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Welfare Reform in the U.S.: A Policy Overview Analysis

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Abstract

Several previous papers have marked the United States as an outlier: high poverty rates, low public social spending but high private social expenditures; a rather strong belief that people are poor because of laziness or lack of will; and remarkable differences across the States due to state discretion. With that established context in mind, this paper analyzes U.S. welfare in more detail, focusing on the impact of TANF—part of the major welfare reform that took place in the United States in 1996. U.S. welfare reform emphasized an American preference for work, and it was a move further away from the strategies other "wealthy" nations use to address poverty. Initially U.S. welfare reform did serve to increase work participation rates, although the earnings of most individuals who left welfare were still below the poverty line, even many years after their exit. We found huge variation of welfare eligibility rights across states, depending on the state's ability to pay and preferences to meet a certain level of social standard or other (social) objectives such as child care, work support and employment programs.

KEYWORDS: welfare reform, poverty, United States

Author Notes: This is a cross-Atlantic co-production. Both authors studied welfare regimes in the U.S. and in the European Union on both sides of the Ocean in 2009. Martin was visiting Leiden Law School of Leiden University from National Poverty Centre of the University of Michigan, while Caminada was a Visiting Honorary Fellow at the Institute of Research on Poverty of the University of Wisconsin-Madison. This paper completes a trilogy of cross-country working papers on anti-poverty policy. The statistical information of sections 1-3 draws heavily on joint work of one of us (KC) with Kees Goudswaard. This study is part of the research program 'Reforming Social Security': www.hsz.leidenuniv.nl. Financial support of Stichting Instituut GAK is gratefully acknowledged.

"No one who works full-time and has children at home should be poor anymore. No one who can work should be able to stay on welfare forever."
(Presidential candidate Clinton, 1992 campaign speech)

"In the absences of a renewed antipoverty effort, many households will continue to be unable to afford adequate food, housing, and shelter. Our high poverty rate contributes to an erosion of social cohesion, a waste of the human capital of a portion of our citizenry, and the moral discomfort of condoning poverty amidst affluence."
(Scholz, Moffit, and Cowan, 2008, 31)

1 INTRODUCTION

In 1996 the United States passed large-scale welfare reform through the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), significantly changing the way the nation supports its neediest residents. Welfare reform impacted Medicaid, Supplemental Security Income, and most notably it ended the U.S.'s largest cash-based assistance program, Aid to Families with Dependent Children (AFDC), replacing it with a new program focused on work participation, Temporary Assistance for Needy Families (TANF). To appreciate the successes and failures of TANF, it is first important to understand the intended outcomes of the program, the tenants of the program's rules and how they differ from AFDC, and TANF's place within the context of poverty reduction strategies in the United States.

This paper, part of a series of research papers exploring cross-country poverty reduction strategies, follows work that established the United States as an outlier in comparison with other "wealthy" nations, with relatively high poverty and relatively low rates of social spending. This article takes a detailed look at TANF, in part because of the prominence of its role in the U.S. safety net, and in part because the passage of PRWORA represents a shift in U.S. policy that moves the nation further away from the poverty reduction strategies being implemented in other wealthy, developed nations.

Temporary Assistance to Needy Families, while not the largest cash transfer program in the United States,[1] is the only direct cash assistance program that serves the nonelderly and those who are not disabled. While there are several

1 The Earned Income Tax Credit is the largest cash-transfer program serving low-income working families at the federal level. In 2008, EITC served 22 million families, amounting to a total of $34 billion dollars in benefits. See, for details, H. Hoynes, "The Earned Income Tax Credit, Welfare Reform, and the Employment of Low-Skilled Single Mothers," University of California Davis, 2008.

in-kind monthly supports to families, TANF is the only mechanism for providing cash directly to poor families in order to supplement their income on a monthly basis.[2]

This paper begins with a brief primer on U.S. means-tested safety net programs for the nonelderly and trends in U.S. safety net spending (Section 2) as a way to provide context around U.S. safety net programs including both cash transfers and in-kind benefits. It then provides an overview of TANF (Section 3) that includes the policy's objectives and a detailed account of the policy's components. Section 4 moves to an evaluation of TANF through a literature review providing insight on some of the major successes and failures of TANF, organized by theme, followed by (Section 5) the conclusion.

2 U.S. SAFETY NET

2.1 Means-Tested Benefits[3]

This section serves as a primer on U.S. means-tested, safety net programs. We focus solely on the primary means-tested benefits, because these programs have explicit antipoverty goals. Means-tested programs are financed by general tax revenues, and all restrict benefits to those whose incomes and/or assets fall below an established threshold. Some are entitlements—all who satisfy the stipulated eligibility requirements get benefits, regardless of the total budgetary cost (e.g., Food Stamps). Other means-tested programs, nonentitlements, provide benefits only until the funds allocated by Congress or a state are spent even if some eligible participants are not served (e.g., TANF).

Table 1 summarizes the evolution of means-tested (antipoverty) spending.[4] Note that there has been a sharp reduction in cash entitlements for poor families in past decades in the United States. The nature of programs has changed as well: cash welfare benefits, for example, have been tied to work requirements; partly in response to evolving views about the nature of the poverty problem, responsibility for antipoverty policy has also broadened from the antipoverty

2 Supplemental Security Income (SSI) provides support to elderly and disabled individuals through supplemental monthly income; however, because this program's eligibility does not include all families below an established income threshold, we do not address it directly in this paper.

3 This section summarizes a comprehensive study of Scholz et al. (2008) on trends in income support in the United States. See J.K. Scholz, R. Moffitt, and B. Cowan, "Trends in Income Support," Institute for Research on Poverty Discussion Paper 1350-08 (2008), Madison.

4 Annex A presents figures for Supplemental Security Income as well.

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agencies of the federal government to those in the U.S. States and to the tax code, as evidenced by the move to TANF and the Earned Income Tax Credit (EITC).

Table 1. Total Means-tested Benefits by Program, 1970-2007

	AFDC/TANF	EITC	Medicaid	Food Stamps	Housing Aid	School Food Programs	WIC	Head Start
	Constant 2007 dollars, billions							
1970	26.5		28.3	3.0	2.7	3.6		1.7
1975	36.6	4.8	51.8	16.9	8.2	7.4	0.3	1.6
1980	33.8	5.0	65.5	21.9	13.8	9.1	1.8	1.8
1985	31.5	4.0	78.9	20.7	22.0	7.3	2.9	2.1
1990	34.9	12.0	116.9	22.4	24.6	7.1	3.4	2.5
1995	40.9	35.3	197.1	31.0	37.3	8.5	4.7	4.8
2000	27.2	38.9	242.7	18.0	34.7	9.1	4.8	6.3
2005	22.0	45.0	332.8	30.3	40.0	10.6	5.3	7.3
2006	21.1		319.5	31.0	39.1	10.5	5.2	7.0
2007				30.3	39.4	10.9	5.5	
	Index: 1980 = 100							
1970	78		43	14	20	40		94
1975	108	96	79	77	59	81	17	89
1980	100	100	100	100	100	100	100	100
1985	93	80	120	95	159	80	161	117
1990	103	240	178	102	178	78	189	139
1995	121	706	301	142	270	93	261	267
2000	80	778	371	82	251	100	267	350
2005	65	900	508	138	290	116	294	406
2006	62		488	142	283	115	289	389
2007				138	286	120	306	

Abbreviations: AFDC = Aid to Families with Dependent Children; TANF = Temporary Assistance for Needy Families; EITC = Earned Income Tax Credit; WIC = Supplemental Nutrition Program for Women, Infants and Children.

Source: Scholz et al. (2008, 48-49).

Cash-Based Benefits. In the United States there are two major means-tested cash-based antipoverty programs: Temporary Assistance for Needy Families (TANF) and the Earned Income Tax Credit (EITC). It is important to note that when AFDC was replaced with TANF, several other support mechanisms were added; TANF does not exclusively provide cash transfers to families.

Aid to Families with Dependent Children (AFDC) was the central safety net program for poor families with children from 1936 to 1996. This program was directed primarily at single-parent families, although some two-parent families with an unemployed parent received benefits. In 1996 the Temporary Assistance for Needy Families Block Grant (TANF) was created. A five-year lifetime limit was imposed on receipt cash assistance (some hardship exemptions were allowed), and States had to meet targets for moving recipients into work activities. Note—for now—that benefits for ADFC/TANF declined from a peak of about $40 billion in 1995 to about $21 billion in 2006.

In contrast, expenditures on the Earned Income Tax Credit (EITC) have grown sharply from $5 billion in 1975 to $45 billion in 2005. No other federal antipoverty program has grown so rapidly. The EITC is now U.S.'s largest cash antipoverty program. The incentives embedded in the EITC differ from those in AFDC/TANF. AFDC recipients with no earnings received the largest welfare payments. In contrast, the EITC encourages less-skilled workers to enter the labor market, since nonearners do not receive the credit and the EITC amount rises with earnings up to about the poverty line.

In-Kind Benefits. The safety net for low-income families in the United States also includes in-kind benefit programs, the primary of which are Medicaid, the Supplemental Nutrition Assistance Program (SNAP)—frequently referred to as food stamps, housing assistance, Head Start, school nutrition programs, and the Special Supplemental Nutrition Program for Women, Infants and Children (WIC).

With joint funding from the federal government and the states, Medicaid is a public health insurance program that provides health coverage for low-income individuals and families. Medicaid is an entitlement program; however, income is not the only measure for eligibility. States administer their own Medicaid programs within the broad guidance provided by the federal government; therefore, across the States there are varying eligibility requirements and benefit levels.

The Supplemental Nutrition Assistance Program (SNAP) is designed to enable low-income households to purchase a nutritionally adequate low-cost diet. Between 1994 and 2000, real food stamp expenditures fell to $18 billion from $32 billion, even though only modest changes to food stamp program rules were made through welfare reform. Food stamp participation and spending increased sharply between 2000 and 2005. Two factors that contributed to the increase were a growing number of people living in poverty over this period, and the use of food stamps as federal disaster aid for Hurricanes Katrina, Rita, and Wilma as well as other natural disasters.

