

Making Progress on “Welfare Reform”:

A Response to Scott Winship

Discussion Draft

Peter Germanis¹

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Scott Winship of the Manhattan Institute contends that “welfare reform” is an “unambiguous” success and reduced child poverty *rates* (measured in various ways), while I contend it is a *policy* failure and increased the *depth* of poverty for many of our nation’s neediest families. This paper is a response to a series of questions posed by Winship to me on Twitter, as well as various related statements from his recent report, *Poverty After Welfare Reform*,² and articles about that report and “welfare reform” generally, most notably in the *National Review Online*.³ With respect to the latter, I also draw on annotated comments using Genius in an exchange between Shawn Fremstad of the Center for American Progress and Winship. (Both Fremstad and Winship were recently commended for the civility of their discourse on this topic in an article by Samuel Hammond of the Niskanen Center, “Celebrating Civil Discourse on Welfare Reform.”⁴)

Winship and I have very different views about “welfare reform’s” effects and policy implications, stemming from (among other things) differences in: 1) the definition of “welfare reform”; 2) standards for the evidence needed to draw causal inferences; 3) the appropriate poverty measure; and 4) the importance of policy details in making policy recommendations. After a discussion about what we mean by “welfare reform” and the problem of causal inference, I highlight Winship’s questions to me and related statements from various papers; my response is labeled “PC Response” (where PC is for “Peter the Citizen”).

I will also touch on some of Winship’s other recent statements about “welfare reform” and briefly discuss the importance of understanding policy details in the policymaking process. It is on this last issue, where most conservatives today have failed to provide constructive insights. Winship’s paper about poverty *after* welfare reform is just that – a paper describing poverty trends using one set of assumptions from before “welfare reform” to nearly 20 years after. Winship’s paper is not a strong basis for causal inferences and his suggestion that “the lessons of welfare reform should be extended to other safety-net programs” is irresponsible. (I will elaborate on this last point in a forthcoming paper.)

WARNING: This “response” is long and “in the weeds”; its primary goal is to address all of Winship’s concerns about *my* statements regarding “welfare reform” and to highlight *some* of my concerns with his statements. This discussion draft along with other responses to Winship will form the basis for a more complete paper on poverty after “welfare reform” responding to conservative claims that the 1996 “welfare reform” was, in Speaker Ryan’s words – an “unprecedented success.” In the end, Winship and I may have to agree to disagree, but at least the reasons for our disagreements will be clearer. Understanding these differences is important when considering the policy implications of “welfare reform.”

What is “welfare reform”?

When I refer to “welfare reform,” I usually put the term in quotation marks, because I am referring to the Temporary Assistance for Needy Families (TANF) block grant. (Indeed, my last “response” to Winship was “Making Progress on TANF.”) I put the term “welfare reform” in quotation marks when referring to TANF because TANF is not really welfare reform at all, but a flexible funding stream with a myriad of dysfunctional federal requirements. When Winship refers to “welfare reform,” he *says* he means the Personal Responsibility and Work Opportunity and Reconciliation Act of 1996 (PRWORA), which included TANF. PRWORA also included changes to the Supplemental Security Income (SSI) program, the Food Stamp (now SNAP) and various child nutrition programs, child support enforcement, and child care; it also restricted welfare and public benefits for immigrants.

TANF vs. PRWORA. Winship recently elaborated on the importance he places on the distinction between TANF and PRWORA:

...I am arguing (and always have) that a specific piece of legislation – the Personal Responsibility and Work Opportunity Reconciliation Act – benefited children. But critics of PRWORA always shift the debate to a specific subset of TANF policies. It’s like saying, “X was good,” and having critics say, “How can you possibly think part-of-X-called-Y was good?” X can be good without Y being good. So critics need to rebut my actual argument, which is about PRWORA, not certain parts of TANF that critics don’t like (and that I’m not thrilled about either).⁵

This distinction has not been clear in Winship’s papers, as his discussion of “welfare reform” provisions is almost always TANF-specific. For example,

