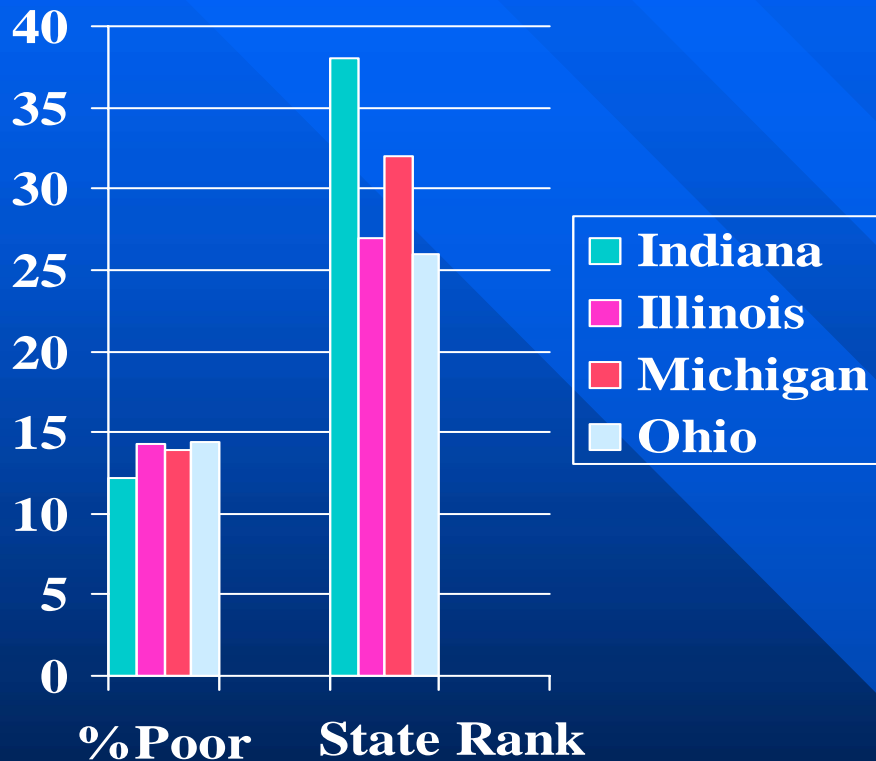


**187,801 poor children**

Indiana

[Source: <http://www.kidscount.org/>]

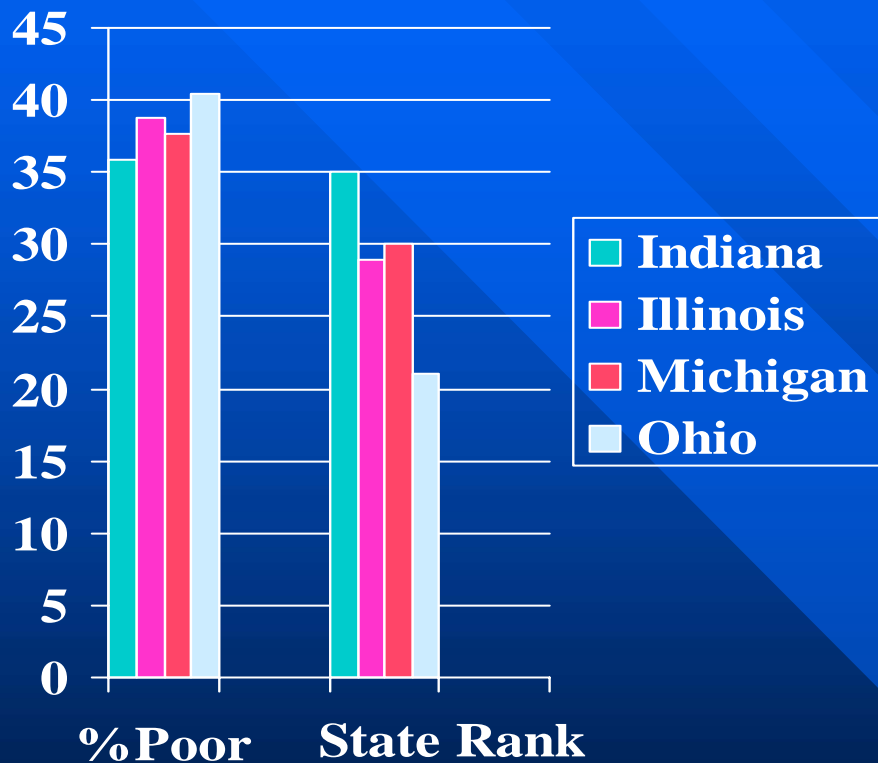
# Percent under Age 18 who are Poor, 2000