The safety net housing assistance programs in the United States provide aid in two principal forms: project-based aid (or public housing), where subsidies are tied to units constructed for low-income households, and household-based subsidies, where renters choose housing units in the existing private housing stock and are provided rental assistance vouchers. Public housing is funded in large part at the federal level but is operated by independent public housing authorities that make decisions about eligibility in adherence with federal rules and regulations.

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The school lunch and breakfast programs provide federal support for meals served by public and private nonprofit elementary and secondary schools, and residential child care institutions, that enroll and offer free or reduced-price meals to low-income children.

The Special Supplemental Nutrition Program for Women, Infants and Children (WIC) provides vouchers for food purchase, supplemental food, and nutrition risk screening and related nutrition-oriented services to low-income pregnant women and low-income women and their children (up to age 5).

Head Start is an early childhood education program to improve social competence, learning skills, health, and the nutrition status of low-income children so that they can begin school on an equal basis with their peers from more economically successful families.

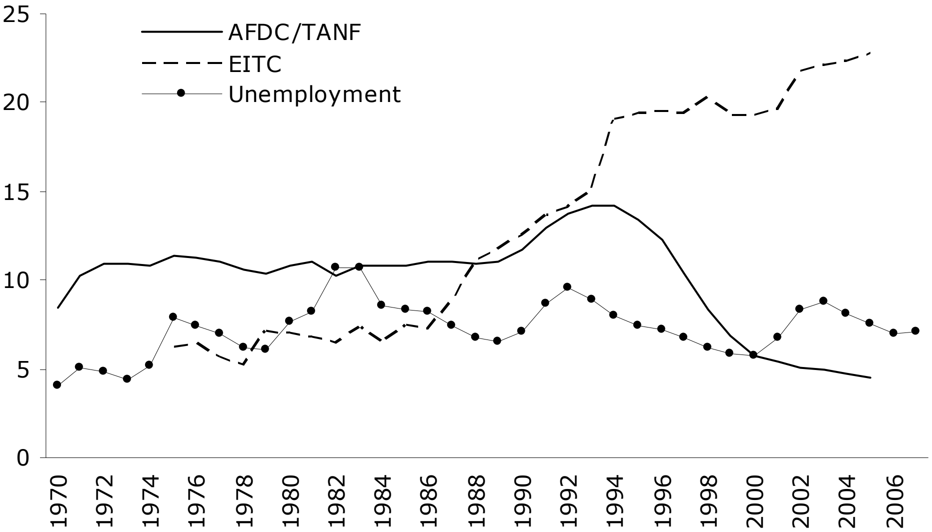
2.2. EITC and TANF: Caseloads and Poverty

The U.S. safety net has changed in striking ways for the nonelderly; Table 1 shows the reduction in AFDC/TANF expenditures, which historically went to nonworkers, and the increase in EITC benefits, which go overwhelmingly to low-income workers with children. The Welfare Reform Act of 1996 encouraged former AFDC welfare recipients to enter the labor market. The tighter eligibility rules of TANF and policy-orientated increases of the EITC—in combination with rapid economic growth—"caused" a sharp decrease in the number of welfare recipients since 1996. However, the decline in the number of welfare recipients (AFDC/TANF) from 12.3 million to 4.5 million from 1996 to 2005 (63 percent) did not have a significant impact on unemployment during the same period; see Figure 1.

Studies have shown that the EITC has encouraged large numbers of single parents to leave welfare and enter into work. The Committee for Economic Development, an organization of 250 corporate executives and university presidents, concluded in 2000 that "[t]he EITC has become a powerful force in dramatically raising the employment of low-income women in recent years." In 2005, the EITC lifted 5.0 million people out of poverty in the United States, including 2.6 million children. Without the EITC, the poverty rate among children would have been nearly one-fourth higher. The EITC lifts more children out of poverty than any other single program or category of programs.[5]

[5] Center on Budget and Policy Priorities, *Policy Basics: The Earned Income Tax Credit*, 2008.

Figure 1. Number of Recipients of AFDC/TANF and EITC, and Unemployment, 1970-2007 (millions)



Source: Scholz et al. (2008, 50-51); see Annex B for details.

A recent evaluation by Danziger suggests that, in its first few years, the 1996 welfare reform was more successful in some dimensions (notably, reducing caseloads) than in others (raising disposable income).[6] The dramatic caseload decline has not caused the surge in poverty or homelessness that many critics of the 1996 Act predicted, because most former recipients did find jobs. Even though many welfare leavers are not working full-time, full-year, and many are working at low-wage jobs, a significant number are earning at least as much as they had received in cash welfare benefits and some now have higher net income. However, despite the large caseload reduction, the U.S. poverty rate fell rather little following welfare reform and has risen for the last three consecutive years (2006–2009) reaching a 15-year-high (14.3 percent in 2009). Many who have left welfare for work remain poor and continue to depend on Food Stamps, Medicaid, and other government assistance; others have left welfare and remain poor but do not receive the Food Stamp or Medicaid benefits to which they remain entitled. The extent of economic hardship remains high because many former and current welfare recipients have limited earnings prospects in a labor market that increasingly demands higher skills. For example, the end of welfare entitlements has meant that some single mothers, with poor labor market prospects and no

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6 S.H. Danziger, "Chapter 1 – Introduction. What Are the Early Lessons?" in *Economic Conditions and Welfare Reform*, ed. S.H. Danziger (Michigan: Upjohn Institute for Employment Research, 2009).

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other means of support, have not received the benefits that they would have under the pre-1996 welfare system. For single mothers with a high school degree or less, despite their increased work hours and earnings over the last decade, about 43 percent remain poor by the official definition.[7]

2.3. Social Spending in the United States

Between 1975, the first year the EITC existed, and 2005, total spending on all means-tested cash and in-kind transfers in Table 1 averaged 2.0 percent of GDP, ranging between 1.8 and 2.5 percent. In 2005, it was 1.8 percent of GDP, near its 31-year low. These patterns are driven by substantial changes in the antipoverty policy mix. Why has U.S. antipoverty spending been low and relatively stable given its persistent and high poverty rates?

The contrast in levels in social expenditures between the United States and other OECD countries is striking.[8] Smeeding calculates a consistent set of social expenditures (including cash, near-cash, and housing expenditures) as a percentage of GDP for five groups of counties—Scandinavia; Northern Continental Europe; Central and Southern Europe; "Anglo" (Australia, Canada, and the U.K.); and the United States—between 1980 and 1999.[9] Spending ranges between 2.7 and 3.6 percent of GDP in the United States, a far lower level than every other country group. The other Anglo countries averaged between 4.8 and 7.8 percent of GDP, similar to the Central and Southern European counties. Northern Europe and the Scandinavian countries averaged between 8.1 and 15.3 percent of GDP. The trends across country groups vary, although most country groups increased expenditures as a share of GDP between 1980 and 1999. The United States did not.

2.4. Personal Responsibility and Work Opportunity Reconciliation Act

From 1935 until 1996, the centerpiece of the United States Federal Government (U.S.F.G.) welfare policy was a program entitled Aid to Families with Dependent Children (AFDC) whose principal benefit was the provision of cash assistance to needy families. In 1996, however, the U.S.F.G. dramatically shifted its poverty

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7 S.H. Danziger, "Fighting Poverty Revisited: What Did Researchers Know 40 Years Ago? What Do We Know Today?" *Focus: Institute for Research on Poverty* 25 (1) (2007): 9.

8 See K. Caminada, and K.P. Goudswaard, "Effectiveness of Poverty Reduction in the EU: A Descriptive Analysis," *Poverty & Public Policy* 1 (2), Article 5 (2009): 1-51; and K. Caminada, and K.P. Goudswaard, "Social Income Transfers and Poverty Alleviation OECD Countries," Leiden University Research Memorandum Department of Economics #2010.01.

9 T.M. Smeeding, "Poverty, Work, and Policy: The United States in Comparative Perspective," in *Social Stratification: Class, Race, and Gender in Sociological Perspective*, ed. David Grusky, Third Edition. (Boulder, CO: Westview Press, 2008), 327-329.

reduction strategies by implementing large-scale social welfare reform aimed at making "welfare a transition to work" by officially becoming a temporary assistance program (U.S. Department of Health and Human Services, 1996).[10] The legislative basis for the reform was the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA).[11] PRWORA terminated the AFDC program.[12] In place of AFDC, PRWORA introduced a new program known as Block Grants for Temporary Assistance for Needy Families (TANF).

There are significant differences between TANF and the AFDC program that it supplanted in 1996. TANF marked a break from the policy objectives, eligibility rules, funding, time limitations, and work requirements under AFDC. The changes have had serious implications for the families who continue to receive benefits under TANF as well as for those families who no longer participate. In the United States today, 14 years after PRWORA was passed and TANF replaced AFDC, it is not clear that the reform has achieved the intended results.[13]

While Europe and the United States have always had differences in their social safety net policies, the implementation of TANF, in place of AFDC, really marks the U.S. policy going in a drastically different direction than that taken in many European States. The remainder of this working paper details the most significant differences between AFDC and TANF. We begin by examining the underlying tenants and policy objectives of the two programs including the impact that increased U.S. State discretion has had on welfare in the United States. Following the policy overview, the paper surveys the literature evaluating the successes and failures of welfare reform. Finally, the paper considers some of welfare reform's unintended consequences and the overall impact of welfare reform on the U.S.'s neediest families.

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10 Welfare reform included a series of policy changes through the passage of the Personal Responsibility and Work Opportunity Act of 1996. For this paper, we address welfare reform through a component of that Act, Temporary Assistance for Needy Families, and its relationship to the prior law, Aid to Families with Dependent Children. See, for details, U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, *Comparison of Prior Law and the Personal Responsibility and Work Opportunity Act of 1996* (P.L. 104-193), 1996.

11 The Personal Responsibility and Work Opportunity Act of 1996 included the Temporary Assistance to Needy Families Block Grants as a component, which is the primary matter of discussion in this paper. However, the legislation's passage also included almost 55 million dollars in cuts to low-income assistance programs including food stamps, benefits to legal immigrants, and the SSI program for children with disabilities. PRWORA also included a child support enforcement system as well as provided mandatory funds ($50 million annually) in abstinence education funding.

12 TANF replaced not only AFDC, but also two accompanying programs, the Emergency Assistance Program and the Job Opportunities and Basic Skills Program.

