they want more than anything else is the chance to work. They would like nothing better than to have a full-time job paying $12 or $13 an hour, a modest dwelling in a safe neighborhood, and some stability above all else. In the 1990s, we, as a country, began a transformation of the social safety net that serves poor families with children. More aid has been rendered to a group that was previously without much in the way of government assistance — the working poor. Extending the nation's safety net in this way has improved the lives of millions of Americans. But there are simply not enough jobs, much less good jobs, to go around. And for those without work, there is no longer a guarantee of cash assistance.

$2.00 a Day shows that the transformation of the social safety net is incomplete, with dire consequences. We believe the time has come to finish the job. Doing something more to help these families won't be easy; it will require a commitment by all of us. The government's emphasis on personal responsibility must be matched by bold action to expand access to, and improve the quality of, jobs. But there will always be circumstances in which work as a primary approach to alleviating poverty won't work. In those cases, we need a system that truly acts as a safety net for families in crisis, catching them when they fall.

Chapter 1

Welfare Is Dead

IT IS ONLY 8:00 A.M., half an hour ahead of opening time, but already a long line has formed outside the Illinois Department of Human Services (DHS) office, which sits on a barren block west of Chicago's Loop. It is a wet summer morning, one of those odd times when the rain is falling but the sun still shines. People are hunkered down, some shielding themselves from the rain with umbrellas or hoods, others holding sodden newspapers and thin plastic grocery bags over their heads. This two-story, yellow-brick office building — windowless on the first floor — is where those seeking help come to apply for programs such as SNAP and Medicaid. But traditionally it has been linked most closely to the nation's now nearly moribund cash assistance program, what many refer to as welfare.

Modonna Harris shuffles to the end of the line. A friend, noticing that Modonna had no food in her tiny apartment, convinced her to make the trip. She and her fifteen-year-old daughter, Brianna, have been living in a North Side homeless shelter for several months. The shelter provides dinner during the week, and Brianna gets breakfast and lunch through a local nonprofit recreation program, but Modonna and Brianna often go hungry on weekends. The shelter's residents can usually count on a "guy who drops off some surplus food" from an unknown source, but recently all he's brought is nasty-smelling milk well beyond its expiration date.

When asked why she hasn't applied for welfare, Modonna shrugs. Actually, it hasn't even occurred to her. She explains, "I've been through this before, and I've been turned down . . . They did send me a letter. But they just say, 'You're not eligible,' they don't explain why." How could she not be eligible, she wondered, without even one cent in cash income and a child to provide for? Her aunt's explanation is simple: Hasn't she heard? They just aren't giving it out anymore. To Modonna, that seemed as good an answer as any. "I don't actually know anybody who is getting it. And, you know, when my auntie was saying that, I'm thinking, 'Okay, well maybe that's making sense of why I didn't get it' . . . I'm like, 'Okay, maybe that's it.'" Despite her now desperate circumstances, Modonna was deeply reluctant even to go to the DHS office and apply for the cash welfare program. Finally, after much persuasion, she relented.

Much of the time, when you ask for help from the government, you can expect the process to take a long time. First, you wait in line to "get a number." (In places like Chicago, you have to get to the DHS office early, because the line can stretch down the block even before the doors open.) Once you get a number, you wait for your name to be called so you can see the caseworker and provide the required documentation. Then you go home to wait while they process your paperwork. Finally, if your application is approved, you wait for the mail carrier to deliver your electronic benefit transfer (EBT) card, which works like a bank debit card.

One way the poor pay for government aid is with their time.

Modonna has a proud, even regal, air about her. Her voice is smooth and her diction precise. Her posture is perfect, her dark skin smooth, her smile warm. But most of the other folks waiting in line look to be in rough shape, with worn, dingy clothing, decaying teeth, painful infirmities, and an air of desperation. The kind-looking woman in front of Modonna seems prematurely old. She turns to Modonna and relates how she struggled to get Medicaid for her oldest adult son, desperately ill and then hospitalized with AIDS. Roadblock after roadblock held up the process; months passed and he died—the day before his medical card arrived in the mail. Now she is here again, this time to apply for Medicaid on behalf of her younger adult son, who is also chronically ill and in need of treatment.

Modonna is visibly uncomfortable in this line. She would probably say that she's one of the people who doesn't belong here (although you'd perhaps hear that from many of the people in line). Both of her parents worked steadily while she was growing up. She had close to a middle-class upbringing, although it was far from idyllic. Her parents divorced when she was young, and she lived mostly with her unsupportive mother, who suffered from depression. This was better than being with her dad—who was controlling and demeaning. Despite all this, Modonna managed to graduate from one of the better high schools in Chicago and to start college at a decent private university specializing in the arts. But she attended for only two years. With her family unwilling to provide financial assistance, she maxed out on student loans and had to drop out, with a boatload of student debt and no degree to show for it. She left hoping that one day she might go back to complete her degree. But love intervened.

Brianna arrived about a year into Modonna's marriage to Brian, who had swept Modonna off her feet with his drive to make it in the music production business. He had a dream, and he seemed to be doing the work to make it happen. Yet after a few years, it became painfully clear that he was a pathological liar with an addiction to hard-core porn. He would hide his dirty magazines under the rug and deny they were his. "They must have been here when we moved in," he'd claim. One time, the family was evicted because Brian just stopped paying the rent and didn't tell Modonna until it was too late. Brian cheated first, and then Modonna got wrapped up in a turbulent, all-consuming love affair. The marriage broke up about the time Brianna entered the first grade.

Modonna had worked off and on over the years before the marriage ended. Now on her own, she needed a full-time job. With no college degree and a sporadic work record, the best position she could find was a daytime shift as a cashier at Stars Music downtown, which paid $9 an hour. She would hold that job for the next eight years. Modonna loved the work. "I learned so much at Stars," she recalls. The mother-daughter pair found a tiny studio apartment in the South Shore neighborhood, near Lake Michigan, and for a while things were good. The two scraped by on a combination of Modonna's paycheck, a small amount of SNAP, and whatever child support Brian managed to provide. Brianna was doing well in school—she even made honor roll one semester. Modonna felt proud to be the provider for her little family.

Then their apartment building started going downhill, fast. Deferred maintenance became no maintenance at all. Modonna couldn't handle the "roaches, the size of . . . big water bugs," and the other obvious hazards. She tried to get out of her lease and asked that her security deposit be returned. The tension between her and her landlord escalated, and she ended up calling a lawyer, who requested a list of the building's code violations from the city. When it came, Modonna says, it was "eight pages long!"

Right when it seemed as if she might win some concessions from her landlord, Modonna's cash drawer at Stars came up $10 short, and she couldn't account for it. She was summarily dismissed, given no benefit of the doubt, despite her years of service and the small amount of money involved. "Ten dollars short, and they found it after they fired me," she says. But no call of apology came, no invitation to return to work.

