

Changes from AFDC to TANF in the welfare reform



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ABSTRACT

This study seeks to present a conceptual framework on the importance of the federal government increase the funds for child care programs. United States Congress passed an act: "Aid to Families with Dependent Children (AFDC)" and was signed by President Bill Clinton and in 1997, the Aid to Families with Dependent Children Act become the "Temporary Assistance for Needy Families Act (TANF). In 1996, the grants were no dependent on state spending on welfare and were earmarked to provide time-limited benefits to a border range of low-income families. The AFDC was replaced by TANF. TANF changes the time limit to five years for receiving cash assistant and required most recipients to work. AFDC was a program that entitled. So that any family meets the federal and the state requirement should receive cash assistance. TANF is funded by the federal government and individual states, TANF provides support to low-income families with children. Also, one biological parent must be absent. TANF replaced the Aid to Families with Dependent Children (AFDC) program which began in 1935 in order to support widows and orphans. The purpose of welfare reform is to increase state flexibility, keeping the children in their homes and parents depending on themselves rather than the government. The federal government should increase the funds for the child care program. This study has reached an understanding of the necessity of reconsidering the rules of Welfare care programs.

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1. Introduction

In 1996, the United States Congress passed an act: "Aid to Families with Dependent Children (AFDC)" and was signed by President Bill Clinton, and in 1997, the Aid to Families with Dependent Children Act become the "Temporary Assistance for Needy Families Act (TANF). The name changes signaled major changes in the welfare reform policies of the United States. These changes included: No entitlement to welfare, a five-year time limit for receiving benefits, a family cap. In addition, Immigrants have to be in the country for five years in order to obtain welfare benefits and the welfare recipient of welfare has to meet the work requirement. These changes affected welfare families across the nation. Some of the consequences included: A reduction in caseloads, more people

working. Welfare reform in the U.S. is a controversial issue and subject to debate.

In this paper, I discuss the major changes from the AFDC to the TANF and how the welfare reforms try to address poverty. The debates continue. Valid arguments can be made about the successes and the failures of the welfare system.

In 1996, the AFDC was passed by Congress and signed by President Bill Clinton. Before this law, cash welfare in the United States was a system in which states received matching grants to provide time-unlimited benefits to low-income single mothers. These grants were paid to the states based on the percentage of state spending on welfare. These grants were lump-sum block grants.

The personal responsibility and work opportunity reconciliation Act of 1996 (PRWORA) gather three federal-state matching programs which are AFDC, Emergency Assistance (EA), and Job Opportunity and Basic Skills program (JOBS) into TANF (Pickering, 2006).

In 1996, the grants were no dependent on state spending on welfare and were earmarked to provide time-limited benefits to a border range of low-income families (Gruber, 2005). The AFDC was replaced by TANF. TANF changes the time limit to

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five years for receiving cash assistance and required most recipients to work.

These changes in the time limit happened because the majority of legislatures thought that poor people were not entitled to automatic benefits. According to Gruber, the negative effects of cash payments on low-income single mothers were responsible for many of the social ills in the United States. "The welfare system's greatest cost is the human cost to the poor. It is failure is reflected by violence, brutality, children abuse and drug addiction in local TV news broadcasts" (Gruber, 2005). On the other hand, some liberals thought that it was wrong to force low-income families off welfare and into the labor market, especially if they have small children. According to Doyle (2006), the increasing generosity and availability of welfare led to the growth of female-headed families. However, Doyle (2006) mentioned that the TANF did not have much effect. In 2004, there were almost 1.5 million births to unmarried women, and 25% of them were teenagers.

2. AFDC structures

AFDC was a program that entitled. So that any family meets the federal and the state requirement should receive cash assistance. In this program, states are in charge to administer the program, set the criteria, and will share the costs with the federal government (Weil and Finegold). People who received the AFDC typically received Medicaid, food stamps, and benefits through other programs which encouraged women to stay at home and not work because if they worked, they would lose Medicaid and the welfare benefits. According to Ozawa and Yoon (2005); most of the AFDC recipients worked for low wages, about four dollars per hour.

In 2004, AFDC national spending on food stamps was \$27 billion. Under cash welfare recipient programs, a recipient was automatically eligible for food stamps and monthly cash income was the primary eligibility determinant. Each household had to have an income below 130% of the poverty line to receive food stamps and the amount of the food stamp benefits decreased if the income increase. Also, the adults who were able to work were required to register and take any job and if they did not, the agency reduced or suspended the benefits for six months. Non-citizens had to be in the United States for at least 5 years in order to be eligible to receive food stamps.

