

OPENING REMARKS

Good morning. I am delighted to welcome you to our conference “Welfare Reform Four Years Later: Progress and Prospects.” In 1996, sweeping legislative changes in public assistance ushered in a period of remarkable change in how welfare is administered in New York, New Jersey, and the nation as a whole. The purpose of today’s conference is to explore the nature of the reforms introduced, the consequences of these changes, and the prospects for the future.

It was the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 that set welfare reform in motion these past several years. The name says it all: work and responsibility. The act was designed to encourage welfare recipients to find work and to take personal responsibility for their efforts. The motivation for the legislation was to reduce the number of people on public assistance while at the same time increasing the number of people with jobs. The goal, in short, was responsible economic self-sufficiency for the least advantaged Americans.

Four years later, we may reasonably ask: Has welfare reform been successful? Have more people reached economic self-sufficiency as a result of this legislation?

In broad terms, what we have found is that the number of people on public assistance has fallen dramatically in the past few years. Welfare caseloads today are one-half the peak they reached in 1994. There are a number of open questions, however, some of which we will explore today.

One question concerns the issue of time limits. Under the 1996 legislation, each family on public assistance faces a maximum number of years it can receive welfare. For example, quite a few New Yorkers may run out of eligibility for welfare benefits in 2002. Will these families be able to find jobs? How much do macroeconomic conditions matter?

At the level of the individual families, a related question we may well ask is what has happened to each of the families that left the welfare rolls? Some of these families may be economically self-sufficient, but others may have fared far less well.

A second issue to consider is the impact of the legislation on high-risk women—women without much education or work experience. Does anything special need to be done to help these hard-to-employ women?

Finally, we also want to think about our own area, the Second District, which encompasses New York, New Jersey, and Fairfield County. The 1996 legislation gave each state wide latitude to formulate its own welfare policy. Thus, an obvious question is how has the experience of the New York–New Jersey region differed from that of the rest of the country? Can we learn anything about these differences?

The Federal Reserve Bank of New York is pleased to provide a forum to address these issues. In fact, one of our jobs here at the Bank is to facilitate the free exchange of ideas on public policy. We certainly think that monetary policy is important,

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but we also recognize that social policy matters. Some of you may have been to our 1999 conference on income inequality. We are also organizing a conference on productivity to be held in November 2001. Our conferences are unique because they are nonpartisan and bring together academics, practitioners, and other experts.

We hope that today's conference will begin to provide answers to some of the questions I have raised. We also look forward to learning from each other.

Our conference speakers represent diverse areas of expertise. We are pleased that leading representatives from the fields of economics and sociology are joining us today to present their latest research on welfare reform outcomes. The panel of discussants for the conference's closing session includes

distinguished representatives from business, public health, and community services. And we are especially fortunate to have the New York State Executive Deputy Commissioner of Labor, James Dillon, as our luncheon speaker.

Finally this morning, I would like to emphasize how much we value the participation of all of you in the audience. Most of you here today also bring a wealth of experience in welfare reform that we want very much to incorporate in our conference proceedings. Thus, we have scheduled specific time for discussion at the end of the day. We also intend to leave time at the end of each of the individual sessions for open discussion.

Today's conference promises to be both informative and productive, and once again I am delighted to welcome you.