That's when things really started to fall apart. Modonna was approved for unemployment insurance, which is fairly rare among low-wage workers in the service sector, where low earnings and unstable work hours can make it hard to meet the program's eligibility criteria. She knows she was lucky in this regard. But her benefits—which didn't begin to approach what she was making at Stars—weren't enough to cover the cost of her rent.

She fell behind, and her landlord, usually willing to work with a tenant in a tough situation, used the opportunity to get rid of a

troublemaker. Six days after her rent was due, he slipped an eviction notice under her door.

Out on the streets, Modonna and Brianna bounced around, forced to double up with family member after family member, a hard pill to swallow. Her father's new wife didn't want her and Brianna around, so they couldn't stay with them. Her sister, a cop who lived in the western suburbs, had little patience: after just a few days, they were told they had to go. After moving in with her mother, her mother's boyfriend began coming on to Modonna. Meanwhile, the foster child Modonna's mother had taken in—and now doted on—began taunting Brianna, ridiculing her over her late-to-develop figure, her "nappy hair," and the fact that she didn't have a home. Finally, Brianna broke. After a particularly vicious verbal attack by the girl, Brianna grabbed a knife from the kitchen counter and threatened to cut her own throat. The incident was deemed a suicide attempt, and Brianna was admitted to a psychiatric hospital and remained there for nearly a month. Desperate to find a new living situation, Modonna made plans to move down to Mississippi to stay with a friendly aunt once Brianna was released, but Modonna's father blocked them from leaving. Still controlling, he told her that she would be breaking the law by taking Brianna so far away from Brian.

Needless to say, all of these factors made it hard for Modonna to search for a job. Even so, she managed to submit dozens upon dozens of job applications, pounding the pavement week after week. Yet a new job didn't materialize. At one point, Modonna found a temporary gig as a teacher's assistant at a day camp based in her church. This job ended badly for her, though. When she went to pick up her first paycheck, she was told they didn't have the money to pay her because the government grant they had been expecting hadn't come through. "I never got that check. Never."

Finally, with nowhere else to go and just a little money left from unemployment, Modonna and Brianna spent a few special nights at the Marriott downtown. While hardly practical, those few days were some of the happiest the two ever spent together. The mini-vacation repaired some of the damage done by the past few months. Those were days they wouldn't trade for anything. "Oh my God, we loved it there . . . That was cool. That was awesome." Joy radiates from Modonna's and Brianna's faces and animates their words when they talk about their stay at the Marriott. The next stop was the homeless shelter—a succession of them, actually, all across Chicago.

Today, the day she finally visits the DHS office at the urging of her friend, Modonna finds herself in a line she doesn't want to be in, asking the government for help she doesn't think it will give her. After about a half hour, the doors open. After another half hour, the queue has advanced enough to allow Modonna to escape the rain and move inside. Those at the front of the line have checked in at the desk and now claim chairs in the waiting area, which is painted a dispiriting green, the color of pea soup.

After another few minutes, an official-looking woman with a clipboard emerges from a closed door at the side of the waiting room. She approaches those remaining in line, person by person, quietly informing each of the day's "latecomers" that caseworkers will be able to see only those who arrived by 7:30 a.m. and got a number from the staff person who was on duty at the time. Finally, she reaches Modonna. "Do you have a number?" Modonna shakes her head no. "Well, you'll have to come back tomorrow," she says. She urges Modonna to arrive earlier next time, her tone implying, *What were you thinking, showing up at 8:00 a.m.? Everyone knows you have to get here by at least 7:30, a full hour before the office opens.*

As the woman moves on, delivering the same grim message over and over, most people shuffle off. A few hold on to their places until they reach the front desk. Modonna sticks it out, just to see what will happen. Once she makes it to the front of the line, a carefully coiffed woman with eyes glued to a computer screen tells her that there are no appointments left today. "Why don't you consider applying online?" she suggests, making only brief eye contact. When queried, the woman admits that an online application won't get Modonna very far. She will still have to come in for an appointment.

Modonna was right, and her friend was wrong. This was a waste of time.

Modonna is convinced now more than ever that they just aren't giving out cash at the DHS office anymore, and to a certain degree she's right. Out of every one hundred Americans, fewer than two get aid from today's cash welfare program. Just 27 percent of poor families with children participate. There are more avid postage stamp collectors in the United States than welfare recipients.

In 1996, welfare reform did away with a sixty-year-old program that entitled families with children to receive cash assistance as long as they had economic need. It was replaced with a new welfare program, called Temporary Assistance for Needy Families (TANF)—the one Modonna waited in line for—which imposes lifetime limits on aid and also subjects able-bodied adult recipients to work requirements. If they fail to meet those requirements, they risk being "sanctioned"—losing some or even all of their benefits.

At the old welfare program's height in 1994, it served more than 14.2 million people—4.6 million adults and 9.6 million children. In 2012, the year Modonna took her trip to the DHS office, there were only 4.4 million people left on the rolls—1.1 million adults (about a quarter of whom were working) and 3.3 million kids. That's a 69 percent decline. By fall 2014, the TANF caseload had fallen to 3.8 million.

Before 1996, welfare was putting a sizable dent in the number of families living below the $2-a-day threshold. As of early 1996, the program was lifting more than a million households with children out of $2-a-day poverty every month. Whatever else could be said for or against welfare, it provided a safety net for the poorest of the poor. In the late 1990s, as welfare reform was gradually implemented across the states, its impact in reducing $2-a-day poverty began to decline precipitously. By mid-2011, TANF was lifting only about 300,000 households with children above the $2-a-day mark.

One reason families in $2-a-day poverty—whose incomes are far beneath the threshold TANF requires—often fail to claim benefits is because it just doesn't occur to them to do so. Many, like Modonna, believe that getting cash from the government is no longer a viable option, no matter how desperate the need.

Take Susan Brown in Chicago's Roseland community, about twenty miles south of the shelter where Modonna and Brianna are living. Asked if she plans to apply for welfare, Susan recoils a bit, shaking her head emphatically, as if to say, *Of course not.* When pressed to explain her reluctance, she explains, "I just don't want to get rejected again." Every time she gets turned down by a prospective employer, she cries uncontrollably. Why open herself up to certain failure by applying for welfare?

Welfare's virtual extinction has gone all but unnoticed by the American public and the press. But also unnoticed by many has been the expansion of other types of help for the poor. Thanks in part to changes made by the George W. Bush administration, more poor individuals claim SNAP than ever before. The State Children's Health Insurance Program (now called CHIP, minus the "State") was created in 1997 to expand the availability of public health insurance to millions of lower-income children. More recently, the Affordable Care Act has made health care coverage even more accessible to lower-income adults with and without children.