- In “Conservative Reforms to the Safety Net Will Reduce Poverty,”⁶ there is no mention of PRWORA or any non-TANF PRWORA provision, but the article does refer to decline in families receiving TANF cash assistance.
- In “Welfare Reform Reduced Poverty and No One Can Contest It,”⁷ the focus is on children in single-parent families – TANF’s primary focus. Many of the other PRWORA provisions focus on other populations, e.g., SNAP’s work requirement is aimed at able-bodied adults without dependents and PRWORA’s immigrant provisions do not differentiate by family structure. In discussing the responsiveness of various safety net programs to the Great Recession, Winship compares TANF to SNAP. There is no discussion of the responsiveness of the other programs included in PRWORA.
- In “Welfare Reform’s Success and the War on Immobility,”⁸ there is one reference to the “Personal Responsibility and Work Opportunity Reconciliation Act,” but the discussion of welfare reform is limited to TANF. Indeed, Winship asserts that TANF’s time limit and work requirements were a central part of the law’s success. There is no reference to any non-TANF provision of PRWORA.

- In “Was Welfare Reform a Success?,”⁹ PRWORA is mentioned by name, but its description is limited to the conversion of AFDC to TANF, along with some of TANF’s main provisions – the block grant, work requirements, and time limits. There are also several references to AFDC waivers prior to the 1996 law as “welfare reform” – again, suggesting the focus is cash assistance.
- Even in *Poverty After Welfare Reform* there is virtually no discussion of PRWORA’s non-TANF provisions.

In short, there is nothing in anything Winship has written that would suggest “welfare reform” is anything other than TANF. Winship acknowledges that he has not been clear about this:

I tried to make this clear in my previous essay, but I guess I didn’t do a great job. The question is “what would’ve happened if PRWORA hadn’t passed? Would kids be better off?” It’s not, “What would’ve happened if we’d designed specific parts of TANF better?” I mean, everyone’s free to ask that question and attempt to answer it, but it’s different from asking whether “welfare reform” was a success.

The problem with this refinement is that the effects of PRWORA as a whole are of less interest than the effects of TANF, because the latter is what many believe exacerbated poverty and what conservatives believe to be a model for reform. And, virtually everyone who discusses “welfare reform” is referring to TANF. Winship cites Senator Moynihan’s concerns about the 1996 law as follows:

The late senator Daniel Patrick Moynihan famously surmised that the new five-year time limit on eligibility for federal cash benefits “might put half a million children on the streets of New York in 10 years’ time.”

Clearly, Senator Moynihan was worried about TANF. Similarly, when Speaker Ryan discusses “welfare reform” today, he thinks of TANF:

In 1996, we created a work requirement for welfare. But that was just one program. We have to fix all the others now.¹⁰

Obviously, Speaker Ryan doesn’t believe we “fixed” the non-TANF programs in PRWORA, as he said just “one program.” This belief is reflected in his various budget proposals, with proposals to block grant SNAP and Medicaid.

Virtually all conservatives who use a pre-post analysis of poverty rate trends to assess “welfare reform” refer to TANF, not PRWORA, and they use the same poverty statistics as Winship to make their case (without all Winship’s adjustments).

- Robert Doar of the American Enterprise Institute (AEI) wrote, “TANF has been a success – Let’s make it better.”¹¹ He cited the decline in child poverty rates.

- Rachel Sheffield and Robert Rector of The Heritage Foundation wrote, “[T]he 1996 welfare reform is a rare example of a policy that actually reduced welfare dependence and poverty while cutting welfare costs.”¹² They went on to describe TANF and the decline in child poverty rates in the immediate aftermath of the law’s passage.
- Ron Haskins highlighted the decline in child poverty rates after the law passed, describing the legislation as follows: “A primary goal of the legislation was to help, encourage, and cajole mothers to work. The law did three things to try to increase work rates: it ended the legal entitlement to welfare payments, thereby clearing the way for cash benefits to be contingent on working or preparing to work; it placed a five-year time limit on receipt of cash welfare for most mothers; and it required states to place half their welfare caseload in programs designed to help recipients find work or prepare for work.”¹³ He described TANF, not PRWORA.