13 Danziger, "Chapter 1 – Introduction. What Are the Early Lessons?"

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3. POLICY OVERVIEW

This section of the paper walks through the differences between Aid to Families with Dependent Children, and Temporary Assistance for Needy Families. It begins with an overview of the two policies' objectives, to provide some understanding about the significance of the move from a program that solely provides support to a program that also emphasizes work. The policy objectives section is followed by an overview of the major changes made when TANF replaced AFDC including the increased flexibility and discretion of States, the funding changes in moving from an entitlement to a block grant, the differences in eligibility requirements, the implementation of time limits, and the changes in work requirements.

The passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 was incredibly controversial. It was considered by many in the social policy and political communities to be too great a compromise with very conservative members of the United States Congress, even leading to the resignation of several presidential advisors and officials at the United States Department of Health and Human Services. One such advisor, former assistant secretary of children and families, Mary Jo Bane, in an article titled "Welfare as We Might Know It," in *The American Prospect* (January/February 1997), stated, "The public, rightly, wanted welfare reform that expected work and parental responsibility. The political rhetoric supporting the new law, unfortunately, made the concept of a federal entitlement synonymous with irresponsibility and lifelong dependency, and the replacement of the entitlement with block grants synonymous with work requirements. This rhetoric was misleading but powerfully effective."[14]

3.1. Policy Objectives

The underlying purpose of U.S.F.G. welfare policy has always been to reduce poverty by providing assistance to the country's neediest families. While this fundamental mission remained unchanged following the welfare reform of 1996, the policy tools used to achieve that mission, and the programs implemented, changed significantly with the passage of PRWORA. The replacement of the country's primary cash assistance program, from AFDC to TANF, represented not only a change in name, but a serious policy shift that revised poverty reduction strategies throughout the United States.

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[14] D. Cabe, "Welfare to Work," *Kennedy School Bulletin*, Harvard University, Boston, MA, 2002.

AFDC was established through the Social Security Act of 1935. The policy's objective was to reduce poverty through the provision of cash welfare to needy children suffering from lack of parental support due to their mother or father being incapacitated, deceased, absent from the home, or unemployed.[15] AFDC was accompanied by an employment training and education program called the Job Opportunities and Basic Skills Program (JOBS) and an emergency cash assistance program called Emergency Assistance (EA).[16] Although the funding for these programs was separate from AFDC funding, individuals could participate in the JOBS program only if they also participated in AFDC.[17]

AFDC was administered and supervised by U.S. States but was strongly regulated according to guidelines issued by the U.S.F.G. The U.S.F.G. established eligibility rules for the AFDC program, while the individual U.S. States set their own benefit levels and established income and resource limits.[18] AFDC benefit levels established by U.S. States were required to be uniformly applied to all families with similar circumstances within the State.[19]

In 1996, under the Clinton Administration, the passage of PRWORA came with the promise to "change welfare as we know it."[20] The principal vehicle for achieving this change was the introduction of TANF to replace AFDC. TANF terminated open-ended welfare funding and instituted a block grant program providing each U.S. State, meeting certain criteria, with a fixed sum and increased flexibility in policy choice. AFDC was considered open-ended because U.S. States were entitled to reimbursement from the U.S.F.G. without a funding cap.[21] In contrast, TANF is administered as a block grant program in which U.S. States are provided with a determined amount of federal funding but allowed greater discretion over the way the funding is spent. As an ideological matter, whereas

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15 U.S. Department of Health and Human Services, *Aid to Families with Dependent Children and Temporary Assistance to Needy Families Overview*, 2004.

16 The Emergency Assistance Program provided short-term emergency assistance to needy families. This assistance was not dependent upon participation in AFDC.

17 U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, *Comparison of Prior Law and the Personal Responsibility and Work Opportunity Act of 1996*.

18 U.S. Department of Health and Human Services, *Aid to Families with Dependent Children and Temporary Assistance to Needy Families Overview.*

19 U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, *Comparison of Prior Law and the Personal Responsibility and Work Opportunity Act of 1996*.

20 Urban Institute, *Welfare Reform: Ten Years Later*, Washington, DC, 2006.

21 U.S. Department of Health and Human Services, *Aid to Families with Dependent Children and Temporary Assistance to Needy Families Overview.*

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AFDC focused primarily on providing families with the means to survive, TANF emphasizes employment and makes welfare temporary in nearly all cases.[22]

Through TANF U.S. States use U.S.F.G. block grants to operate their own programs. States can use TANF dollars in ways designed to meet any of the four policy objectives set out in the federal law, which are to: (1) provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives; (2) end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage; (3) prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and (4) encourage the formation and maintenance of two-parent families.[23]

The shift from AFDC to TANF marked more than a move from an open-ended cash-assistance program to a temporary-assistance program. TANF also introduced the practice of allowing welfare funding for programs aimed at influencing the family structure, including family planning and two-parent-family maintenance programs. This change reflects a shift in poverty reduction strategies in the United States. Whereas AFDC was designed to provide needy families with cash transfers that would supplement or replace employment income, TANF focused on the importance of work as well as attempting to foster nuclear families as a way to provide family economic stability.

3.2. The Role of State Discretion

PRWORA provided U.S. States with unprecedented discretion over welfare programming and funding. Under TANF, there are no federal rules that determine the amount of TANF cash benefits that must be paid to a participating family. Additionally, there are no federal rules that require U.S. States to use TANF to pay families cash benefits at all; however, all States do so.[24] Benefit amounts are determined solely by the U.S. States. The discretion provided to States through TANF has allowed for a great diversity in the way that welfare programs are funded and administered across the country. Each U.S. State has different initial eligibility thresholds, benefit payment amounts, and fund allocations.[25]

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22 O.A. Golden, *Assessing the New Federalism: Eight Years Later. An Urban Institute Program to Assess Changing Social Policies* (Washington, DC: The Urban Institute, 2005).

23 M. Covin, *An Introduction to TANF* (Washington, DC: Center on Budget and Policy Priorities, 2005).

24 G. Falk, "The Temporary Assistance for Needy Families Block Grant, Responses to Frequently Asked Questions," CRS Report for Congress, Congressional Research Service, Washington, DC, 2007.

25 A State's initial eligibility threshold considers all the State's financial eligibility rules regarding applicants, the limitations placed on gross income, the rules for deductions from

According to Falk of the Congressional Research Service (2007), in January of 2005, for the average cash welfare family (a family of three), the maximum monthly benefit in the median state was $389, with a range from $923 in Alaska to $170 in Mississippi.[26] The maximum monthly cash benefit is usually paid to a family that receives no other income (no earned or unearned income) and who complies with program rules. Families with income other than TANF are often paid a reduced benefit amount. The diversity in program administration also extends to the initial eligibility threshold. Initial eligibility thresholds for families of three range from $1,641 in Hawaii to $269 in Alabama.[27]

State discretion has also created significant diversity in the way that TANF dollars are spent across the U.S. States particularly with reference to the level of cash benefits provided. The variation in the use of TANF funding spent on cash assistance ranges from 64 percent in Maine to only 12 percent in Illinois. Similarly, while several U.S. States decline to spend any of their TANF dollars on Family Formation programs such as encouraging two-parent families and decreasing out-of-wedlock births, New Jersey allocates 34.8 percent of its TANF dollars on Family Formation expenditures (Falk 2007).[28]

The discretion provided to U.S. States through the passage of the 1996 welfare law allowed for a huge amount of variety in program and funds administration, with very few federal guidelines. Subsequently, there are different welfare programs being administered in every U.S. State. These programs are having mixed results in aiding the families who, currently or formerly, receive assistance through TANF and make it difficult to evaluate welfare reforms success as a whole.

Several commentators feared that TANF might set off a “race to the bottom,” where States, fearful of attracting low-income families from other States, might lower benefits, which in turn would cause other States to lower theirs. In fact, total AFDC/TANF spending on cash benefits declined from a peak of about $40 billion in 1995 to about $21 billion in 2006 (Table 1), but this reduction is roughly proportional to the welfare caseload reduction.[29]

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gross income in determining net income, and any limitations placed on net income (The Urban Institute, 2004). Initial eligibility thresholds vary considerably across U.S. States.

[26] Falk, “The Temporary Assistance for Needy Families Block Grant, Responses to Frequently Asked Questions.”

[27] Welfare Rules Database, “Initial Income Eligibility Thresholds (Family of Three) by State,” *Welfare Rules Database Data Set 1e4-2* (Washington, DC: The Urban Institute, 2006).

[28] Falk, “The Temporary Assistance for Needy Families Block Grant, Responses to Frequently Asked Questions.”

[29] Scholz, Moffitt and Cowan, “Trends in Income Support,” 10.

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3.3. Funding

Under TANF, the funding relationship between the U.S.F.G. and the individual U.S. States changed. The drastically increased level of State discretion over federally granted funds changed the ways in which State governments were spending welfare dollars and the degree to which the U.S.F.G. was providing funding to the States. By allocating block grant funding to U.S. States, TANF removed almost all federal eligibility and payment rules and provided U.S. States with wide discretion over programming, as well as the right to deny benefits to families.[30]

Under AFDC, U.S. States were entitled to unlimited federal funds. The federal government provided reimbursement of benefit payments at “matching” rates that were inversely related to a U.S. State’s per capita income.[31] U.S. States were required to provide aid to all persons who were eligible under the federal law and whose income and resources were within the state-set limits.[32]

Under TANF, however, there is no guarantee of benefit provision. PRWORA simply mandated a fixed budget amount that the U.S.F.G. would grant to the U.S. States each year (the base amount of the yearly block grant has been $16.5 billion since 1996).[33] U.S. States are required to contribute, from their own funds, at least $10.4 billion in total under what is known as a “maintenance-of-effort” (MOE) requirement. The 1996 law also created supplemental grants for certain States with high population growth or low block grant allocations relative to their needy population, as well a contingency fund to help States during a recession.[34] U.S. States that need or use more than the amount that has been granted for a particular year are not entitled to federal reimbursement for excess expenditures. Conversely, States that do not use all of their annual funding are allowed to carry over unused dollars from one fiscal year to the next.[35]

The AFDC program was funded specifically and solely to provide cash assistance to needy families. The corresponding JOBS and EA programs

30 R. Blank, “Evaluating Welfare Reform in the United States. Revised,” *Journal of Economic Literature* 40 (4) (2002): 1-43.