Perhaps most important, a system of tax credits aimed at the working poor, especially those with dependent children, has grown considerably. The most important of these is the Earned Income Tax Credit (EITC). The EITC is refundable, which means that if the amount for which low-income workers are eligible is more than they owe in taxes, they will get a refund for the difference. Low-income working parents often get tax refunds that are far greater than the income taxes withheld from their paychecks during the year. These

tax credits provide a significant income boost to low-income parents working a formal job (parents are not eligible if they're working off the books). Because tax credits like the EITC are viewed by many as being pro-work, they have long enjoyed support from Democrats and Republicans alike. But here's the catch: only those who are working can claim them.

These expansions of aid for the working poor mean that even after a watershed welfare reform, we, as a country, aren't spending less on poor families than we once did. In fact, we now spend much more. Yet for all this spending, these programs, except for SNAP, have offered little to help Modonna and Brianna during their roughest spells, when Modonna has had no work.

To see clearly who the winners and losers are in the new regime, compare Modonna's situation before and after she lost her job. In 2009, the last year she was employed, her cashier's salary was probably about $17,500. After taxes, her monthly paycheck would have totaled around $1,325. While she would not have qualified for a penny of welfare, at tax time she could have claimed a refund of about $3,800, all due to refundable tax credits (of course, her employer still would have withheld FICA taxes for Social Security and Medicare, so her income wasn't totally tax-free). She also would have been entitled to around $160 each month in SNAP benefits. Taken together, the cash and food aid she could have claimed, even when working full-time, would have been in the range of $5,700 per year. The federal government was providing Modonna with a 36 percent pay raise to supplement her low earnings.

Now, having lost her job and exhausted her unemployment insurance, Modonna gets nothing from the government at tax time. Despite her dire situation, she can't get any help with housing costs. So many people are on the waiting list for housing assistance in Chicago that no new applications are being accepted. The only safety net program available to her at present is SNAP, which went from about $160 to $367 a month when her earnings fell to zero. But that difference doesn't make up for Modonna's lost wages. Not to mention the fact that SNAP is meant to be used only to purchase food, not to pay the rent, keep the utility company happy, or purchase school supplies. Thus, as Modonna's earnings fell from $17,500 to nothing, the annual cash and food stamps she could claim from the government also fell, from $5,700 to $4,400.

Welfare pre-1996 style might have provided a lifeline for Modonna as she frantically searched for another job. A welfare check might have kept her and her daughter in their little studio apartment, where they could keep their things, sleep in their own beds, take showers, and prepare meals. It might have made looking for a job easier—paying for a bus pass or a new outfit or hairdo that could help her compete with the many others applying for the same job.

But welfare is dead. They just aren't giving it out anymore.

Who killed welfare? You might say that it all started with a charismatic presidential candidate hailing from a state far from Washington, D.C., running during a time of immense change for the country. There was no doubt he had a way with people. It was in the smoothness of his voice and the way he could lock on to someone, even over the TV. Still, he needed an issue that would capture people's attention. He needed something with curb appeal.

In 1976, Ronald Reagan was trying to oust a sitting president in his own party, a none-too-easy task. As he refined his stump speech, he tested out a theme that had worked well when he ran for governor of California and found that it resonated with audiences all across the country: *It was time to reform welfare.* Over the years, America had expanded its hodgepodge system of programs for the poor again and again. In Reagan's time, the system was built around Aid to Families with Dependent Children (AFDC), the cash assistance program that was first authorized in 1935, during the depths of the Great Depression. This program offered cash to those who could prove their economic need and demanded little in return. It had no time limits and no mandate that recipients get a job or prove that they were unable to work. As its caseload grew over the years, AFDC came to be viewed

by many as a program that rewarded indolence. And by supporting single mothers, it seemed to condone nonmarital childbearing. Perhaps the real question is not why welfare died, but why a program at such odds with American values had lasted as long as it did.

In fact, welfare's birth was a bit of a historical accident. After the Civil War, which had produced a generation of young widowed mothers, many states stepped in with "mother's aid" programs, which helped widows care for their children in their own homes rather than placing them in orphanages. But during the Great Depression, state coffers ran dry. Aid to Dependent Children (ADC), as the program was first called, was the federal government's solution to the crisis. Like the earlier state programs, it was based on the assumption that it was best for a widowed mother to raise her children at home. In the grand scheme of things, ADC was a minor footnote in America's big bang of social welfare legislation in 1935 that created Social Security for the elderly, unemployment insurance for those who lost their jobs through no fault of their own, and other programs to support the needy aged and blind. Its architects saw ADC as a stopgap measure, believing that once male breadwinners began paying in to Social Security, their widows would later be able to claim their deceased husbands' benefits.

Yet ADC didn't shrink over the years; it grew. The federal government slowly began to loosen eligibility restrictions, and a caseload of a few hundred thousand recipients in the late 1930s had expanded to 3.6 million by 1962. Widowed mothers did move on to Social Security. But other single mothers—divorcées and women who had never been married—began to use the program at greater rates. There was wide variation in the amount of support offered across the states. In those with large black populations, such as Mississippi and Alabama, single mothers got nickels and dimes on the dollar of what was provided in largely white states, such as Massachusetts and Minnesota. And since the American public deemed divorced or never-married mothers less deserving than widows, many states initiated practices intended to keep them off the rolls.

Poverty rose to the top of the public agenda in the 1960s, in part spurred by the publication of Michael Harrington's *The Other America: Poverty in the United States.* Harrington's 1962 book made a claim that shocked the nation at a time when it was experiencing a period of unprecedented affluence: based on the best available evidence, between 40 million and 50 million Americans—20 to 25 percent of the nation's population—still lived in poverty, suffering from "inadequate housing, medicine, food, and opportunity." Shedding light on the lives of the poor from New York to Appalachia to the Deep South, Harrington's book asked how it was possible that so much poverty existed in a land of such prosperity. It challenged the country to ask what it was prepared to do about it.

Prompted in part by the strong public reaction to *The Other America,* and just weeks after President John F. Kennedy's assassination, President Lyndon Johnson declared an "unconditional war on poverty in America." In his 1964 State of the Union address, Johnson lamented that "many Americans live on the outskirts of hope—some because of their poverty, and some because of their color, and all too many because of both." He charged the country with a new task: to uplift the poor, "to help replace their despair with opportunity." This at a time when the federal government didn't yet have an official way to measure whether someone was poor.

In his efforts to raise awareness about poverty in America, Johnson launched a series of "poverty tours" via Air Force One, heading to places such as Martin County, Kentucky, where he visited with struggling families and highlighted the plight of the Appalachian poor, whose jobs in the coal mines were rapidly disappearing. A few years later, as Robert F. Kennedy contemplated a run for the presidency, he toured California's San Joaquin Valley, the Mississippi Delta, and Appalachia to see whether the initial rollout of the War on Poverty programs had made any difference in the human suffering felt there.

