The Failure of Conservative Welfare Reform: Insights from *Seinfeld*

Peter Germanis[1]

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Most conservatives believe the 1996 welfare reform, particularly the creation of the Temporary Assistance for Needy Families (TANF) block grant has been an "unprecedented success" and is a model for reforming other safety net programs. For the past year, I have been writing papers, as a citizen, offering an alternative conservative perspective. In fact, I argue that TANF is a massive policy failure and should not be held out as an example of "conservatism." Sadly, my efforts do not seem to have influenced conservative policymakers, as they continue to base their reforms to other safety net programs on the "TANF model."

The television show *Seinfeld* is known for its humor, but it also offers many lessons for conservative welfare reform. This paper highlights some of those lessons. It is intended to be humorous, but the issues it raises are very serious.

Elaine: "This is false reflecting!"

In the episode titled "The Secretary," Elaine accuses a store of "false reflecting," because it has skinny mirrors to make its dresses look more flattering. Similarly, conservatives present a misleading picture of TANF in an effort to portray the 1996 law as an "unprecedented success." For example, Robert Doar of the American Enterprise Institute claims, "Based on 20 years of program performance, we can say that TANF has been a success. …Few programs have generated such strong gains in poverty reduction and employment. The program's robust work requirement, accountability of state performance, and expanded administrative flexibility all helped" reduce the poverty rate of never-married mothers from 51 percent in 1995 to 38.5 percent 2001.[2] This assessment is based on simplistic and misleading data analysis, and it fails to reflect the actual implementation of the law. Specifically, Doar's "analysis":

- Cherry-picks the time period by starting several years before TANF was implemented and stopping in 2001; it is now 2016 – hardly 20 years of performance!

- Ignores (for the most part) the importance of other factors that influence poverty rates, such as the strong economy, increased aid to the working poor (e.g., the EITC and expansions in child care and Medicaid), and state welfare reform through pre-TANF waivers.

- Uses the wrong poverty measure – the poverty ***rate*** is not a good metric for assessing the impact of welfare reform on those receiving cash assistance, because the eligibility levels for cash aid are well below the poverty thresholds and poverty is measured based on annual income; a more appropriate measure would look not only at the number of poor, but the depth of poverty.[3]

- Ignores rigorous research (i.e., based on random assignment evaluations) that isolated the effect of welfare reforms from economic and policy factors in the 1990s (the period during which poverty rates declined); this research found that "welfare reform" had, at best, modest impacts on poverty, employment, and welfare receipt – nothing on the order of what Doar suggests. (In the years after 2001, TANF fell apart in many states, so even this research would no longer be applicable.)

- Confuses TANF with "welfare reform"; TANF is best understood as a flexible funding stream that has failed to provide an adequate safety net or an effective welfare-to-work program. Instead, in many states, it has become a slush fund used to supplant state spending and fill budget holes – it is welfare for states, not poor families.

Doar's claim that TANF's "success" is due to its "robust work requirement" is not just "false reflecting," it is an illusion. In 2014, states spent just one-third of their federal TANF and state maintenance-of-effort (MOE) funds on basic assistance and work activities – diverting billions of dollars to fill budget holes. TANF's work requirements are unreasonable, dysfunctional, and are not about work. For individuals to count in the work rate, they must participate 130 hours per month for a small grant (ranging from $200 to $600 for a family of three in most states). As such, their main function has been to impose barriers and cut caseloads through a process known as "bureaucratic disentitlement." Even with sharply reduced caseloads, states have resorted to gimmicks (more "illusion") to satisfy federal work rate targets that themselves are unreasonable (see "TANF Work Requirements: An Epic Fail," in *TANF is Broken!*) There is nothing "robust" about such gimmickry and it does nothing to help the poor get connected to work opportunities. Welfare reform should be about giving needy families a hand up, but instead, under TANF, it has abandoned them. Real welfare reform requires adequate funding, realistic requirements, and rigorous evaluation so that we can learn what works and what doesn't and build on an evidence base – relying on conservative ideologues has not worked.

George: "…just remember, it's not a lie if you believe it."