3. TANF structures

TANF is funded by the federal government and individual states, TANF provides support to low-income families with children. Also, one biological parent must be absent. TANF replaced the Aid to Families with Dependent Children (AFDC) program which began in 1935 in order to support widows and orphans. However, the AFDC program primarily focused on women who were either divorced or

never married. (Gruber, 2005). According to Cancion, some of the TANF programs were copied from the AFDC e.g. as families received Medicaid, even if they did not receive cash assistance.

As part of the 1996 welfare reform, states are allowed to use their TANF funds for either single mothers or two-parent families, although the majority of recipients remain single-parent families. The major role of the federal government is to financially support TANF through large block grants used to finance state programs. The TANF block grant gives each state more authority to implement its TANF program (Cancian et al., 2005). In addition, the federal government imposes time limits and work requirements on TANF recipients. The federal government mandates that individuals cannot receive TANF benefits for more than 60 months or five years over the course of their lives. Research indicates that most TANF funds go to African American or Hispanic women with younger children. These funds pay for cash benefits, food stamps, and Medicaid (Cancian et al., 2005).

The federal government also requires welfare recipients to work after receiving 24 months of TANF benefits, although states can opt for shorter deadlines. In fact, more than 12 states require work immediately. The federal government requires that in half of the states TANF recipients be working at the same time they are receiving benefits. There are some loopholes in these requirements, but states may exempt up to 20% of their welfare recipients for "hardship" reasons and the definition of work is flexible (Gruber, 2005). There are two requirements. First, no family may receive assistance for more than five years in a lifetime. However, the states may make it shorter than five years. Second, half of the beneficiary families must be working (Schorr, 2001).

In TANF all families are expected to receive cash benefits for a limited time. In addition, they are required to get a job, and the families have to meet these requirements to receive the benefits. If they do not, they will lose these benefits. Also, families who have children have to document their children's school attendance on an ongoing basis (Lein and Schexnayder, 2007). However, employed current and former recipients are paid low wages and receive few benefits from their employers. So, new welfare policies adopted low wages to the extent that lifting the families slightly above the poverty level (Weil and Finegold, 2002).

Most requirements of the AFDC program in the past, such as merit system employment practices, uniform administration throughout the state, and prompt action on the application were eliminated.

4. Changes from AFDC

Four historical factors impacted the welfare reform. The first is the income distribution for low-income women. Second, is the inadequate reduction in government spending, making single mothers sores off. Third, and when TANF was passed, the U.S. economy was booming and the federal government

enjoyed large surpluses. Economic expansion was the largest in modern U.S. history. However, now the economy is in horrible shape, with a huge deficit and high unemployment. Finally, under TANF and because parents must work, providing children is unaffordable. TANF promotes marriage and discourages out-of-wedlock pregnancies. However, it does not have any discernible effects on unwed mothers. The number of unwed mothers is increasing (Doyle, 2006).

When comparing AFDC and Nonrecipients under TANF are more likely to move on and off welfare quickly and stay for shorter periods than recipients under AFDC. For example, fewer than 30% of the recipients in the TANF program stay on welfare longer than two years (Cancian et al., 2005). The work requirements in TANF are stricter than these in AFDC fewer recipients are exempted from them, and failure to comply with them can lead to financial problems (Weil and Finegold, 2002).

Personal Responsibility and Work Opportunity Recognition Act of 1996 (PRWORA) was the main piece of legislation for changes to the welfare system. He identified five major changes:

1. Entitlement was changed to cash welfare, in which the federal government paid half of the state benefits costs, in the form of block grants.
2. The federal government encouraged the states to experiment with alternative structures of cash welfare payments. For example, the states could reduce the benefit reduction rate or allow women to keep support payments from their husbands.
3. Time limits were established on the welfare program.
4. Work requirements were imposed on the welfare recipients. The working requirements were much weaker before the legislation was changed.
5. New efforts to limit unwed mothers were introduced. Teenagers must attend school and live with their parents. There is a 25% reduction in benefits if the mother does not identify the paternity of her children. Also, the state can impose a "family cap" so that the benefits do not increase the women have more children (Gruber, 2005).