RFK's tours were organized in part by his Harvard-educated aide Peter Edelman. (Edelman met his future wife, Marian Wright—later founder of the Children's Defense Fund—on the Mississippi Delta tour. "She was really smart, and really good-looking," he later wrote of the event.) Dressed in a dark suit and wearing thick, black-framed glasses, Edelman worked with others on Kennedy's staff and local officials to schedule visits with families and organize community hearings. In eastern Kentucky, RFK held meetings in such small towns as Whitesburg and Fleming-Neon. Neither Edelman nor anyone else involved anticipated the keen interest in the eastern Kentucky trip among members of the press, who were waiting to hear whether Kennedy would run for president. Since the organizers had not secured a bus for the press pool, reporters covering the trip were forced to rent their own vehicles and formed a caravan that spanned thirty or forty cars. Edelman remembers that "by the end of the first day we were three hours behind schedule."

Kennedy's poverty activism was cut short by his assassination in June 1968. But Johnson's call to action had fueled an explosion in policy making. More programs targeting poor families were passed as part of Johnson's Great Society and its War on Poverty than at any other time in American history. Congress made the fledgling Food Stamp Program permanent (although the program grew dramatically during the 1970s under President Richard Nixon) and increased federal funds for school breakfasts and lunches, making them free to children from poor families. Social Security was expanded to better serve the poorest of its claimants, Head Start was born, and new health insurance programs for the poor (Medicaid) and elderly (Medicare) were created.

What the War on Poverty did not do was target the cash welfare system (by then renamed Aid to Families with Dependent Children, or AFDC) for expansion. Yet the late 1960s and early 1970s marked the greatest period of caseload growth in the program's history. Between 1964 and 1976, the number of Americans getting cash assistance through AFDC nearly tripled, from 4.2 million to 11.3 million. This dramatic rise was driven in part by the efforts of the National Welfare Rights Organization (NWRO). A group led by welfare recipients and radical social workers, the NWRO brought poor families to welfare offices to demand aid and put pressure on program administrators to treat applicants fairly.

The NWRO was also the impetus behind a series of court decisions in the late 1960s and the 1970s that struck down discriminatory practices that had kept some families over the prior decades off the welfare rolls, particularly those headed by blacks, as well as divorced and never-married mothers. Through "man in the house" rules, state caseworkers had engaged in midnight raids to ensure that recipients had no adult males living in the home. In addition, "suitable home" requirements had enabled caseworkers to exclude applicants if a home visit revealed "disorder." Some instituted "white glove tests" to ensure "good housekeeping." An applicant could be denied if the caseworker's white glove revealed dust on a windowsill or the fireplace mantel. When these practices were struck down, the caseloads grew bigger, and with rising caseloads came rising expenditures. No longer was cash welfare an inconsequential footnote among government programs. It was now a significant commitment of the federal and state governments in its own right. As costs increased, AFDC's unpopularity only grew.

The largest, most representative survey of American attitudes, the General Social Survey, has consistently shown that between 60 and 70 percent of the American public believes that the government is "spending too little on assistance for the poor." However, if Americans are asked about programs labeled "welfare" in particular, their support for assistance drops considerably. Even President Franklin D. Roosevelt claimed that "welfare is a narcotic, a subtle destroyer of the human spirit." Although there is little evidence to support such a claim, welfare is widely believed to engender dependency. Providing more aid to poor single mothers during the 1960s and 1970s likely reduced their work effort somewhat. But it didn't lead to the mass exodus from the workforce that the rhetoric of the time often suggested. Sometimes evidence, however, doesn't stand a chance against a compelling narrative.

Americans were suspicious of welfare because they feared that it sapped the able-bodied of their desire to raise themselves up by their own bootstraps. By the mid-1970s, with the country grappling with what seemed like a fundamental societal shift, another reason for wariness toward welfare arose. In 1960, only about 5 percent of births were to unmarried women, consistent with the two previous decades. But then the percentage began to rise at an astonishing pace, doubling by the early 1970s and nearly doubling again over the next decade. A cascade of criticism blamed welfare for this trend. According to this narrative, supporting unwed mothers with public dollars made them more likely to trade in a husband for the dole.

Once again, no credible social scientist has ever found evidence that the sharp rise in nonmarital childbearing was driven by welfare. While welfare may have led to a small decrease in the rate of marriage among the poor during those years, it could not begin to explain the skyrocketing numbers of births to unwed women. Yet Americans were primed to buy the story that AFDC, a system that went so against the grain of the self-sufficiency they believed in, was the main culprit in causing the spread of single motherhood.

And so it was that Ronald Reagan, preparing his run for the presidency during a period when discontent with this stepchild of the welfare state was particularly high, found an issue with broad appeal and seized on it as a way to differentiate himself from his more moderate opponent. His stump speech soon began to feature the "welfare queen"—a villain who was duping the government in a grand style. Unlike the average American, she wasn't expected to work or marry. The father or fathers of her offspring were given a pass on the responsibility of caring for the children they sired.

The campaign even found a woman who became the symbol of all that was wrong with welfare. In a speech in January 1976, Reagan announced that she "[has] used 80 names, 30 addresses, 15 telephone numbers to collect food stamps, Social Security, veterans benefits for four nonexistent, deceased veteran husbands, as well as welfare. Her tax-free cash income alone has been running $150,000 a year." As he punctuated the dollar value with just the right intonation, audible gasps could be heard from the crowd.

Reagan's claims were loosely based on a real person. Hailing from Chicago, Linda Taylor was a character as worthy of the big screen as Reagan himself. In a profile in *Slate*, Josh Levin wrote that in the 1970s alone, "Taylor was investigated for homicide, kidnapping, and baby trafficking." She was implicated in multiple counts of insurance fraud and had numerous husbands, whom she used and discarded. Without a doubt, she was a real villain. But she was very far from a typical welfare recipient.

Although negative racial stereotypes had plagued welfare throughout its existence, the emphasis on race was more widespread and virulent after Reagan turned his focus to the system. His welfare queen soon became deeply ingrained in American culture. She was black, decked out in furs, and driving her Cadillac to the welfare office to pick up her check. None of these stereotypes even came close to reflecting reality, particularly in regard to race. It was true that as of the late 1960s and beyond, a disproportionate percentage of blacks participated in AFDC. But there was never a point at which blacks accounted for a *majority* of recipients. The typical AFDC recipient, even in Reagan's day, was white.

Reagan lost the Republican primary to Ford in 1976 but defeated President Jimmy Carter in 1980. As president, Reagan took a somewhat softer tone, rhetorically portraying the welfare recipient as more of a victim of bad public policy than a villain. Like FDR, President Reagan viewed the poor as caught up in a system that acted like a narcotic. He was buoyed by the work of the libertarian social scientist Charles Murray, whose influential 1984 book *Losing Ground* argued that social welfare policies had increased long-term poverty. Murray's logic was simple: Pay women to stay single and have babies, and more of them will do so. Pay them not to work, and you have a double disaster on your hands. Murray laid the blame for continuing high rates of poverty squarely at the feet of the welfare system.