In "The Beard," Jerry seeks George's advice on beating a lie detector test. George tells him, "…just remember, it's not a lie if you believe it." For many years, I did not believe that conservatives who promoted the TANF model intentionally misled the public and policymakers. I simply thought they did not understand the program. This led me to write *TANF is Broken!* TANF is a "program" that defies common sense; fixing it need not pit conservatives against liberals – it just requires common sense. Sadly, despite my best efforts, I have seen little interest among conservatives in advancing meaningful reform and indeed recent proposals by Speaker Ryan, the House Budget Committee, and the Republican Study Committee would further eviscerate the safety net using the TANF experience as their guide.

George: "Why would we want to help somebody? That's what nuns and Red Cross workers are for."

In "The Finale," Jerry, George, Elaine, and Kramer observe a robbery in progress, but fail to provide help. George quips, "Why would we want to help somebody? That's what nuns and Red Cross workers are for." Conservatives have the evidence before them that TANF has

robbed our nation's poorest families, not just in terms of shredding the cash assistance safety net, but also by failing to provide a meaningful welfare-to-work program. It has become welfare for states, not needy families. My *impression* now is that conservatives just don't care. They seem more interested in platitudes, like "earned success" and saying they have a "conservative heart," than they do in actually coming up with effective anti-poverty solutions. Conservatives have an opportunity now to make those statements more than just empty words by proposing common sense reforms to welfare.

George: "Do women know about shrinkage?"

In "The Hamptons," Jerry's girlfriend walks in on George changing out of his swimsuit after being in a cold swimming pool. George felt he might have been short-changed and asked Jerry, "Do women know about shrinkage?" Apparently, many women do not know about this phenomenon, and so it is with TANF – shrinkage is everywhere:

- The block grant and required state maintenance-of-effort levels have not been adjusted for inflation or population growth, so the amount available per poor family with children has declined by over one-third.
- The share of eligible families receiving assistance fell from 79 percent in 1996 to 32 percent in 2012.[4]
- The TANF-to-poverty ratio fell from 68 in 1996 to 23 in 2014.[5]
- The inflation-adjusted value of the maximum TANF grant for a family is down by over 20 percent since 1996 in 35 states and the District of Columbia.[6]

Kathryn Edin and Luke Shaefer report that 1.5 million households (with 3 million children) were living on less than $2 in cash per person, per day in 2011 – an increase of 130 percent since 1996.[7] (Shrinkage would have been welcome here.) In some states, TANF (as a safety net program) is virtually dead. Edin explains:

> Now the fraction who get anything from TANF is very small, just over a quarter. It's really a shadow of itself. We argue that it's dead, and where it's really dead is in the imaginations and thought processes of the poor. This is not seen as a fallback. In most cases, it doesn't occur to people to apply. We saw this again and again in site after site. There are only a million adults left on the TANF rolls in the United States, and half of them are in just two states: California and New York. Many other states barely have functioning TANF systems anymore.[8]

Many of these very poor single mothers do not know about "shrinkage," because they do not even know TANF exists.

Jerry to George: "If every instinct you have is wrong, then the opposite would have to be right."

In "The Opposite," George complains that his life is the opposite of everything he wanted it to be, to which Jerry replies, "If every instinct you have is wrong, then the opposite would have to

be right." Indeed, when George tries "the opposite," success follows. This is the most important advice for conservatives who believe in the "TANF model."

Writing about the politics of the 1996 legislation, Robert Rector of the Heritage Foundation stated: "It isn't enough to get the technical details of a policy right. Words and symbols matter, too."[9] Unfortunately, when it comes to the TANF legislation, Congress got virtually every technical detail wrong. If conservatives want to be seen as serious anti-poverty thinkers, they should ask themselves the following 10 questions about TANF (and any welfare reform proposal). (For answers, see "The Need for Common Sense Conservative Welfare Reform: Ten Questions for House Speaker Paul Ryan."[10])

1. Does it make sense to have work requirements that don't work?
2. Does it make sense to have a funding structure for a safety net program that is unresponsive to changes in economic and demographic circumstances?
3. Does it make sense to give states so much flexibility they can count virtually any expenditure as "reasonably calculated" to advance a TANF purpose?
4. Does it make sense to permit states to use TANF funds to supplant existing state expenditures and use it as a giant slush fund?
5. Does it make sense to replace a simple and effective federal-state matching approach with an ineffective, Rube Goldberg-like financing scheme?
6. Does it make sense to give states so much flexibility they can duplicate the benefits and services of dozens of other low-income programs with virtually no accountability?
7. Does it make sense to provide funding for safety net programs that have either no income limit or that permit states to set very high income limits?
8. Does it make sense to impose rules that are ineffective and/or needlessly complicated?
9. Does it make sense to ignore evidence-based research?
10. Does it make sense to use TANF as a model for reforming other welfare programs?