31 U.S. Department of Health and Human Services, *Aid to Families with Dependent Children and* Temporary *Assistance to Needy Families Overview.*

32 U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, *Comparison of Prior Law and the Personal Responsibility and Work Opportunity Act of 1996*.

33 Congressional Budget Office, *Federal Budget Implications of The Personal Responsibility and Work Opportunity Act of 1996*, Congressional Budget Office Memorandum, 2006.

34 Center on Budget and Policy Priorities, *Policy Basics: Temporary Assistance to Needy Families*, 2009.

35 U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, *Comparison of Prior Law and the Personal Responsibility and Work Opportunity Act of 1996*.

supplemented AFDC by providing vocational training and short-term emergency program funding, respectively.[36] Under TANF, however, States may direct federal funding toward any program that is within TANF's objectives, including programming that would have formerly been funded through the JOBS or EA programs. In the absence of federally mandated cash assistance requirements, many U.S. States have opted to spend less on cash assistance and more on the other programming that falls under the provisions of TANF such as childcare, or work support programs. Thus, with the transition from AFDC to TANF the number of families receiving income assistance fell sharply. In 2003, most TANF funds, more than 60 percent, were spent on areas other than income assistance. In fiscal year 2007 the United States spent 30 billion dollars on TANF. (This number includes both the federal expenditure and the Maintenance of Effort (MOE) funding.) Only 30.2 percent of TANF dollars went toward providing families with cash assistance (28.4 percent to other services; 19.1 percent to child care; 12.4 percent to other work support and employment programs; 8.3 percent to systems and administration; and 1.6 percent to transportation).[37]

Annex C shows U.S. States variation in using TANF dollars. As a result, government aid across the nation varies remarkably; see Annex D. As millions of people seek aid, they are finding a complex system that reaches some and rejects others for "unpredictable" reasons. For example, the share of poor children and parents (below 100 percent of the poverty line) that receive cash welfare ranges from 2 percent in Idaho and Wyoming to over 45 percent in Maine, California, and Vermont—the U.S. average amounts to 21 percent. See Figure 2.

To conclude, the increase in State discretion over the use of their federal welfare dollars has decreased the provision of cash assistance to needy families. U.S. States are opting to utilize federal funding to provide assistance to needy families through means other than direct cash transfers.

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[36] U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, *Comparison of Prior Law and the Personal Responsibility and Work Opportunity Act of 1996*.

[37] Center on Budget and Policy Priorities, *Policy Basics: Temporary Assistance to Needy Families.*

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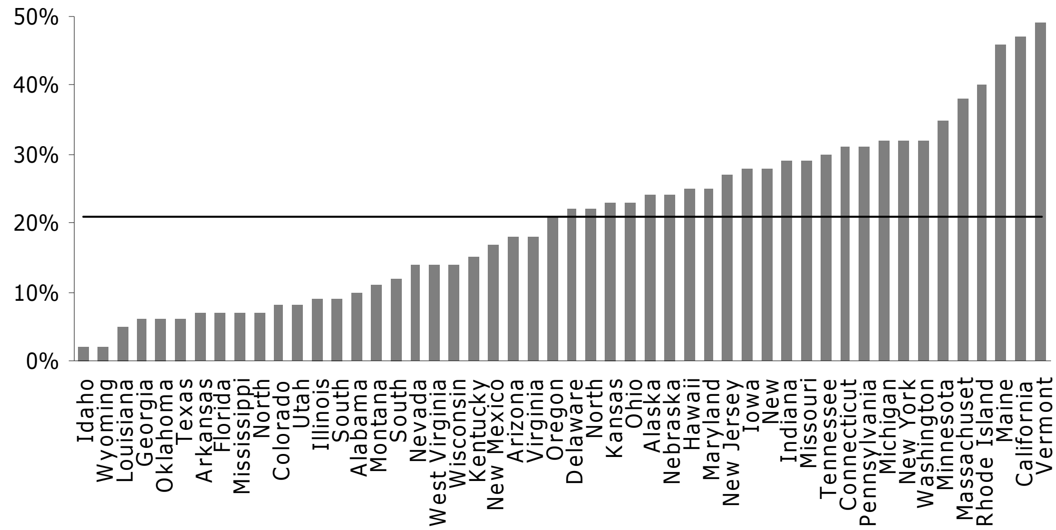
Figure 2. Share of Poor Children and Parents that Receive Cash Welfare, 2009



Source: Deparle and Ericson (2009).

3.4. Eligibility

Welfare reform also had a significant impact on eligibility for assistance. Under AFDC, the U.S.F.G. provided cash assistance along with education and training programming indefinitely so long as a family qualified under the eligibility criteria. One of the most striking ways that TANF limited eligibility was through the implementation of time limits; this aspect of eligibility is discussed in section 3.5. In addition to establishing time limits, PRWORA tightened eligibility requirements both by providing U.S. States with the discretion to deny benefits and by reducing the base population who were eligible to receive federal assistance.

Prior to welfare reform, persons meeting financial eligibility requirements under AFDC were provided cash benefits from the government. AFDC did not include restrictions based on marital status or citizenship. Minor, unwed mothers as well as persons convicted of drug-related crimes were provided unrestricted benefits under the former welfare program. Legally residing immigrants were also eligible for benefits under AFDC. There were no limits on the size of a family that could be eligible for AFDC benefits; therefore, when an additional child was born, families were provided with additional benefits.

PRWORA imposed new conditions and restrictions to program participation. Since the passage of welfare reform, persons who have been convicted of a drug-related crime are prohibited for life from receiving benefits under TANF. Unmarried minor parents are provided benefits only if living with an adult or if in an adult-supervised setting and participating in education and training programs.[38] U.S. States were given the discretion to exclude both legal immigrants who were new applicants to welfare as well as the right to exclude even those legal immigrants already receiving assistance under the prior welfare program.[39] While the federal guidelines under TANF do not limit eligibility based on family size, the policy does provide individual U.S. States with that discretion.[40]

3.5. Time Limits

The most notable eligibility change through the passage of PRWORA might be the implementation of time limits in establishing the duration for which a family can qualify for benefits. Under TANF, families who have received federally funded assistance for five cumulative years are ineligible for additional federal cash assistance. This means that even if employment adequate to provide family stability is not found, at the end of five cumulative years, families are removed from the program and can never again participate.

AFDC's designation as an entitlement program ensured that U.S. States would receive funding from the U.S.F.G. as long as the States adhered to the federal requirements. Benefits were then guaranteed to eligible participants in the AFDC program.[41] Moreover, under AFDC, program participants remained eligible as long as they met the program's established rules. Because there were no time restrictions to participation in AFDC, families remained eligible for cash assistance as long as they were below the initial eligibility threshold established by each individual U.S. State and continued to meet the program requirements issued by the U.S.F.G. and the U.S. State of residence.

The establishment of time limits is one of the most consequential changes affecting families on welfare in the United States. The U.S. minimum wage plays a role in the ability of less-skilled workers to earn adequate incomes even if fully

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38 U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, *Comparison of Prior Law and the Personal Responsibility and Work Opportunity Act of 1996*.

39 U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, *Comparison of Prior Law and the Personal Responsibility and Work Opportunity Act of 1996*.

40 U.S. Department of Health and Human Services, *Aid to Families with Dependent Children and Temporary Assistance to Needy Families Overview.*

41 U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, *Comparison of Prior Law and the Personal Responsibility and Work Opportunity Act of 1996.*

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employed.[42] The inability to find employment at a living wage and maintain it while addressing health issues and child care have caused barriers for families in establishing financial security, particularly single-mother-headed households.[43] In spite of these difficulties, welfare does not provide federal benefits to participants once the time limit has expired.[44] TANF does not ensure that, after the program eligibility time limit is tolled, participating families have secured work that will enable them to provide basic necessities or even offset the cost of childcare or transportation that work often requires.

Moreover, recipients who reach the time limits or who are sanctioned for not finding a job are being denied cash assistance even though they are willing to work, because they cannot find any employer to hire them. This labor demand problem will increase during recessions and will remain even in good economic times because employer demands for a skilled workforce continue to escalate. Note that the "time limit and out" system differs markedly from a "time limit followed by a work-for-welfare opportunity of last resort" initially proposed by President Clinton's advisors, but rejected by Congress.[45]

3.6. Work Requirements and Activities

Although education, work participation, and financial security were objectives of U.S. welfare policy both before and after welfare reform, the 1996 welfare reform placed greater responsibility on the families receiving program benefits to find stable and sufficiently paying work. To enable families to achieve this goal, TANF provided additional support targeted at finding and maintaining employment.

Directly following welfare reform, U.S. States drastically altered their welfare programming to assist families in establishing employment. One such change made by U.S. States was a shift toward "work-first" welfare systems that reduced skills development and education programs while emphasizing job-readiness and employment search training. U.S. States also moved toward

42 According to the U.S. Department of Labor, the federal minimum wage is $6.55 per hour effective 24 July 2008. The federal minimum wage provisions are contained in the Fair Labor Standards Act. Many U.S. States also have minimum wage laws. In cases where an employee is subject to both the state and federal minimum wage laws, the employee is entitled to the higher of the two minimum wages.

43 W.L. Primus, Rawlings, K. Larin, and K. Porter, *The Initial Impact of Welfare Reform on the Economic Well-being of Single Mother Families* (Washington, DC: Center on Budget and Policy Priorities, 1999).

44 States are allowed to exempt a minority of people from time limits and are allowed to continue paying benefits through State funds.

45 S.H. Danziger, "Approaching the Limit: Early National Lessons from Welfare Reform," PSC Research Report No. 02-507 (2002a).

"making work pay" through incentivizing work participation by raising eligibility thresholds or adding earned income tax credits. Additionally, U.S. States toughened sanctions and time limits to enforce the message that welfare would provide only temporary assistance.[46]

Under AFDC, in fiscal year 1994, 40 percent of two-parent households receiving benefits were required to participate in 16 hours of work activity per week in order to continue participation in AFDC's cash assistance program. Before the passage of PRWORA, the percentage of households required to meet the 16-hour work requirement was scheduled to increase to 75 percent in fiscal year 1997.[47] In addition to the 16-hour requirement imposed on some participants, all AFDC recipients were required to participate in JOBS unless they were exempt from the program. A recipient would be exempt from JOBS participation if he or she worked for 30 hours or more per week, attended school full-time, cared for a very young child or elderly family member, or was under age 16.