- Indiana child poverty lower than surrounding states

- 37 states have higher child poverty than Indiana

# Percent Poor, Children Living with Single Mothers, 2000

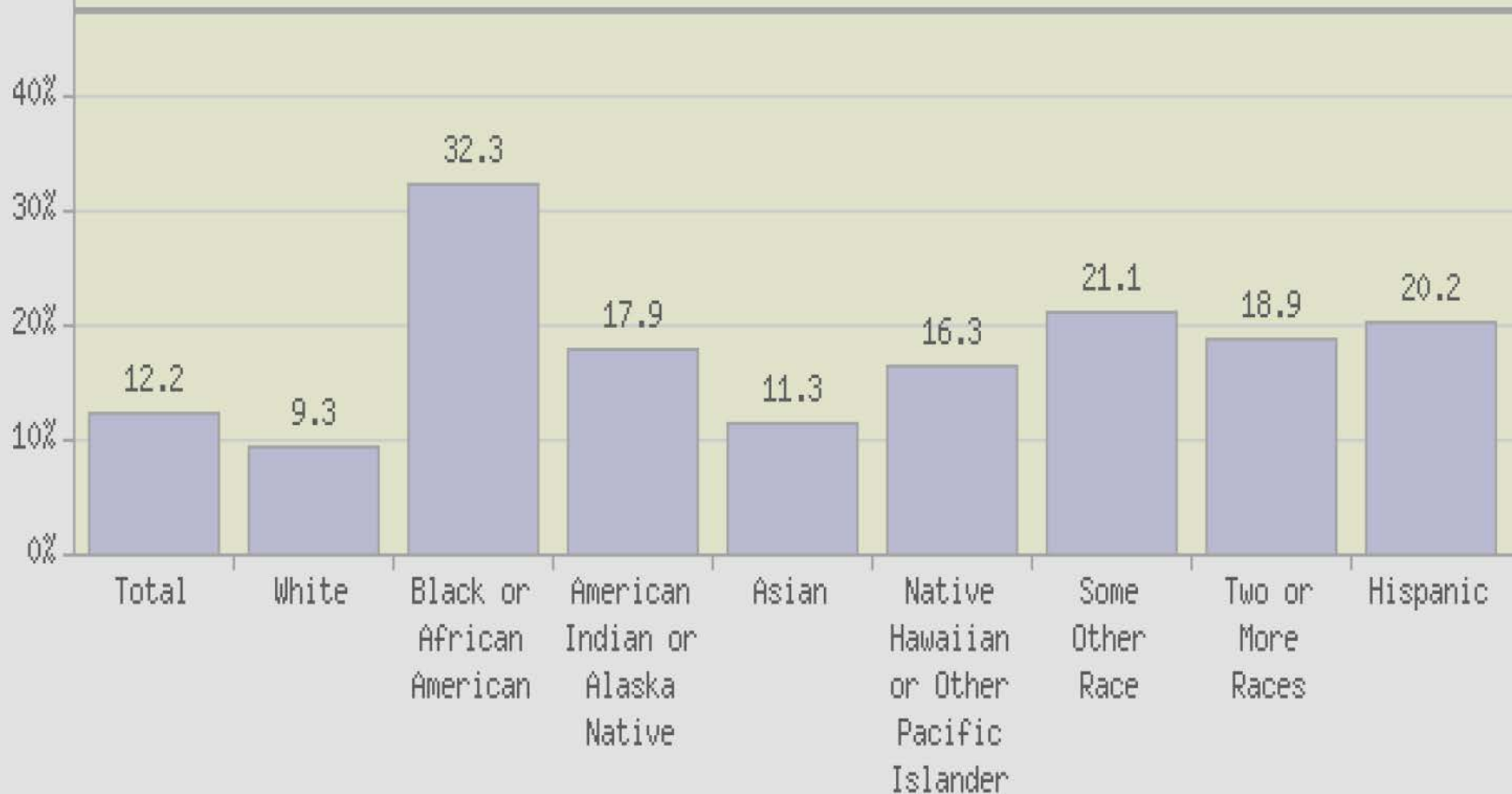


- Poverty rates are very high among children living with single mothers
- Indiana child poverty lower than surrounding states
- 34 states have higher child poverty than Indiana