By discouraging both work and marriage, the system was ensuring that millions of American women and children remained poor. In his second inaugural address, Reagan argued for Murray's thesis; his call was to help the poor "escape the spider's web of dependency."

Despite this grand narrative and call to action, the changes Reagan was able to make to the welfare system were not extensive. The most notable legislative accomplishment of the 1980s was the Family Support Act, a bipartisan effort by conservatives and New Democrats who sought to distance themselves from the tax-and-spend image that was losing them seats in Congress. Arkansas governor Bill Clinton was a leader among the latter group. The act was the most significant attempt to date to put teeth into a work requirement for the welfare poor and to enhance child support enforcement. Those with new requirements imposed upon them were supposed to work at least part-time or to participate in a training program, but there were numerous exemptions. In the end, the program amounted to little more than an unfunded mandate. There was a jobs program with a catchy acronym (JOBS, standing for "job opportunities and basic skills"), but few states took their part seriously, and life changed for only a small fraction of welfare recipients.

President Reagan famously quipped that "we waged a war on poverty, and poverty won." Judged by the size of the welfare rolls, Reagan's campaign against welfare was at least as futile. By 1988, there were 10.9 million recipients on AFDC, about the same number as when he took office. Four years later, when Reagan's successor, George H. W. Bush, left office, the welfare caseloads reached 13.8 million—4.5 million adults and their 9.3 million dependent children. How was it that welfare, an immensely unpopular program, could withstand such an offensive? If welfare's chief nemesis, Ronald Reagan, had failed, who possibly stood a chance?

David Ellwood was comfortable in his role as Harvard professor. He had sharp blue eyes, a scruffy beard, and a slight wave to his hair when it needed a trim. He was the smart kid who came to Harvard for college and never left, landing his first job as a professor there right after graduate school. The son of an influential Minnesota physician (who is credited with inventing the concept of the health maintenance organization, or HMO), Ellwood was raised to be a shaper of policy. Early on in his career, he established himself as one of the nation's leading experts on welfare policy, one who was unafraid to step into the public sphere.

Before Ellwood, no one had produced reliable estimates of how long the typical welfare recipient stayed on welfare. Armed with data from America's longest-running longitudinal survey—a survey that had followed the same families for well over a decade—Ellwood and his colleague Mary Jo Bane released a study in 1983 showing that the typical welfare spell lasted less than two years. It was also true, they found, that at any given time there were people on AFDC who did fit the picture of the long-term user, either staying on chronically for years and years or cycling on and off, over and over again. Because such families stayed on for longer periods, it created the inaccurate impression that the program served mostly long-term dependents. The real story supported by Ellwood and Bane's findings was that most families used welfare as a temporary hand up during a crisis or transition. The majority did not seem to be trapped in Reagan's "spider's web of dependency."

Releasing these results just as Charles Murray's indictment of welfare in *Losing Ground* gained traction, Ellwood found himself thrust into the limelight, cast into the role of welfare's defender, arguably the most thankless task in America. Angry letters and phone calls poured in. His appearance on *The Oprah Winfrey Show* even sparked a screaming match between audience members, caught on tape. Producers, politicians, and others apparently found it easy to find welfare recipients who were willing to claim that the program made people lazy. Ellwood was shocked by the vitriol that his defense of welfare inspired. He wondered how a system that engendered such hate—even among many of those whom it was supposed to help—could ever survive. There had to be a better way.

During this time, Ellwood came to a critical realization: Americans didn't hate the poor as much as they hated welfare. In fact, during the very years that Reagan was fighting his war on welfare, the number of Americans who thought we were spending *too little* on help for the poor actually rose, up from 63 percent in 1986 to 70 percent in 1988. The public's concern with welfare was not about how much it cost, but rather about the terms under which aid was given. Many scholars argued that Murray's claims weren't credible, but even so, no one could really assert that the current welfare program was either pro-work or pro-marriage. Ellwood concluded that if government aid to the poor could be restructured in such a way as to promote work and promote family, perhaps the American public would come to be more generous.

In his book *Poor Support,* Ellwood explained how he saw the problem. Welfare, he wrote, "is a flawed method of helping people who are poor and disadvantaged. Welfare brings some of our most precious values—involving autonomy, responsibility, work, family, community, and compassion—into conflict." If a new model was to have a chance at success, it had to involve a social compact of some sort that was in line with American values. Help should be rendered, but work should be required as well.

Ellwood called for a major revamping of America's approach to alleviating poverty, one that would turn the welfare system upside down. First, he wanted to boost the payoff for low-wage work by raising the minimum wage and greatly expanding a small and then little-known program called the Earned Income Tax Credit, a program that, through a refundable tax credit, offered a wage subsidy to the working poor. He also proposed converting AFDC "into a transitional system designed to provide serious but short-term financial, educational, and social support for people who are trying to cope with a temporary setback." In Ellwood's vision, this program might provide assistance for a few years while recipients pursued education and training. After that, they would be required to work. For those who were unable to find work before the time limit expired, a public, minimum-wage job would be provided. Ellwood acknowledged that providing high-quality education and training opportunities, and even public jobs, would be costly. But he believed that if such a program fit into core American values, the public would pay for it.

Ellwood's plan was comprehensive and multidimensional. Yet of all the recommendations, there were but two that received widespread attention: one of welfare's primary defenders was proposing that the U.S. cash welfare program should (1) impose time limits and (2) require work, reforms that went further even than Reagan's.

In 1992, a new presidential hopeful sought to break away from the pack of contenders by taking up issues that resonated with voters. Hailing from Arkansas, a state as far removed from Washington as any, at least in a cultural sense, Bill Clinton had long been a proponent of changing the welfare system. His position had, in fact, been shaped by the thinking of David Ellwood. When Ellwood presented a paper titled "Reducing Poverty by Replacing Welfare" to the National Governors Association in the late 1980s, Clinton was eager to tell Ellwood how much he admired the professor's work. Clinton's view going into the presidential campaign was that the poor should receive ample help, but that help should be geared toward those who were working. The cash welfare "entitlement," offering indefinite support without anything expected in return, should end.

Once again, a charismatic presidential candidate decided to make welfare reform one of his major issues. Clinton had the broad brushstrokes of a policy position, but not the specifics. Nor did he yet have the language that would capture people's attention. Those elements came from his aide Bruce Reed, who coined the phrase that would serve as a defining idea for the Clinton campaign and presidency. A skinny thirty-one-year-old with no expertise in welfare policy, but with a burning desire to win back the White House for a party that he thought had swung too far to the left, Reed saw welfare reform as a clear political winner. He went searching for the phrase that could put the issue front and center.