In contrast, under TANF, work participation standards require that the head of household in a single-parent family work at least 20 hours per week, and in the case of two-parent families, parents are required to work 30 hours per week in order to remain eligible for cash assistance. Eligible work includes subsidized or unsubsidized employment, on-the-job training, education programs, and community service. Hours spent in vocational education can count toward the weekly work requirement but only in a minority of U.S. States and only for a total of 12 months.[48]

However, States are provided some flexibility in meeting their work requirements. The TANF statute requires U.S. States to have 50 percent of their caseload meet the established work participation standards. In addition to the aforementioned standards, there is a separate participation standard that applies to two-parent families, requiring 90 percent of the State's two-parent family participants to meet work participation standards (Falk 2007). States that fail the TANF work participation standards are penalized by a reduction in their federal block grant amounts. However, the statutory work participation standards are reduced by a "caseload reduction credit."[49] The caseload reduction credit reduces

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46 Golden, *Assessing the New Federalism: Eight Years Later. An Urban Institute Program to Assess Changing Social Policies.*

47 U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, *Comparison of Prior Law and the Personal Responsibility and Work Opportunity Act of 1996.*

48 U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, *Comparison of Prior Law and the Personal Responsibility and Work Opportunity Act of 1996*.

49 Although less than half of federal and state expenditures are associated with cash welfare, the "TANF caseload" number is the number of families and recipients receiving cash welfare. Information is not available on families and individuals who receive TANF benefits and

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the participation standard by one percentage point for each percent decline in the caseload.[50]

3.7. Summary

Welfare reform and the implementation of TANF centered on the importance of work in providing families with economic stability. The policy intended to provide support through programming for five years, while participants were able to gain employment and attain economic security. This was intended to be accomplished through stricter eligibility, the implementation of time limits, and the increased flexibility for States to meet the needs of their poorest residents. The programs established to assist poor families with job preparation and workforce engagement have been the source of a significant amount of welfare reform's praise. However, because programs vary from one U.S. State to the next, the degree to which the work-related programs assist families is also varied. The changes made in the move from AFDC to TANF shifted from a strong federal presence with entitled funding, to a strong state presence with block granted funding. The shift in the way welfare is funded and administered has led to various programs succeeding to varying degrees across the country.

4. EVALUATING WELFARE REFORM

Following the passage of PRWORA, U.S. social policy analysts and economists have surveyed the impact of welfare reform on helping needy families in the United States move out of poverty. This is a difficult task, due to the discretion provided to U.S. States through TANF and the resulting diversity in programming and implementation. There are varied opinions about TANF's success in assisting the nation's poorest families. Research institutions and universities have developed new and diverse proxies for examining the extent to which welfare reform has been successful in meeting the needs of low-income families in the United States as well as for identifying the reform's failures.

Often the reduced number of families receiving cash assistance through TANF is cited as evidence of the success of the 1996 welfare reform. Other frequently cited indications of success include the increase in employment rates

services other than cash welfare. In September 2006, 1.9 million families, consisting of 4.6 million recipients, received TANF- or MOE-funded cash welfare.

50 Falk, "The Temporary Assistance for Needy Families Block Grant, Responses to Frequently Asked Questions."

and the decrease in child poverty that took place during the 1990s.[51] However, this analysis only provides part of the information needed to evaluate the success of welfare reform in the United States. The following sections provide a review of data and literature evaluating welfare reform's success in supporting families moving from welfare and into work, and ensuring employment and financial security for poor families in the United States. We attempt to cover some of the critical concerns of welfare reform, through a literature review organized by theme. The themes in this section include Employment Trends, The Effect of the Economy, The Very Poor and Single-Mother-Headed Households, Program Participation Rates, and TANF Benefits and Inflation.

4.1. Employment Trends

Some of the employment trends observed after welfare reform are positive. More welfare recipients are employed while receiving welfare benefits than they were in the past; increasing from 22 percent in 1997 to 33 percent in 1999. While these numbers have fallen in recent years, they have still not dropped to the levels that they were before welfare reform.[52] However, a number of studies have found that even with increased work participation rates welfare and former welfare recipients are struggling to establish financial security.

One of the primary goals of welfare reform was for participants to establish "stable, long-term work patterns," under the assumption that regular involvement in work will improve their well-being. The justification for establishing only temporary assistance is that this approach provides support and impetus for families to become stably employed, which will be in the best interest of the participating families. Indeed, studies indicate that employment among former welfare recipients has actually increased since welfare reform was enacted, and that when recipients leave the TANF program their employment rate is 5 to 10 percent higher than when they left AFDC.[53]

In the late 1990s, when families left the welfare system, they were more likely to have at least one working adult than they were prior to the implementation of TANF.[54] However, in the tougher labor market of 2002 and 2003, the proportion of former welfare recipients in the workforce fell from 63

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51 S. Parrott, and A. Sherman, *TANF at 10: Program Results are More Mixed Than Often Understood* (Washington, DC: Center on Budget and Policy Priorities, 2006).

52 Golden, *Assessing the New Federalism: Eight Years Later. An Urban Institute Program to* Assess *Changing Social Policies.*

53 S.K. Danziger, M.E. Corcoran, S.H. Danziger, and C.M. Heflin, "Work, Income and Material Hardship After Welfare Reform," *Journal of Consumer Affairs* 34 (1) (2000): 6-30.

54 Golden, *Assessing the New Federalism: Eight Years Later. An Urban Institute Program to* Assess *Changing Social Policies.*

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percent in 1999 to 57 percent in 2002.[55] Evaluations of welfare-to-work typically report that while most participants are able to secure initial employment, a large proportion, often a majority, lose those jobs within a year. Additionally, low wages among welfare recipients remain a concern. While recent research suggests that wages of former welfare recipients grow over time, this phenomenon occurs among only the minority of former recipients who are able to establish regular, stable full-time work patterns.[56]

A study conducted by Danziger et al. found that the former welfare recipients with the most work participation and experience have higher levels of financial success and subjective well-being than those without employment.[57] However, they also found that there were a large number of respondents who suffered from financial hardship regardless of their level of work involvement. The study concluded that employment is associated with "reductions in, but not the elimination of, economic vulnerability and material hardships" for welfare and former welfare recipients in the United States.

4.2. The Effect of the Economy

The fact that PRWORA was passed during a time of rapid and sustained economic growth complicates efforts to determine the extent to which certain phenomena such as increased employment and decreased poverty levels can properly be attributed to welfare policy reform. In the United States between 1992 and 2000, the labor market increased by 20 million jobs.[58] The U.S. unemployment rate fell to 5 percent in early 1997, and remained at or below that level until October of 2001.[59] Many businesses experienced worker shortages in the years following the passage of the 1996 legislation, making employers increasingly open to hiring ex-welfare recipients. Additionally, wages among less-skilled and less-educated workers started to rise in 1995, for the first time since the late 1970s.

During this time, less-educated, single mothers increasingly joined the workforce; whereas 62 percent of this population was employed in 1995, by 2000,

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55 Golden, *Assessing the New Federalism: Eight Years Later. An Urban Institute Program to* Assess *Changing Social Policies.*

56 Danziger et al., "Work, Income and Material Hardship After Welfare Reform."

57 Danziger et al., "Work, Income and Material Hardship After Welfare Reform."

58 R. Blank, "Fighting Poverty: Lessons from Recent US History," Distinguished lecture on economics in government, delivered to a joint session of the Society of Government Economists and the American Economic Association at the annual meetings of the ASSA, Boston, MA, 2000.

59 Blank, "Evaluating Welfare Reform in the United States. Revised."

73 percent were working.[60] While this is impressive growth, the extent to which it can be attributed to welfare reform remains ambiguous. Welfare reform policies might have increased the number of women in the workforce through job training and work incentives, but it is unclear to what degree the increase was a result of policy, and to what degree it was the result of a strong economy.[61]

Recent evidence suggests that the economic expansion of the mid- to late 1990s may account for a significant percentage of the positive trends observed among needy families during this time. While the booming economy of the 1990s correlated with a decrease in child poverty and an increase in low-educated single parents joining the workforce, those numbers have begun to drop in recent years following the recession in 2003.[62] Moreover, attributing the successes of the mid-1990s to the implementation of TANF is also improbable for the reason that to do so would suggest that the 1996 reform yielded almost immediate results. Kaushal et al. suggest that given that some policies might have delayed results, it is difficult to attribute the success of the 1990s solely to welfare reform and the implementation of TANF.[63]

4.3. The Very Poor and Single-Mother-Headed Households

While welfare reform, along with a robust and incredibly successful economy, may have initially decreased child poverty and increased some employment rates, the reform had an unintended and significant negative effect on the very poor. Haskins found that "there is a small to moderate-sized group of mother-headed families that are worse off than they were before welfare reform."[64] Shortly after TANF was implemented, the nation's poorest families were not benefiting from the success of the economy or the policies of welfare reform. Primus et al. found that from 1995 to 1997 disposable income for the poorest 20 percent of the population declined by 7.6 percent and the poorest 10 percent of the population experienced a 15.2 percent decline in discretionary income.[65]

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60 N. Kaushal, Q. Gao, and J. Waldfogal, "Welfare Reform and Family Expenditures: How are Single Mothers Adapting to the New Welfare and Work Regime?" National Poverty Center Working Paper Series 0607, 2006.

61 Blank, "Fighting Poverty: Lessons from Recent US History."

62 A. Sherman, S. Fremstad, and S. Parrott, *Employment Rates for Single Mothers Fell Substantially during Recent Period of Labor Market Weakness* (Washington, DC: Center on Budget and Policy Priorities, 2004).

63 Kaushal et al., "Welfare Reform and Family Expenditures: How are Single Mothers Adapting to the New Welfare and Work Regime?"

64 R. Haskins, "Effects of Welfare Reform on Family Income and Poverty," in *The New World of Welfare*, eds. R. Blank and R. Haskins (Washington, DC: Brookings Institution Press, 2000).