The AFDC made every eligible family legally entitled to assistance. However, under the TANF entitlement to assistance is eliminated. Under the AFDC, the federal government is responsible for the total costs; however, under TANF, the states receive lump sums of money based on their spending in 1994, without looking to the current or anticipated spending. The TANF's purpose is to promote job preparation, work, and marriage. For example, benefits may not be provided to unwed mothers younger than eighteen-years old (Schorr, 2001). States, however, had a lot of flexibility. For example, many states make TANF equally available to families with single and married parents which is not bias and against serving two-parent families and possibly discouraging marriage. Only twenty states have

family caps that deny additional benefits to adults who have children. States made different choices about how to focus on welfare recipients into the labor market quickly, helping them overcome obstacles to get a job (Weil and Finegold, 2002).

5. Effects of welfare reform on family income and poverty

The TANF did not produce the social catastrophe that critics had predicted. The economic boom between 1990 to 2000 created many jobs in the public sector so that many recipients filled these jobs (Katel, 2009). Data shows a gain in wages among single mothers, especially high school dropouts. A prediction that employers would be unwilling to hire welfare recipients or that there were not enough jobs in metropolitan labor markets did not come true (Weil and Finegold, 2002). Another effect of the welfare reform was that it reduced the number of recipients by more than 50% in the country and in some states more than 80% (Gruber, 2005). According to Cancian et al. (2005); the caseloads dropped more than 9 million recipients over an eight-year period and millions entered the labor market. The welfare reform also led to large financial sources for the states, because of the block grants that states received to finance their programs these grants were tied to the level of welfare expenditure in 1994. This meant that states had better control over who received welfare.

Three out of five families leaving welfare are employed after being out of the welfare, however, their income depending on their poverty line. Also, one-third of the recipients who leave the program receive food stamps and Medicaid. Moreover, many of the recipients who leave the welfare program face hardships, like not enough food. Also, there are many other problems, such as inadequate medical care, substandard housing, unreliable child care, inadequate amount of food, and a lack of transportation (Lein and Schexnayder, 2007). Many TANF recipients have more obstacles to employment than non-recipients, such as physical and mental health problems, the level of education, less work experience, lack of daycare, and limited access to transportation. Many critics say that TANF, which was established in 1996 when the economy was doing great, did not work when the economy was suffering. Many changes need to be made. The welfare system does not work properly (Katel, 2009). Also, several programs changed when the AFDC become TANF these programs were food stamps, legal immigrants, SSI for disabled children, and Medicaid. The changes in the food stamps are more generous under TANF than AFDC for families with children. For example, in 1998 almost seven million families that received the food stamp lost \$435 in benefits. Also, legal immigrants were denied the help that was provided under the supplement security income (SSI) for the elderly and disabled. Moreover, the families who are receiving AFDC are also eligible for Medicaid. With this program, people

resist leaving TANF for work because they lose their Medicaid benefits because the legislation states, "They would be entitled to Medicaid for one year more after leaving the program" (Schorr, 2001).

The years after welfare reform saw a decline in the use of Medicaid, the public health insurance program for low-income families and their children, accompanied by an initial increase in the number of those without health insurance. Half of those who left welfare were employed, some married, some become eligible for supplemental security insurance or other disability support. The legislations reduce welfare recipients. However, it does not reduce poverty and does not increase the well-being and stability of families (Lein and Schexnayder, 2007)

In 1999 another consequence included many families who returned to TANF after three months. For example, in Cleveland, 26 percent of those families that left the program come back within six months (Schorr, 2001). Lein and Schexnayder interviewed families who left TANF and they asked them about their reasons. They indicate that they left TANF because they obtained jobs or they received income from sources other than their job or they had difficulty dealing with TANF rules. Also, some mothers opted out of TANF because they could not provide information about their children's fathers. Moreover, some people were denied the program because of missing appointments or schedule conflicts with their work. In addition, many women believed that they were being punished by having to enter the workforce. One woman said, "I have been penalized for working they want you to get a job but they penalize you for that it is much easier to get help when you are not working" (Lein and Schexnayder, 2007).

6. Analysis of the success of the program

The critics of TANF argue that the policies to eliminate poverty and improve the economic well-being of the poor have the opposite side-effect (Handler and Hasenfeld, 2006). Also, these policies increase welfare dependence and reinforce the social pathologies associated with poverty. Demonizing welfare allows the country to ignore the economic and social conditions that produce poverty and inequality in race, gender, and inadequacies of the low-wage labor market (Handler and Hasenfeld, 2006). Although many single mothers left welfare, they joined the working poor and failed to make decent livings. Also, the emphasis on family values and marriage is misguided and diverts the attention from the economic hardship that low-income families face. People with lower skills work harder and follow the rules but have great difficulty supporting their families because of the low pay and no benefits with the part-time jobs (Handler and Hasenfeld, 2006). Also, they argue that people need more income than the minimum wage provides in order to meet the basic needs of housing, food, health care, transportation, and child care. A large number of Americans are poor, near-poor, or at risk

of dropping below minimum wages. Poor working single mothers and their children are punished by the interacting forces of the low-wage and the costly child care market. These expenses cannot be viewed separately, as policy markets tend to be.