Clinton first announced that it was time to "end welfare as we know it" in a speech at Georgetown University in October 1991. In the days before the Georgetown speech, as Reed fervently worked to flesh out what exactly this meant, he happened upon one of the papers in which Ellwood laid out his proposal. Reed seized on the only conservative tenet of Ellwood's plan and proposed that in the Clinton program, families would get up to two years of cash aid coupled with job training and other services. After that, they had to work, either in a private sector job or by fulfilling a significant community service requirement. "Two years and you're out" became Clinton's other catchphrase, making it quite clear which part of the Ellwood plan was to be featured most prominently in the campaign.

The popularity of his pledge to end welfare was perhaps the only bright spot in an otherwise brutal few months of campaigning for the southern governor. New allegations seemed to arise almost weekly—that Clinton had engaged in sexual infidelities, dodged the draft, and smoked marijuana (but famously never inhaled). It was arguably his pledge to end welfare that kept him in the race. Nothing polled better for Clinton than welfare reform. The *New York Times'* Jason DeParle reported that a campaign staffer called the issue "pure heroin."

Clinton's plans for welfare reform were featured prominently when he accepted the Democratic Party's nomination for president. And in his first major address to a joint session of Congress, in 1993, the new president made it clear that he planned to act on his pledge, declaring, "I want to offer the people on welfare the education, the training, the child care, the health care they need to get back on their feet, but say after 2 years they must get back to work, too, in private business if possible, in public service if necessary. We have to end welfare as a way of life and make it a path to independence and dignity."

Drawing on Ellwood, the new president's plan would add time limits to AFDC, but it would also increase the benefits of work to poor parents through a dramatic expansion of the EITC. By doing this, he argued, the country would "make history. We will reward the work of millions of working poor Americans by realizing the principle that if you work forty hours a week and you've got a child in the house, you will no longer be in poverty." As Clinton was announcing plans to bolster the efforts of the working poor—whom many saw as deserving, but for whom there was little to no aid—he once again borrowed from Ellwood, making the case that the working poor "play by the rules" but "get the shaft." It was time to "make work pay."

According to Jason DeParle, however, Ellwood worried that Clinton's rhetoric on welfare time limits was too harsh. Were Ellwood's own words going to be used to push families with children off the rolls and into deep poverty? Ellwood had more than once tried to clarify that he promoted time limits only in the context of an overall expansion of aid to the working poor. Bruce Reed's feverish desire that the new president live up to his pledge to "end welfare as we know it" caused Ellwood to wonder what exactly the Clinton reform was going to look like.

Still, when the call came asking him to serve in the new administration as an assistant secretary in the U.S. Department of Health and Human Services, Ellwood immediately packed his bags for Washington. Within days of arriving in the capital, he and a colleague were asked to develop a plan to expand the EITC in a big way. This expansion was included in Clinton's 1993 budget plan and became law in August of that year. In just a few years, the federal government would be spending many billions of dollars more on the EITC—to aid workers—than it ever had on AFDC.

Making good on the promise to reform the welfare system itself was far more daunting. It quickly became apparent that the administration—and, most important, the president—didn't have a specific plan for how to approach the issue. There was a clear charge to "end welfare as we know it," but no one knew exactly how this campaign rhetoric was to be transformed into a concrete proposal. David Ellwood's plan would cost a great deal more than the current system, because of its investments in education, training, and the provision of

public jobs. Bruce Reed's goal, which was more closely aligned with the language that had gotten the president elected, was to spend a great deal *less* on welfare, not more. Which approach would the president endorse?

An interagency task force was formed, cochaired by Ellwood, Reed, and Mary Jo Bane, Ellwood's colleague from Harvard who had also taken a leave to join the administration. It included more than thirty members, from every federal department with a possible stake in the effort. But forming this task force was little more than a PR move to show that the Clinton administration was committed to the issue. A smaller work group, drawn heavily from the Department of Health and Human Services but including Reed and some others, was charged with developing the actual proposal. This smaller group would do the heavy lifting, meeting several times a week over the course of many months. Ellwood's deputy, Wendell Primus, a well-respected, long-term Democratic staffer in the House of Representatives with an encyclopedic knowledge of welfare policies and a commanding physical presence, was tapped to organize the group. Struggling under the weight of the competing agendas of its members, however, the work group found it all but impossible to achieve its goal.

It wasn't until June 1994, after the new administration had taken a beating on its proposed health care reform effort, that the Clinton team released its welfare reform package. Adults receiving cash assistance could stay on the program for two years without any work requirement. After that, they had to work, preferably in the private sector, but if not there, then in a subsidized job. There were numerous exemptions to the work requirement. So many, in fact, that the administration's projections showed that by the end of the 1990s, only a tiny fraction of those on cash assistance would be working. There was a time limit but it also had many exemptions. In short, it wasn't a bill that would end welfare as we knew it.

The bill was essentially dead on arrival to Congress. In the summer of 1994, both sides of the aisle were preparing for Republican gains in the midterm elections that fall. Democrats didn't want to engage in a debate on welfare that might divide and further weaken them, and Republicans assumed they'd be in a much better position to negotiate after the election. Neither side wanted to touch the issue.

Most observers expected Republicans to do well in the 1994 midterm elections, but virtually no one predicted the extent of the landslide. The GOP made historic gains in both houses and took full control of Congress for the first time since 1954. As Newt Gingrich prepared to take over as Speaker of the House, no Republican then in office had ever served under a Republican Speaker.

For the first time in AFDC's sixty-year history, there was a Republican-controlled Congress paired with a Democratic president on record as favoring welfare reform. If ever a window for major reform had opened, it was in 1995. And no one was more enthusiastic about that than House Ways and Means Committee staffer Ron Haskins, a former marine with a doctorate in child psychology who had come to Washington in the 1980s on a congressional fellowship and never left. Brash and imbued with boundless energy, Haskins was up at 5:00 a.m. on the day after what he referred to as the "glorious" 1994 election, absolutely elated by the Republican victory and ready to get to work to make welfare reform a reality.

With Haskins's help, Republicans seized the opportunity to craft their own version of welfare reform, building on what they had proposed in the Contract with America, the Republican policy document used as a blueprint for the 1994 campaign. The program they envisioned would be brought closer to the people, so to speak, by passing all federal welfare funds to the states in the form of block grants (spending on which could be capped at the federal level). This would allow states greater latitude in how they spent the money, which would not all have to go to providing cash aid to the poor.

Yet for congressional Republicans, it wasn't acceptable simply to send money down to the states with no strings attached. To keep all of its block grant, a state would be required to meet stringent benchmarks for workforce participation among recipients. At first, governors balked at this demand. Everyone knew that work programs cost money, and a lot of it. But then a critical compromise was struck, based on an idea hatched by Robert Rector of the conservative Heritage Foundation. The work participation requirements could be met by reducing the welfare rolls, *by any means*. It didn't matter if recipients left cash assistance for work or not, they would still be counted as meeting the work requirement.