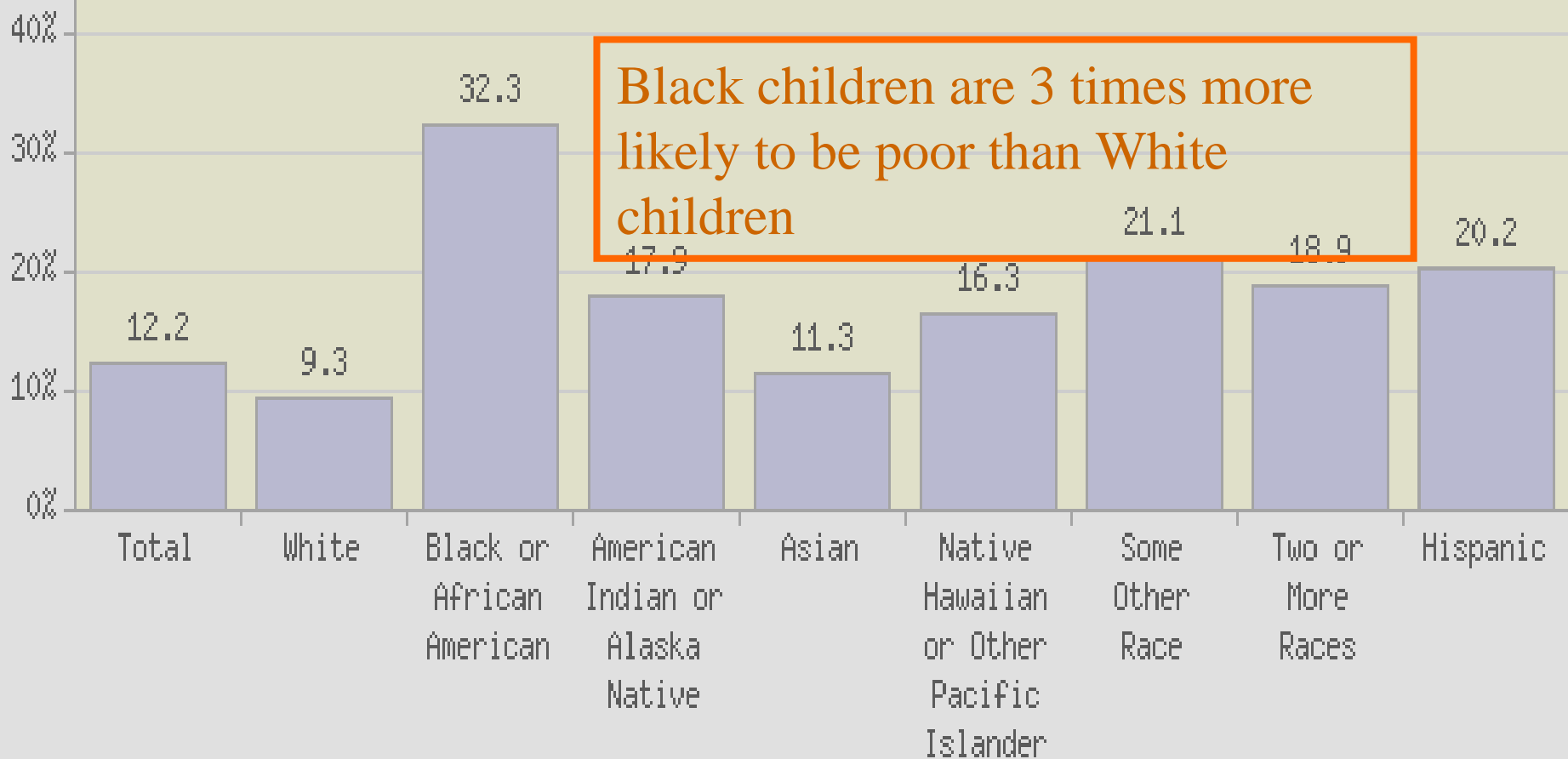
## Indiana

### Percent of Children Below Poverty by Race\* and Hispanic Origin in the 2000 Census



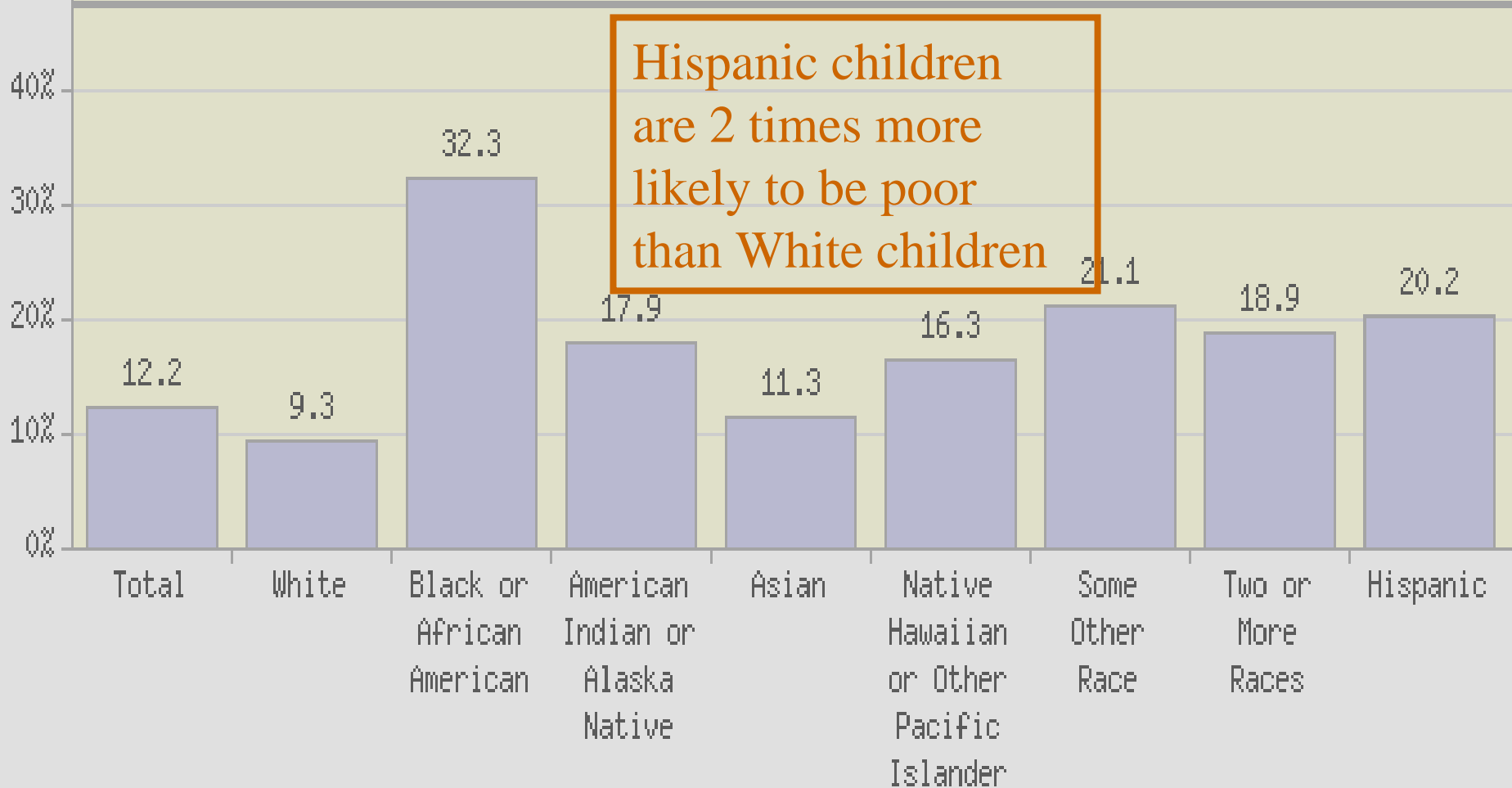
## Indiana

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# Percent Poor Children, 2000

■ Cleveland	38.0
■ Detroit	34.8
■ Cincinnati	32.5
■ Chicago	28.5
■ Columbus	19.0

■ Gary	38.2
■ South Bend	24.3
■ Evansville	19.2
■ Fort Wayne	18.0
■ Indianapolis	16.7

# Percent Poor Children, 2000

■ Cleveland	38.0	48.7
■ Detroit	34.8	48.0
■ Cincinnati	32.5	48.5
■ Chicago	28.5	32.2
■ Columbus	19.0	35.1

■ Gary	38.2	49.4
■ South Bend	24.3	36.1
■ Evansville	19.2	33.3
■ Fort Wayne	18.0	32.6
■ Indianapolis	16.7	32.7

← % living with single parent →

# Reauthorization of the 1996 Welfare Reform Bill

Higher Work Requirements

Marriage Promotion (1.5 billion)