Ozawa and Yoon (2005) argued that the time limit and work-related rules of TANF have negative effects because the rules do not differentiate between individuals and their employment suitability. Also, the time limits for welfare recipients are not conducive to increasing their well-being and may not allow them enough time to find stable jobs. Critics of TANF argue that TANF hurts family structures because it does not encourage women to stay at home and take care of their children. Most importantly, even if TANF is successful in moving families off the cash assistance rolls, it does not help them get out of poverty (Ozawa and Yoon, 2005).

Other critics think different aspect of welfare reform are not working well and have not been successful. Weber et al. (2002) thought that welfare reform is not working because there are almost 7.5 million people living in poverty in non-metropolitan areas. Rural areas are different from metropolitan areas and the current welfare program does not consider these differences (Pickering, 2006).

Friedman (2006) thought that the TANF radically alters the delivery of public welfare benefits and services in the U.S. However, he thinks that there is a real cost to process and set up daily clients, and his questions is the definition of success and whether it represents the very best return on the nation's welfare investment. Also, Daguerra (2008) thought that TANF is punishing welfare recipients by making them work. The new structures of welfare make the high and lows of policies more extreme than in the past. The United States economy can range from prosperous times to recessionary times. So there has to be a periodic assessment of what is needed ever-changing economy (Weil and Finegold, 2006). Many low-income families do not receive benefits for which they are eligible. A higher proportion of persons in independent single-parent families are living in extreme poverty under welfare reform (Weil and Finegold, 2006). TANF requirements create a cash assistant system that requires more families than the AFDC and he thinks many states have substantially increased the support provided to the families (Pavetti, 2000). Cheng (2002) argued that welfare reform moves dependent recipients out of welfare, but has no effect on the working recipients' chances of leaving welfare. He thinks the five years limit pushed many recipients into poverty and the economic condition became worse for working people than those who on welfare. The large gap between minimum wage and the living wage makes social structure discouraging poor from having babies (Zivi and Smith, 2008).

Larrison et al. (2001) found that some families fit the traditional welfare reform while others are accessing the welfare system because of a temporary health problem, child abandonment, limited retirement asset, or other temporary set beds bunch

as loss jobs. The growing older population is also at risk. Wiseman and Wamhoff (2005) found that a significant proportion of each year SSI award to disable people aged 64 or younger go to TANF recipients. In the end, as Martin (2007) pointed out, the legitimacies of welfare policy and income support need to be rethought as postmodern society rights, based on a more liberal political philosophy.

7. Summary

The purpose of welfare reform is to increase state flexibility, keeping the children in their homes and parents depending on themselves rather than the government. The federal government should increase the funds for the child care program. Also, jobs train parents. The program discourages out-of-wed luck pregnancies (Weil and Finegold, 2002). However, welfare reform is not a successful program because it encourages births out of wedlock, creates a new generation that is dependent. Moreover, it does not solve the problem of poverty because of its low income and benefit and the low income for the mothers. How Mothers find it difficult to meet work requirements and to pay for childcare? (Weil and Finegold, 2002).

8. Recommendations

It becomes essential to adopt some easy rules that do not discourage women from working. Also, adopt a consumer education approach to inform the potential eligible family about services available to help them obtain and keep jobs. Third, they should recognize that the economy is different from 1996 when the TANF was established. The federal government and states should change rules and funding responding to many challenges that TANF face with the bad economic situation. Fourth they should give more education and training options and opportunities for families who have low incomes (Lein and Schexnayder, 2007). The issue is poverty and inequality, not welfare (Handler and Hasenfeld, 2006). Opinion the time limit and work requirement should be changed to more encourage work and families until they become more independent by themselves (Weil and Finegold, 2002). The time limit should be eliminated and the state has the flexibility to do that. All these recommendations should be seriously considered because the health and well-being of poor citizens are at stake.

Compliance with ethical standards

Conflict of interest

The author(s) declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

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