65 Primus et al., *The Initial Impact of Welfare Reform on the Economic Well-being of Single Mother Families.*

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Following welfare reform, the number of single mothers in the United States who were receiving cash assistance through TANF fell by two million. However, employment among single mothers grew by only one million. Therefore, in the United States there were one million unemployed single mothers who were not receiving any cash assistance from the government. This number is almost double what it was before welfare reform (up from 6,000,000).[66] The size of this group grew from 9.8 percent of participants leaving the program in 1999 to 13.8 percent in 2002.[67] The population of single mothers who are disconnected from both employment and government cash assistance is significantly more likely to be in poor physical and mental health as well as less ready for employment than those who left welfare for job opportunities.[68]

A qualitative study conducted on TANF recipients in Maine analyzed the barriers to employment that prevented single mothers from being able to establish and maintain work. The study, by Butler, looked at women who were participating in the TANF program but who were struggling to maintain stable employment.[69] Butler's study identified several social and health issues that prevented the women in her study from achieving steady employment. The three most prevalent phenomena observed were domestic violence, raising children with disabilities, and long-term physical and mental health problems (the latter affecting 33-44 percent of TANF recipients nation-wide). Butler also found that not only are welfare recipients disproportionately affected by these issues, but often must cope with more than one simultaneously.

4.4. Program Participation Rates

Reduced program participation is often presented as evidence that welfare reform is working to move people out of poverty. However, there are concerns with using reduced welfare caseloads as a proxy for welfare reform's success. While increased work involvement has certainly accounted for reduced participation in the TANF program, Parrott and Sherman point out that, despite the reduction in caseloads, in recent years the number of children living below half of the poverty line has grown significantly.[70] While the number of families in this category has increased, the rate at which eligible families are receiving TANF benefits has declined. Even when considering noncash benefits such as food assistance, the

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[66] Parrott and Sherman, *TANF at 10: Program Results are More Mixed Than Often Understood*.

[67] Golden, *Assessing the New Federalism: Eight Years Later. An Urban Institute Program to* Assess *Changing Social Policies.*

[68] Golden, *Assessing the New Federalism: Eight Years Later. An Urban Institute Program to* Assess *Changing Social Policies.*

[69] S. Butler, "Long-Term TANF Participants and Barriers to Employment: A Qualitative Study in Maine," *Journal of Sociology and Social Welfare* XXXV (3) (September 2008).

[70] Parrott and Sherman, *TANF at 10: Program Results are More Mixed Than Often Understood*.

number of children in families living below half of the poverty line has grown significantly.[71]

This increased deep poverty (people living below 50 percent of the poverty line) is a concerning trend. While child poverty remains below the levels that were seen in the years immediately preceding the welfare reform of 1996, the growing rates of intense poverty raise doubts about TANF's ability to reach the most impoverished families. Before the 1996 welfare reform, the AFDC program lifted 64 percent of otherwise deeply poor children out of deep poverty. Conversely, in 2005, the TANF program lifted just 23 percent of deeply poor children above 50 percent of the poverty line.[72] TANF programming does not seem to be addressing the needs of the poorest families in the United States, which is evidenced through both the increase in deep poverty and the rates at which this population is participating in TANF.

The Supplemental Nutrition Assistance Program[73] and the Medicaid Program, which provide food stamps and healthcare, respectively, have continued to assist a growing number of low-income families, while TANF participation has continued to drop.[74] The Congressional Budget Office reports that unlike the trends seen in program participation in TANF, the other four major poverty reduction initiatives have seen significant growth in participation over the last several years.[75] Moreover, as of 2003, each of these programs served more low-income families than did TANF. In addition to serving more people than the major welfare legislation, the U.S.F.G. also provides more funding for the other four major poverty reduction programs. In 2005, the federal government spent $22 billion on TANF, compared with $30 billion on Food Assistance, $39 billion on Supplemental Security Income benefits, and $45 billion for the Earned Income Tax Credit; see Annex A.

The number of families who are eligible to participate in TANF, but who do not, is remarkably high not only with reference to participation in other poverty reduction programs, but also when compared with AFDC. According to

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[71] S.H. Danziger, "After Welfare Reform and an Economic Boom: Why is Child Poverty Still So Much Higher in the U.S. than in Europe?" in *Children and Social Security*, ed. J. Bradshaw (London: Ashgate, 2002b), 3-35.

[72] Center on Budget and Policy Priorities, *Policy Basics: Temporary Assistance to Needy Families.*

[73] Commonly referred to as food stamps. Gross monthly income eligibility limits are set at 130 percent of the poverty level for the household size. Net monthly income limits are set at 100 percent of poverty (U.S. Department of Agriculture, Food and Nutrition Service, 2009a; 2009b). Participation in the food stamps program is not taken into account when measuring a household's poverty, as food stamps are not a cash benefit. Following the 1996 Welfare Reform, participation in this program includes a work requirement.

[74] Parrott and Sherman, *TANF at 10: Program Results are More Mixed Than Often Understood*.

[75] Congressional Budget Office, *Changes in Participation of Means Tested Programs*, 2005.

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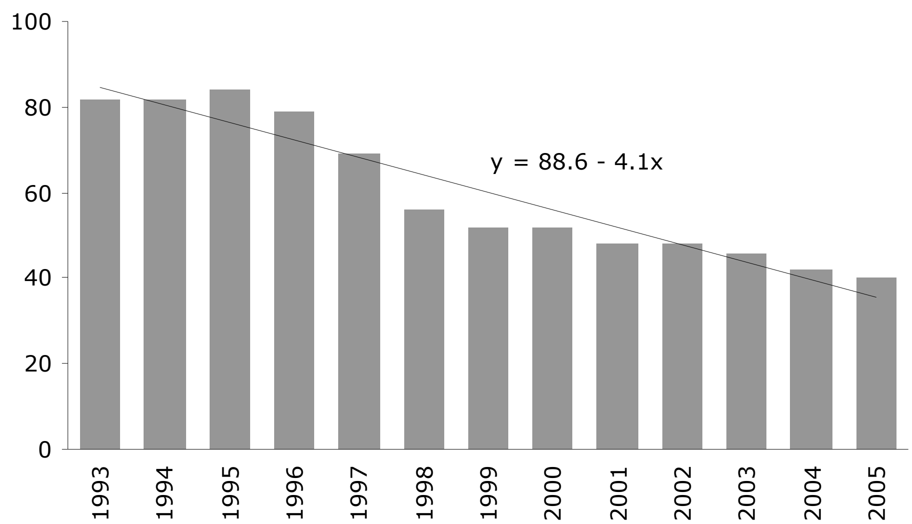
the U.S. Department of Health and Human Services, in 2005 only 40 percent of families who were eligible for TANF assistance participated in the program.[76] This is a significant change. Prior to welfare reform, more than 80 percent of families that qualified for AFDC participated in the program. Moreover, a simple linear trend shows that participation of AFDC/TANF decreased over 4 points each year in the period 1993-2005. See Figure 3.

Figure 3. Rates of Participation in AFDC and TANF by Families that Meet Eligibility Requirements



Source: U.S. Department of Health and Human Services (Indicators of Welfare Dependence) (2008).

Thus, the decline in welfare caseloads, a figure frequently marshaled as proof of welfare reform's success, does not indicate that low-income families are more financially successful and stable than they were before welfare reform, but rather that poor families are simply not participating in the program. As stated by Parrott and Sherman: "More than half—57 percent—of the decline in TANF caseloads since 1996 is due to a decline in the extent to which TANF programs serve families that are poor enough to qualify, rather than to a reduction in the number of families who are poor enough to qualify for aid."[77]

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[76] U.S. Department of Health and Human Services, *Annual report to Congress.* Indicators of Welfare Dependence, 2008.

[77] Parrott and Sherman, *TANF at 10: Program Results are More Mixed Than Often Understood*.

4.5. TANF Benefits and Inflation

There are also significant concerns about the degree of help that TANF is providing to the families who are participating in the program. The basic TANF block grant that the U.S.F.G. makes available has been set at $16.5 billion since it was established in 1996[78] (Table 2). As a result, the real value of the block grant has already fallen by about 27 percent.[79] In addition, 23 U.S. States have maintained the same benefit level since fiscal year 2000 without making adjustments for inflation.

Table 2. Basic TANF Block Grant in Constant FY1997 Dollars

Fiscal Year	Value of the Block Grant in Billions of FY1997 Dollars	Cumulative Loss in Value (in percent)
1997	16.5	—
1998	16.2	−2
1999	15.9	−3
2000	15.4	−6
2001	14.9	−9
2002	14.7	−11
2003	14.4	−13
2004	14.1	−15
2005	13.6	−17
2006	13.1	−20
2007	12.9	−22
2008	12.6	−24
2009	12.3	−25
2010	12.1	−27

Notes: Constant dollars were computed using the Consumer Price Index for all Urban Consumers (CPI-U). Actual inflation was used to compute constant dollars for FY1997 through FY2006 using data from the U.S. Bureau of Labor Statistics. Constant dollars for FY2007 through FY2010 are based on the inflation assumptions of the U.S. Congressional Budget Office (CBO), published in January 2007.

Source: Falk Report for the Congressional Research Service (2007).

78 Falk, "The Temporary Assistance for Needy Families Block Grant, Responses to Frequently Asked Questions."

79 Center on Budget and Policy Priorities, *Policy Basics: Temporary Assistance to Needy Families.*

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A study by Schott and Levinson found that TANF benefits have declined in real (inflation-adjusted dollars) in nearly every U.S. State since the passage of PRWORA.[80] The same study found that even those U.S. States that have adjusted benefit levels upwards under TANF have not kept pace with the increased costs of basic needs. When adjusting for inflation using the Consumer Price Index, 48 States have lower real dollar benefit levels now than they did in 1996 when TANF was enacted. In the 19 States where TANF benefits have remained the same since welfare reform, TANF benefits in 2009 are worth 25 percent less, in inflation-adjusted terms, than they were in 1996. In other words, TANF benefits do less to help families rise out of extreme poverty than they did in 1996. In 2008, 20 States had benefit levels below 25 percent of the federal poverty line, which is nearly twice as many states as had benefits below 25 percent of the poverty line in 1996 when TANF replaced AFDC. The families who are participating in TANF are receiving benefits that do little to help them move out of poverty and the rate to which it is helping is decreasing.