The answer to each question should be "NO!" TANF has failed with respect to each of the first nine questions and thus should not be a model for reforming other welfare programs. Note to conservatives: If every instinct you had in designing TANF was wrong, and it was, then:

DO THE OPPOSITE!

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Frank Costanza: "The tradition of Festivus begins with the airing of grievances. I got a lot of problems with you people! And now you're gonna hear…"

While *Seinfeld* may be a television show about "nothing," the challenges faced by needy families are real – and TANF has failed them. As a conservative who cares about the poor, I treat every day as "Festivus" and air my grievances, hoping that conservatives will one day again have serious anti-poverty solutions. In the meantime – "Serenity now!"

[1] The views in this document reflect my own as a citizen and do not reflect the views of any organization I am now or have ever been affiliated with. I am a conservative and have worked on welfare issues for the Heritage Foundation, the American Enterprise Institute, and the White House under both President Reagan and President George H.W. Bush. This paper assumes the reader has a basic understanding of the TANF program, but for those readers who want more context and background, see Peter Germanis, *TANF is Broken! It's Time to Reform "Welfare Reform" (And Fix the Problems, Not Treat their Symptoms)*, July 25, 2015 draft, available at: http://mlwiseman.com/wp-content/uploads/2013/09/TANF-is-Broken.072515.pdf.

[2] Robert Doar, "TANF has been a success – Let's make it better," American Enterprise Institute, September 29, 2015, available at: https://www.aei.org/publication/tanf-has-been-a-success-lets-make-it-better/. See also, Peter Germanis, "TANF is a massive policy failure – Let's start over: A Response to Robert Doar," October 22, 2015, available at: http://mlwiseman.com/wp-content/uploads/2015/11/TANF-has-been-a-massive-policy-failure.A-response-to-Robert-Doar.pdf.

[3] Peter Germanis, "'Welfare Reform' *Increased* Poverty and No One Can Contest It: A Note to Conservatives," April 22, 2016.

[4] U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, *Welfare Indicators and Risk Factors: Fourteenth Report to Congress*, September 22, 2015, available at: https://aspe.hhs.gov/sites/default/files/pdf/116161/FINAL%20Fourteenth%20Report%20-%20FINAL%209%2022%2015.pdf.

[5] Ife Floyd, LaDonna Pavetti, and Liz Schott, "TANF Continues to Weaken as a Safety Net," October 27, 2015, available at: http://www.cbpp.org/research/family-income-support/tanf-continues-to-weaken-as-a-safety-net.

[6] Ife Floyd and Liz Schott, "TANF Cash Benefits Have Fallen by More Than 20 Percent in Most States and Continue to Erode," Center on Budget and Policy Priorities, October 15, 2015, available at: http://www.cbpp.org/research/family-income-support/tanf-cash-benefits-have-fallen-by-more-than-20-percent-in-most-states.

[7] H. Luke Shaefer and Kathryn J. Edin, "What is the Evidence of Worsening Conditions among America's Poorest Families with Children?," November 10, 2015, available at: http://static1.squarespace.com/static/551caca4e4b0a26ceeee87c5/t/566180c7e4b0d38e0d8859e7/1449230535159/Shaefer-Edin-WorseningConditions.pdf.

[8] See Kathryn Edin in Dylan Matthews, "Selling plasma to survive: how over a million American families live on $2 per day," *Vox.com*, September 2, 2015, available at: http://www.vox.com/2015/9/2/9248801/extreme-poverty-2-dollars.

[9] Robert Rector, "Bill Clinton was Right," *The Washington Post*, August 23, 2006.

[10] Peter Germanis, ""The Need for Common Sense Conservative Welfare Reform: Ten Questions for House Speaker Paul Ryan," January 6, 2016, available at: http://mlwiseman.com/wp-content/uploads/2015/11/Germanis2016Need.pdf.