Perhaps even more important than the new work requirements was the fact that the new block grant structure essentially capped funding for the program, so a state couldn't be expected to provide assistance if the cost exceeded its allotment. Now it could say, "Sorry, we've run out of money." The plan also mandated that states impose a five-year lifetime benefit cap for cash assistance using federal funds, but they could choose to impose shorter time limits if they wished. Recipients who exceeded the time limit would have no access to any cash assistance at all. Furthermore, there were no provisions to ensure former recipients subsidized or public jobs. Most important, under the new plan, no one with children would have the *legal right* to receive a dime of cash welfare from the government, even if the family had no other means of support. The old welfare program, AFDC, had ensured that right.

David Ellwood watched from his perch at Health and Human Services, believing that these welfare "reform" efforts had veered completely off the rails. The new plan wasn't a hand up, it was a hand off—off the rolls, off assistance—with no attempt to make sure families landed in a better place. It was, in effect, his worst nightmare, his ideas used in a way that he had never intended. Perhaps making the calculation that there was no longer any opportunity to create a change for the better in Washington, he resigned from the administration in July 1995 to return to his post at Harvard, where he would observe the new developments from afar.

Ellwood's replacement was Peter Edelman, RFK's former aide. Edelman had been serving in the administration as counselor to Secretary of Health and Human Services Donna Shalala but hadn't been involved in the welfare reform efforts at all until he took over Ellwood's job. He and his wife, Marian Wright Edelman, a well-respected child advocate, had known the Clintons for more than two decades. First Lady Hillary Clinton herself had previously served as chairwoman of the board of Marian Wright Edelman's Children's Defense Fund.

By the time Peter Edelman entered the picture, congressional Republicans had seized the ball. Already, Congress was well on its way to passing a bill, but no one knew exactly where the president stood or what he was willing to accept. Edelman, Mary Jo Bane, and the other top brass at Health and Human Services urged the president simply to reintroduce the administration's bill from the previous year in an effort to offer an alternative to the Republican-led efforts. But Clinton was unwilling.

The bills that came out of the House and Senate not only turned AFDC into a block grant, but they also converted Medicaid into a block grant and levied cuts to the Food Stamp Program. These latter provisions turned out to be steps that, in the end, the president wasn't willing to take, and he would veto them. But in the fall of 1995, even insiders in the Clinton administration had no idea what kind of bill coming out of Congress the president would sign. How far would he be willing to go?

While her husband was working inside the administration, Marian Wright Edelman published an op-ed in the *Washington Post* in November 1995, telling the president that "irreparable damage will be inflicted on children if you permit to be destroyed the fundamental moral principle that an American child, regardless of the state or parents the child chanced to draw, is entitled to protection of last resort by his or her national government." Then an internal administration report authored by Wendell Primus and Sheila Zedlewski of the Urban Institute was leaked to the *Los Angeles Times*. It projected that the Senate version of the welfare reform bill—the more moderate of the two—would nonetheless "push 1.1 million more children into poverty, an increase of almost 11 percent."

Thus, by the fall of 1995 it was public knowledge that Marian Wright Edelman was vehemently opposed to the bill. Further, a respected analyst within the president's own administration predicted that the bill would send more than a million children into poverty. The White House braced for public outrage. Yet calls did not flood the White House switchboard, nor did angry letters overflow the mailroom. In fact, in the weeks following the release of Primus's report, Clinton's job approval rating spiked to its highest level in more than a year and a half.

It seemed more and more likely that a welfare reform bill would get through Congress. Peter Edelman recalls Wendell Primus telling him, "If [Clinton] signs the bill, I'm going to quit the next day." Edelman thought there remained some chance that the legislation would fail, or that Clinton might veto it if it passed. In the end, the bill that Congress passed in the summer of 1996 wasn't that different from the version Clinton had vetoed earlier in the year. It didn't turn Medicaid into a block grant, although it did include new restrictions on access to food stamps, mainly for legal immigrants, who, unlike undocumented immigrants, had access to the program. Most important, the bill ended AFDC in favor of a new program that required work and imposed lifetime limits. Designed as a block grant, the new program gave states much more latitude in how they spent the money from the federal government than AFDC allowed. While the federal government imposed a five-year lifetime limit on benefits using federal funds, states were free to impose even shorter time limits, and some of them did so. The legislation slashed cash and noncash benefits for immigrants (although these benefits were largely restored in later years). At the same time, though, it increased funding for child care subsidies for recipients who found jobs and for otherwise eligible families. But there was no backstop, no Ellwood-like public jobs program for those who couldn't find work in the private sector. Nor was there much in the way of additional dollars for education and training.

After an intense morning meeting with his cabinet and closest advisers, President Clinton announced that he would sign the bill, and he did so on August 22, 1996, the day after he signed into law the first increase in the federal minimum wage in five years. The president was making good on his promise to end welfare as we knew it. But at the same time, he was giving poor working families a raise through a modest minimum-wage hike and a substantial wage supplement now provided through a refundable tax credit, the EITC. This was the Clinton compromise.

It was a watershed in America's commitment to the poor. True to his word, Wendell Primus immediately resigned from his post. In short order, so did Mary Jo Bane and Peter Edelman. Edelman and Bane made the decision together. After they spotted each other across the table at a Health and Human Services meeting, Edelman remembers saying, "Are you thinking what I'm thinking?" It would have been their responsibility, as members of the administration, to implement the new legislation, which they had opposed. They left without public statement, sending e-mails only to their respective staffs explaining their decisions. Yet the act garnered front-page coverage across the country. The *Washington Post* noted that the twin resignations amounted to "an unusually public move that underscores the deep divisions within the administration over the legislation." The *New York Times* highlighted "the resignation of Mr. Edelman" as a "particular rebuke."

Yet other than the resignation of a few top officials, Clinton suffered no significant fallout from signing the bill. After doing so, his job approval rating shot up to 60 percent and remained high through the 1996 presidential election. The Democratic National Convention did not dissolve in protest as some had predicted, and the president was reelected by a wide margin in November. If Clinton owed his first presidential election to welfare reform, making good on his campaign pledge probably helped solidify his election to a second term.

Perhaps the most surprising fact, though, is how quickly the issue faded from view. A federal program in existence for sixty years, a system that had survived would-be reformers for decades—including a full frontal attack by Ronald Reagan—was terminated by Congress and the stroke of the president's pen in the summer of 1996 without much fuss at all. Welfare, as the country knew it, was dead, and very few people seemed to care.

Daniel Patrick Moynihan, then a long-serving Democratic senator from New York who had played a leading role in every national welfare discussion since the early 1960s, famously admonished his colleagues during the 1995 congressional debate over reform, in words befitting a biblical prophet: "If, in ten years' time, we find children sleeping on grates, picked up in the morning frozen, and ask, 'Why are they here, scavenging, awful to themselves, awful to one another,' will anyone remember how it began? It will have begun on the House floor this spring and the Senate chamber this autumn." In an *Atlantic Monthly* article published in early 1997, Peter Edelman warned that when the new cash assistance program's time limits took effect, there would be "more homelessness, for example, with more demand on already strapped shelters and soup kitchens."

