

Committee on Ways and Means

Welfare Reform Has Led to Less Poverty

Since welfare reform, the poverty rate has dropped 12 percent.

- The poverty rate declined from 13.7 percent in 1996 to 12.1 percent in 2002.
- 34.6 million people were poor in 2002, down from 36.5 million in 1996.
- African-American, Hispanic and White poverty rates have declined since 1996.

Recent declines in child poverty are especially significant.

- Child poverty declined from 20.5 percent in 1996 to 16.7 percent in 2002.
- Since welfare reform, 2.3 million children have left poverty.
- This contrasts with dire forecasts by opponents of the 1996 reforms, who predicted one million more children would be in poverty if welfare reform passed.

Poverty rates have decreased throughout society.

- Approximately 800,000 African-Americans have left poverty since 1996.
- The Hispanic poverty rate has fallen 26 percent, from 29.4 percent in 1996 to 21.8 percent in 2002.
- The White poverty rate dropped from 11.2 percent in 1996 to 10.2 percent in 2002.

Poverty rates declined as more parents worked and fewer collected welfare.

- Welfare caseloads fell 56 percent, from 4.5 million families in 1996 to 2 million today.
- Since 1996 women's earnings rose 27.4 percent – 21 percent faster than the 22.7 percent rise for men.

There are additional approaches to further reducing poverty.

- A recent study by the Brookings Institution¹ estimates that the poverty rate for families with children would drop 42 percent if low-income parents worked full time.
- The Brookings' study also finds that steep declines in poverty would result if married parents headed more families.
- Provisions promoting and supporting more full-time work and stronger, married families are key features of the 2003 House-passed welfare reform bill (H.R. 4).
- Both policies would further reduce poverty.

¹ See: <http://www.brookings.edu/dybdocroot/es/wrb/publications/pb/pb28.pdf>