4.6. Summary

While there are some indications that TANF had a positive impact on the employment patterns of former welfare recipients, there are also strong indications that the economy played a significant role in the availability of jobs. In tough economic times TANF is ill-prepared to address the needs of the growing number of people living in poverty. While the extent to which each state program is serving its populations varies greatly, there are some themes which can be established nationally: There have been negative findings in the program's effectiveness in serving the very poor and single-mother-headed households; participation rates have gone down—even among those who remain eligible for the program; and inflation has led to a decline in program benefits leading to the reduced ability to serve needy families.

5. CONCLUSION

When PRWORA was passed in 1996, it might have been the ideal time for welfare reform for political and pragmatic reasons. On the political side, there was a growing sentiment that AFDC was creating a population of welfare recipients that relied primarily on the government for financial support. With regard to the

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80 Z. Schott, and L. Levinson, *TANF Benefits Are Low And Have Not Kept Pace With Inflation: But Most States Have Increased Benefits Above a Freeze Level in Recent Years* (Washington, DC: Center on Budget and Policy Priorities, 2008).

feasibility of reform, the economic climate at the time was such that there were more opportunities for less-skilled and low-income workers to secure employment at better wages than had been available in the past. Against this background, welfare caseloads fell dramatically after the mid-1990s. Some of this decline is undoubtedly due to welfare reform, some to nonwelfare policy changes, some to the booming economy, and some to the interactions among them. However, it is a difficult task to evaluate U.S. welfare reform, because with the passage of PRWORA and the increase in U.S. State discretion, there are different programs, eligibility requirements, and benefit amounts in every U.S. State. We found huge variation across U.S. States, depending on ability to pay and preferences to meet a certain level of social standard and other (social) objectives such as child care, family maintenance, and work support and employment programs.

The 1996 welfare reform highlights America's emphasis on work. PRWORA represented a shift in the way the United States attempts to address poverty, as well as a general change in the philosophy about how poverty reduction strategies should be implemented. Although welfare reform increased work, the earnings of most individuals who left welfare are still below the poverty line, even many years after their exit. Another drawback of this work-first approach is the termination of cash assistance after five years, especially for vulnerable groups with low skills. In the wake of the Deficit Reduction Act of 2005 (which altered spending on a number of social service programs) States are beginning to provide low-income families, even those families who have left the TANF program, with additional resources.[81] These resources are often designed to create incentives to work by providing supplemental payments to families' employment-earned household income. Since the passage of the Deficit Reduction Act in 2005, one third of U.S. States have established supplemental support programs, with various eligibility rules and benefit amounts.[82]

Still, 14.3 percent of the U.S. population was living in poverty in 2009 (approximately 43.6 million people). This number is only climbing in the current economic crisis, and while TANF is due for reauthorization, it will likely be extended. However, the opportunity to address TANF's "shortfalls" will likely come in the near future. Our interpretation of the literature is that welfare reform policies (TANF) had limited success in reducing poverty. With the current

[81] The welfare reform law was reauthorized by the Deficit Reduction Act of 2005 and extended until 2010. The Deficit Reduction Act was intended to reduce mandatory (entitlement) federal spending (Medicare, Medicaid, Food Stamps, farm subsidies, etc.) through changes in program requirements set by revised or new federal laws. In some cases it allows for spending on new programming by providing more state discretion on programs and spending.

[82] Schott and Levinson, *TANF Benefits Are Low And Have Not Kept Pace With Inflation: But Most States Have Increased Benefits Above a Freeze Level in Recent Years.*

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troubled economy and shrinking job market, low-income families need significantly more support. Supplemental cash assistance programs and education and job training that aid less-skilled workers in both finding and sustaining employment will be necessary for welfare reform in the United States to be successful in reducing poverty and supporting families in difficult economic times. If moving people from welfare to work is the goal of U.S. welfare policy, it is important to ensure that a living wage can be obtained through work, and that the costs of childcare and transportation do not exceed the income gained through employment. Automatically adjusting the U.S. minimum wage for inflation annually might be one complementary policy change that would serve to support working families facing these challenges. Moreover, one could argue that recipients who reach time limits without meeting work requirements should be offered a chance to work in community service jobs in return for cash assistance.[83]

When TANF is reauthorized, it is important that the funding allocated is appropriate for the program's scope. Additionally, TANF's goals should be clarified; TANF's role as both a work program and the primary source of support for the most impoverished families is not realistic given the program's resources. If TANF is to remain a program that addresses the needs of the poorest families in the United States through supplemental income, work, and family supports, it is critical that we address these needs adequately. TANF, as a critical component of the U.S. safety net, must be flexible in meeting the needs of the most disadvantaged families in the most difficult economic times. The past recession provided challenges to the program and it responded unevenly.[84] Finally, for TANF to continue to be a key piece of the U.S. effort to reduce poverty, it must be measured accordingly. Instead of measuring caseloads, it needs to include performance measures that would allow for States to be evaluated on how well they are serving families, not just to determine the reduction in families receiving benefits.

[83] S.H. Danziger, and S.K. Danziger, "The U.S. Social Safety Net and Poverty: Lessons Learned and Promising Approaches," PSC Research Report No. 05-580 (2005), 10.

[84] L. Pavetti, and D. Rosenbaum, *Creating a Safety Net that Works When the Economy Doesn't: The Role of the Food Stamp and TANF Programs* (Washington, DC: Center on Budget and Policy Priorities, 2010).

Annex A: Total Means-tested Benefits by Program, 1970-2007 (constant 2007 dollars, millions)

	Medicaid	SSI	AFDC/ TANF	EITC	Food Stamps	Housing Aid	School Food Programs	WIC	Head Start
1970	28,264	15,706	26,522		2,938	2,693	3,631		1,740
1971	34,281	16,413	30,728		7,796	3,922	4,711		1,843
1972	41,235	16,825	35,337		8,915	5,734	5,784		1,867
1973	44,004	15,962	35,552		9,953	7,710	6,251		1,871
1974	46,574	22,063	34,113		11,432	7,671	6,350	44	1,699
1975	51,820	22,653	36,589	4,817	16,901	8,197	7,405	344	1,557
1976	55,348	22,104	39,154	4,719	19,410	9,125	7,879	520	1,607
1977	59,753	21,576	39,569	3,856	17,337	10,288	8,245	876	1,625
1978	61,904	20,836	37,649	3,333	16,343	11,700	8,484	1,207	1,988
1979	63,779	20,206	34,640	5,860	18,507	12,292	8,834	1,501	1,942
1980	65,504	19,982	33,806	4,997	21,944	13,789	9,101	1,831	1,849
1981	69,132	19,601	33,058	4,361	24,247	15,650	8,459	1,988	1,867
1982	68,780	19,297	31,398	3,814	21,934	17,326	7,043	2,039	1,959
1983	73,413	19,577	32,136	3,737	23,216	19,670	7,419	2,344	1,899
1984	76,297	20,698	32,067	3,269	21,345	20,052	7,414	2,770	1,987
1985	78,884	21,312	31,523	4,024	20,703	21,971	7,274	2,870	2,072
1986	85,856	22,855	32,530	3,801	20,063	21,644	7,488	2,995	1,968
1987	91,878	23,638	33,686	6,189	19,165	20,585	7,570	3,066	2,063
1988	96,538	25,195	33,329	10,334	19,541	22,306	7,415	3,150	2,114
1989	103,592	24,592	32,869	11,028	19,513	23,374	7,192	3,195	2,065
1990	116,856	25,533	34,929	11,965	22,436	24,559	7,054	3,367	2,462
1991	141,898	27,370	36,739	16,906	26,360	25,816	7,503	3,503	2,971
1992	159,884	31,416	39,320	19,253	30,895	27,748	7,929	3,843	3,254
1993	175,594	34,686	38,795	22,294	31,576	30,702	8,089	4,059	3,984
1994	188,054	39,577	40,369	29,527	31,827	33,303	8,384	4,434	4,653
1995	197,086	38,263	40,939	35,313	30,971	37,330	8,469	4,675	4,808
1996	201,091	36,247	37,257	38,092	29,654	35,231	8,577	4,883	4,717
1997	204,730	38,911	29,944	39,258	25,254	35,775	8,766	4,966	5,142
1998	214,967	39,629	27,365	41,138	21,485	36,490	9,055	4,949	5,530
1999	229,230	40,016	27,042	39,702	19,626	34,406	9,187	4,901	5,797
2000	242,736	42,689	27,221	38,887	18,041	34,663	9,099	4,795	6,342
2001	263,782	36,856	28,284	39,075	18,202	35,201	9,297	4,863	7,259
2002	287,003	41,456	26,920	44,026	21,041	38,087	9,722	5,002	7,534
2003	306,092	39,094	25,756	43,561	24,120	39,785	9,979	5,098	7,513
2004	320,552	39,586	22,900	43,931	27,022	40,145	10,335	5,364	7,436
2005	332,818	39,532	21,972	45,025	30,329	40,035	10,589	5,301	7,265
2006	319,476	39,997	21,052		31,047	39,084	10,542	5,217	6,979
2007					30,373	39,436	10,891	5,450	

Abbreviations: Medicaid = medical assistance for aged, blind, disabled, certain pregnant women, or dependent children; SSI = Supplemental Security Income (federally administered cash assistance for aged, blind, and disabled); AFDC = Aid to Families with Dependent Children; TANF = Temporary Assistance for Needy Families; EITC = Earned Income Tax Credit; WIC = Supplemental Nutrition Program for Women, Infants and Children.

Source: Scholz et al. (2008, 48-49).