The reform's supporters were similarly dramatic but told a very different story, one of liberating the poor from a deeply flawed program. And in the years following welfare reform's passage, it looked to almost everyone as if the pro-reform advocates were right. Writing in the *New York Times* in 2006, former president Clinton boasted about what he saw as a landmark achievement: "Welfare reform has proved a great success" and "shows us how much we can achieve when both parties bring their best ideas to the negotiating table and focus on doing what is best for the country."

There were important signs pointing to success. Poor single mothers left welfare and went to work in numbers that virtually no one expected. In 1993, 58 percent of low-income single mothers were employed. By 2000, nearly 75 percent were working, an unprecedented increase. Rates of employment declined during the 2000s as the economy slowed but have remained above pre-reform levels, although not by much during the years of high unemployment around the 2007–2009 Great Recession. As the welfare system changed, cash assistance caseloads plummeted and have remained low ever since, even during the Great Recession.

Child poverty rates fell for four consecutive years after 1996 and have never again reached the pre-reform peak, belying the prediction that the changes would throw more than a million more kids into poverty. The EITC's expansion, coupled with the 1996 increase in the minimum wage and the increased availability of child care dollars, made government provision for working-poor parents far more generous than ever before. The booming economy of the late 1990s meant that jobs were plentiful right at the time that Temporary Assistance for Needy Families was implemented. The national unemployment rate dropped to a low of 4 percent in 2000. In a sense, welfare reform couldn't have been better timed for success.

Yet even as President Clinton and House Republicans were taking their victory laps, signs of the dark underbelly of welfare reform were already beginning to emerge. Most of those who left welfare did so for a job, but 40 percent of them did not have a job at exit, some because of the new requirements, but most for reasons that no researcher could discern. Among those who found work, the wages, benefits, and overall quality of their jobs were typically low. As a result, poverty among these "welfare leavers" remained high.

Of even greater concern was the fact that a series of studies in the 2000s showed that the number of single mothers who were neither working nor on welfare—a group that researchers referred to as "disconnected"—had risen substantially. One in five single mothers was in such circumstances during the mid-2000s. Disconnected welfare leavers experienced substantially higher rates of material hardship than those who left welfare for jobs.

Other problems for families at the very bottom also began to surface. Starting in 2001, more and more families with children who were receiving SNAP began to report that they had no other source of cash income to live on—not from work, not from public assistance. By 2006, the number of such families had grown 143 percent from a

decade before. By 2012, 1.2 million families on SNAP told eligibility workers they had no other income. Private charities began to feel the pinch, too. According to Feeding America, an antihunger organization and national network of food banks that conducts the nation's largest study of charitable food distribution in the United States every few years, pantries and other emergency food programs nationwide served roughly 21.4 million Americans in 1997. By 2005, that number was higher by 3.9 million, and it ballooned even further during the Great Recession, to 37 million Americans in 2009.

Daniel Patrick Moynihan's hometown of New York City experienced a sharp and sustained rise in the need for family homelessness services when the economy soured in 2001, and there was evidence of higher rates of family homelessness nationally by mid-decade. Beginning in 2004, public schools were mandated to count the number of homeless children in their classrooms. (This is the number of children whose parents or guardians could not afford permanent housing but were still attending school.) In 2004–2005, there were 656,000 such children. This number spiked temporarily in 2005–2006 because of Hurricanes Katrina and Wilma, but then gradually increased over time, reaching 795,000 in 2007–2008 and 1.3 million in 2012–2013. Thus, though it was not immediately apparent, the claims of Moynihan, Edelman, and the other top officials who resigned in protest when the 1996 bill was signed have proved remarkably prescient.

Linked to all these disturbing indicators was the rise of American households with children living on $2 a day, a trend that cannot be separated from the fact that welfare—the cash assistance system—was no longer catching families when they fell.

No one really knows for sure why the TANF rolls have remained so low, even during the Great Recession. The most obvious explanation is that families who have fallen off the rolls have hit their time limits. But as it turns out, such cases account for a rather small number and don't explain the trend. Researchers can't fully explain why so many families who are eligible for TANF, like Modonna, never get on the program in the first place, which is a far more important factor in explaining the low caseload levels. Those who have not yet come up against the time limits and are still eligible may be dissuaded from applying because the process is so time-consuming. And as Modonna learned, there is no guarantee that proving your need will earn you a place on the rolls. Even if you are approved for TANF, the payoff is questionable, given that benefit levels have fallen so much in value over the years. In addition, you are now expected to engage in work activities in exchange for your benefits, in some cases with unpaid community service, unless you are exempt for some reason. Prospective applicants might reasonably determine that their time would be better spent hitting the streets in search of a real employer—and such a choice isn't all bad from a policy perspective, of course.

Perhaps more important, though, is evidence that welfare reform coincided with a fundamental shift in the way low-income single mothers thought about parenting. In the years prior to welfare reform, in-depth conversations with hundreds of single mothers on welfare illuminated their belief that taking a full-time job would greatly detract from their ability to be a good parent, especially if they had young children. Then came the roaring 1990s, when an unprecedented number of these single mothers found themselves going to work, "pushed" by the changes in the welfare rules and "pulled" by the EITC expansions, minimum-wage increase, and unprecedented strength of the economy.

Years after welfare reform, when researchers engaged in a further series of in-depth conversations with former welfare recipients, the typical single mom talked about work in a very different way from those interviewed just a few years before. Now she was telling researchers that to be a good parent, she had to model the value of education by getting a job. For these single mothers, the idea of returning to welfare violated their views of what being a good parent required, adding a self-imposed stigma to the potent societal stigma that came with claiming benefits from the program.

The simplest explanation of all, however, for why families are not

turning to the assistance that can be gleaned from TANF comes from Modonna Harris back in Chicago. That is, as the cash assistance rolls plummeted in just a few years' time, TANF receipt became rare enough among the poor that it has simply faded from view. No one in Modonna's network of family and friends knew anyone who was getting welfare—even those in obvious need.

Had the Ellwood plan gone into effect in the mid-1990s, Modonna and Brianna might have been able to get some cash assistance during their long spell of living on nothing. Or perhaps they would have had access to something that Modonna would have preferred far more: a subsidized job. Modonna sees herself as a worker, a provider, and she's proud of that. Had the Ellwood plan passed, perhaps her downward spiral into $2-a-day poverty, and her repeated spells of homelessness, could have been avoided. No one will ever know for sure.

What is known, though, is that the way things turned out, the 1996 reformers didn't merely "replace" welfare. They killed it. By 2012, welfare was far from the minds of the $2-a-day poor. So far, in fact, that Modonna Harris, living in a shelter on the Near West Side of Chicago, and Susan Brown, living in the dilapidated family home on the South Side—both eligible for the program—thought they just weren't giving it out anymore.