

POVERTY: WELFARE REFORM HAS LED TO LESS OVERALL POVERTY

Since welfare reform, the poverty rate dropped to its lowest level in 20 years.

- The poverty rate declined from 13.7 percent in 1996 to 11.3 percent in 2000.
- 31.1 million people were poor in 2000 – down from 36.5 million in 1996.
- African-American, Hispanic, and White poverty rates declined since 1996.

Recent declines in child poverty are especially significant.

- Child poverty declined from 19.8 percent in 1996 to 16.2 percent in 2000, the lowest level since 1979.
- Since welfare reform, nearly 3 million children (2.8) have left poverty. This contrasts with “studies” cited by opponents of reform in 1996 that predicted 1 million more children would be in poverty if welfare reform passed.
- The poverty rate for African-American children is now at an all-time low; children in single-mother families also have a record low poverty rate.

Poverty rates have decreased throughout society.

- The elderly poverty rate was 10.2 percent in 2000, a record low.
- African-American poverty rate was an all-time low of 22.1 percent in 2000.
- Hispanic poverty rate fell from 29.4 percent in 1996 to 21.1 percent in 2000.
- White poverty rate dropped from 11.2 percent in 1996 to 9.4 percent in 2000.
- For children living in married couple families, the poverty rate is 8.1 percent.

There may be additional approaches to reducing poverty further.

- Out-of-wedlock childbearing is one of the most common causes of poverty.
- Thus carrying out the marriage and family formation goals of TANF could help address poverty in the long run.
- Other possible measures include adding more work incentives and requiring more work by a greater share of the caseload. Both are included in the President’s plan. This will affect not only those on the rolls, but also encourage more parents to avoid welfare dependence and support their families through work or other means.