# H.R. 4

## PROPOSED DIVERSION OF GOVERNMENT WELFARE FUNDS TO UNTESTED "MARRIAGE PROMOTION" PROGRAMS

TANF Program Name	Funding source	Senate Finance Bill	House Bill
Healthy Marriage Promotion Grants to states	Dedicated federal funds	\$500 million	\$600 million
	Matching funds from state TANF grant	\$500 million	\$600 million
Marriage Promotion Demonstration Project Grants --to public or private entities, including religious groups	Dedicated federal funds	\$400-500 million	\$600 million
<b>TOTAL WELFARE FUNDS DIVERTED TO MARRIAGE PROMOTION</b>	Federal tax dollars	<b>At least \$1.4 billion in 5 years</b>	<b>At least \$1.8 billion in 6 years</b>

# Marriage Promotion

- Public advertising on the value of marriage
- Education in high school on the value of marriage and relationship skills
- Marriage education, marriage skills, and relationship skills courses
- Divorce reduction courses
- Marriage mentoring programs



# Conclusions

- Large decline in welfare caseloads nationally and in Indiana, *but child poverty rates have declined more slowly*

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- Large decline in welfare caseloads nationally and in Indiana, *but child poverty rates have declined more slowly*
- More working single mothers, *but large shift from “welfare poor” to “working poor” and some groups of children remain highly impoverished*

- Children's economic well-being has generally improved, *but whether this has translated into other positive outcomes remains unclear (e.g., less delinquency, better school performance, positive emotional development)*

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- To ensure economic security, the goal of self sufficiency and lower welfare should be *balanced by the goal of reducing child poverty in the reauthorized welfare bill*