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Annex B: Number of Recipients Means-tested Benefits by Program, 1970-2007 (thousands)

	Medicaid	SSI	AFDC/ TANF	EITC	Food Stamps	Housing Aid	School Breakfast	School Lunch	WIC	Head Start
1970			8,466		4,340		450	22,400		477
1971			10,241		9,368		800	24,100		398
1972	17,606		10,947		11,109		1,040	24,400		379
1973	19,622		10,949		12,166		1,190	24,700		379
1974	21,462	3,996	10,864		12,862		1,370	24,600	88	353
1975	22,007	4,314	11,346	6,215	17,064		1,820	24,900	344	349
1976	22,815	4,236	11,304	6,473	18,549		2,200	25,600	520	349
1977	22,832	4,238	11,050	5,627	17,077	2,398	2,490	26,200	848	333
1978	21,965	4,217	10,570	5,192	16,001	2,643	2,800	26,700	1,181	391
1979	21,520	4,150	10,312	7,135	17,653	2,842	3,320	27,000	1,483	388
1980	21,605	4,142	10,774	6,954	21,082	3,032	3,600	26,600	1,914	376
1981	21,980	4,019	11,079	6,717	22,430	3,431	3,810	25,800	2,119	387
1982	21,603	3,858	10,258	6,395	21,717	3,619	3,320	22,900	2,189	396
1983	21,554	3,901	10,761	7,368	21,625	3,857	3,360	23,000	2,537	415
1984	21,607	4,029	10,831	6,376	20,854	4,081	3,430	23,400	3,045	442
1985	21,814	4,138	10,855	7,432	19,899	4,225	3,440	23,600	3,138	452
1986	22,515	4,269	11,038	7,156	19,429	4,336	3,500	23,700	3,312	452
1987	23,109	4,385	11,027	8,738	19,113	4,461	3,610	23,900	3,429	447
1988	22,907	4,464	10,915	11,148	18,645	4,530	3,680	24,200	3,593	448
1989	23,511	4,593	10,993	11,696	18,806	4,632	3,810	24,200	4,119	451
1990	25,255	4,817	11,695	12,542	20,049	4,710	4,070	24,100	4,517	541
1991	28,280	5,118	12,930	13,665	22,625	4,786	4,440	24,200	4,893	583
1992	30,926	5,566	13,773	14,097	25,407	4,830	4,920	24,600	5,403	621
1993	33,432	5,984	14,205	15,117	26,987	4,959	5,360	24,900	5,921	714
1994	35,053	6,296	14,161	19,017	27,474	5,035	5,830	25,300	6,477	740
1995	36,282	6,514	13,418	19,334	26,619	5,130	6,320	25,700	6,894	751
1996	36,118	6,614	12,321	19,464	25,543	5,104	6,580	25,900	7,186	752
1997	34,872	6,495	10,376	19,391	22,858	5,132	6,920	26,300	7,407	794
1998	40,649	6,566	8,347	20,273	19,791	5,082	7,140	26,600	7,367	822
1999	40,300	6,557	6,824	19,259	18,183	5,154	7,370	27,000	7,311	826
2000	42,887	6,602	5,778	19,277	17,194	5,104	7,550	27,300	7,192	858
2001	46,164	6,688	5,359	19,593	17,318	5,123	7,790	27,500	7,306	905
2002	49,329	6,788	5,064	21,703	19,096	5,268	8,150	28,000	7,491	912
2003	51,971	6,902	4,929	22,024	21,259	5,231	8,430	28,400	7,631	910
2004	55,002	6,988	4,745	22,270	23,858	5,172	8,900	29,000	7,904	906
2005		7,114	4,492	22,752	25,718	5,139	9,360	29,600	8,023	907
2006		7,236			26,672	5,192	9,770	30,100	8,088	909
2007					26,466	5,108	10,160	30,600	8,285	

Abbreviations: Medicaid = medical assistance for aged, blind, disabled, certain pregnant women, or dependent children; SSI = Supplemental Security Income (federally administered cash assistance for aged, blind, and disabled); AFDC = Aid to Families with Dependent Children; TANF = Temporary Assistance for Needy Families; EITC = Earned Income Tax Credit; WIC = Supplemental Nutrition Program for Women, Infants and Children.

Source: Scholz et al. (2008, 50-51).

Annex C: U.S. State Use of TANF and MOE Funds as a Percent of Total Federal TANF and State MOE Funding, fiscal year 2005

	Cash Assistance	Admin	Work Program	Child Care	Transfer to CCDF	Other Work Supports	Family Formation	Other	Transfer to SSBG
Alabama	34	9	11	5	3	3	1	26	8
Alaska	44	6	13	14	16	1	1	2	3
Arizona	50	12	6	3	0	1	0	21	7
Arkansas	24	10	16	19	10	7	3	7	3
California	55	9	7	10	6	2	0	8	2
Colorado	33	9	1	1	1	4	0	46	7
Connecticut	26	6	5	3	0	4	15	36	6
Delaware	32	10	0	40	-7	21	0	0	4
Florida	18	9	8	23	12	1	1	24	6
Georgia	22	4	16	4	0	3	6	43	3
Hawaii	55	10	14	7	7	1	0	0	7
Idaho	15	4	15	2	18	1	5	38	3
Illinois	12	2	8	41	0	2	0	33	2
Indiana	36	13	2	5	2	13	1	29	1
Iowa	38	7	9	3	13	2	4	18	6
Kansas	36	5	1	4	12	20	0	19	2
Kentucky	39	6	10	8	20	2	0	15	0
Louisiana	23	12	6	2	9	4	23	14	7
Maine	64	4	2	10	6	9	0	2	4
Maryland	33	10	8	8	0	27	6	2	6
Massachusetts	40	3	2	22	11	9	0	7	6
Michigan	31	7	6	17	10	0	8	19	3
Minnesota	33	11	17	10	6	14	0	10	0
Mississippi	25	5	14	5	18	12	7	6	9
Missouri	36	6	9	18	8	0	2	15	6
Montana	42	11	24	3	4	0	1	12	4
Nebraska	62	7	14	8	10	0	0	0	0
Nevada	47	23	2	6	0	8	1	13	2

	Cash Assistance	Admin	Work Program	Child Care	Transfer to CCDF	Other Work Supports	Family Formation	Other	Transfer to SSBG
New Hampshire	49	10	12	6	8	2	2	7	5
New Jersey	44	8	5	3	0	5	35	0	2
New Mexico	47	5	8	2	19	1	1	17	1
New York	39	9	5	2	9	17	1	16	3
North Carolina	20	7	12	22	16	1	0	21	1
North Dakota	33	10	8	7	0	4	7	31	0
Ohio	30	12	7	21	0	2	1	20	7
Oklahoma	15	7	0	28	14	12	2	15	7
Oregon	39	10	8	4	0	6	0	33	0
Pennsylvania	31	7	14	10	9	3	2	22	2
Rhode Island	41	8	4	29	5	0	0	13	1
South Carolina	29	8	22	2	1	3	3	24	8
South Dakota	36	9	11	3	0	0	2	34	7
Tennessee	40	10	9	10	19	2	0	7	3
Texas	20	13	9	3	0	0	1	47	7
Utah	41	18	28	9	0	1	0	1	3
Vermont	44	8	1	10	11	18	0	1	6
Virginia	47	15	17	7	1	2	0	6	5
Washington	41	7	15	11	16	1	0	8	1
West Virginia	32	19	2	15	0	7	11	6	8
Wisconsin	22	7	6	32	12	12	3	3	3
Wyoming	19	3	1	8	10	7	0	52	0
U.S. (un-weighted average States)	35	9	9	11	7	6	3	17	4

Abbreviations: MOE = States are required to contribute, from their own funds, at least $10.4 billion in total under what is known as a "maintenance-of-effort" (MOE) requirement. Admin = Administrative Expenditures; CCFD =Child Care and Development Fund; SSBG = Social Service Block Grant.

Source: Falk (2008). Congressional Research Service based on data from the U.S. Department of Health and Human Services.

Annex D: Variations in U.S. Government Aid Across the Nation, 2009

	Share of Poor Children and Parents that Receive Cash Welfare [a]	Share of Unemployed that Receive Benefits	Share of Eligible Households that Receive Housing Benefits	Share of Eligible People that Receive Food Stamps	Share of Uninsured Poor Adults Covered by Government Programs [a]	Share of Uninsured Low-income Children Covered by Government Programs [b]
Alabama	10	41	38	66	45	83
Alaska	24	51	26	63	36	81
Arizona	18	35	19	61	43	67
Arkansas	7	55	34	77	33	83
California	47	43	21	50	37	73
Colorado	8	26	23	54	30	57
Connecticut	31	51	34	65	54	78
Delaware	22	58	34	73	53	71
Florida	7	38	23	62	30	56
Georgia	6	36	33	68	36	73
Hawaii	25	50	26	72	49	83
Idaho	2	67	29	57	44	73
Illinois	9	43	30	79	38	77
Indiana	29	46	32	74	43	83
Iowa	28	49	35	71	48	86
Kansas	23	37	34	59	43	82
Kentucky	15	36	38	78	45	81
Louisiana	5	32	39	75	37	76
Maine	46	37	41	96	69	86
Maryland	25	45	32	60	37	69
Massachusetts	38	64	35	61	63	86
Michigan	32	46	31	80	50	86
Minnesota	35	42	37	69	54	75
Mississippi	7	32	42	63	39	72
Missouri	29	35	33	98	45	79
Montana	11	52	32	62	43	70
Nebraska	24	40	33	67	40	75
Nevada	14	49	17	54	25	51

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	Share of Poor Children and Parents that Receive Cash Welfare [a]	Share of Unemployed that Receive Benefits	Share of Eligible Households that Receive Housing Benefits	Share of Eligible People that Receive Food Stamps	Share of Uninsured Poor Adults Covered by Government Programs [a]	Share of Uninsured Low-income Children Covered by Government Programs [b]
New Hampshire	28	37	34	68	38	76
New Jersey	27	67	28	60	33	62
New Mexico	17	49	31	71	39	69
New York	32	48	32	63	55	81
North Carolina	7	46	29	67	42	73
North Dakota	22	33	37	57	43	70
Ohio	23	37	33	70	50	81
Oklahoma	6	29	32	69	31	77
Oregon	21	57	25	85	35	72
Pennsylvania	31	66	33	75	54	77
Rhode Island	40	43	39	55	57	85
South Carolina	9	44	33	74	45	76
South Dakota	12	19	45	58	42	79
Tennessee	30	33	35	91	49	83
Texas	6	25	28	63	27	61
Utah	8	35	28	56	32	64
Vermont	49	50	35	80	61	85
Virginia	18	29	31	69	34	71
Washington	32	40	24	75	47	82
West Virginia	14	45	42	83	47	89
Wisconsin	14	65	29	67	51	83
Wyoming	2	35	39	53	40	77
U.S. average	21	44	30	67	41	73

[a] Below 100 percent of the poverty line.
[b] Below 200 percent of the poverty line.

Source: Deparle and Ericson (2009).

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