Those who read Winship’s papers are likely to come away with this same conclusion. And, indeed, many of them do:

- Ramesh Ponnuru, a senior editor for *National Review* and a Visiting Fellow at AEI, recently claimed, “Welfare reform may be the last great bipartisan success story.”¹⁴ He wrote:

Scott Winship, a careful researcher at the conservative Manhattan Institute, has a new report arguing that welfare reform deserves to be remembered fondly. It imposed work requirements on many welfare recipients and gave states more flexibility in how they spent welfare funds.¹⁵

This is a description of TANF, not PRWORA. (Work requirements were added for able-bodied adults without dependents in the SNAP program, but this is irrelevant for an analysis of *child* poverty, the main focus of Winship’s analysis.)

- In “Did Welfare Reform Work?,” Danny Vinik of *Politico* wrote:

In a major new report released Monday, Scott Winship says ... that the law has actually succeeded in reducing child poverty... Clinton’s reform, officially the Personal Responsibility and Work Opportunity [Reconciliation] Act, created a new block grant, known as Temporary Assistance to Needy Families, to replace the old welfare program, called Aid for Families with Dependent Children, which offered financial assistance to low-income single mothers and which critics argued fostered dependency. The TANF program imposed work requirements and time limits on welfare beneficiaries.¹⁶

Again, this describes TANF; there is no reference to non-TANF provisions of PRWORA.

If Winship really believes that his causal analysis is about PRWORA and not TANF, then he should correct everyone who misinterprets his findings. For example, Vinik wrote:

The paper offers further support for Republicans like House Speaker Paul Ryan (R-Wis.) who want to further experiment with safety-net programs, including giving states more flexibility to impose work requirements and time limits. Many Republicans would also like to turn programs like food stamps into block grants.¹⁷

According to Winship, this conclusion is inappropriate, because, in his words, "...critics need to rebut my actual argument, which is about PRWORA, not certain parts of TANF that critics don't like (and that I'm not thrilled about either)." Vinik pulled out certain parts PRWORA, suggesting that work requirements, time limits, and even block grants are the lessons to be learned from Winship's article. Using Winship's line of reasoning, Vinik has no basis to suggest that his article offers any support for specific provisions, whether it is the block grant or work requirements or time limits. As described below, however, Winship himself violates his own rule constantly, as he draws on the TANF experience to discuss "lessons" from reform, including the importance of eliminating the entitlement and of work requirements (features central to TANF).

Conservatives promote TANF as a model for reform – not PRWORA as a whole. And, to the extent that the focus is on child poverty and single mothers – TANF is the main driving factor. If Winship wants to make an argument about PRWORA, he should explain the various non-TANF provisions of the law and how they affect child poverty; indeed, he should explain why he is limiting his analysis to *child* poverty.

NOTE: The debate over whether "welfare reform" is PRWORA or TANF should not be overblown. A simple examination of poverty rate trends over time is a very weak basis for causal inference because it ignores external factors that could influence the outcomes of interest. If Winship's approach were a statistical study, there would be a dependent variable (e.g., the poverty rate) and there would be a variety of independent variables (including an intervention variable). In this debate, we both look at largely the same data (and I am happy to use Winship's data) to try to assess the impact of the 1996 law. In Winship's case, the intervention variable (which is also an independent variable) is all of PRWORA. In my case, I make claims about TANF and that is the intervention variable. For me PRWORA's non-TANF provisions are like other independent variables that can explain changes in the dependent variable. Neither of us is doing a formal evaluation. Our conclusions vary not so much on whether the intervention is PRWORA or TANF, but a variety of other factors.

TANF as a Fixed and Flexible Funding Stream. Winship misunderstands what TANF really is; he suggests that TANF is similar to the welfare reform that preceded it – AFDC with waivers:

But I have been squishy in sometimes arguing that the pre-PRWORA waivers also constitute "welfare reform." I suppose what I really mean to say is that the waivers – which made AFDC less appealing, generally, but not always – were beneficial AND PRWORA was beneficial. That is, I think the waivers beat what we'd have seen absent any waivers, and I think PRWORA beats what we'd have seen if we just continued the existing waivers, because it promoted work and independence (thereby reducing child poverty) in states that would not have adopted the tougher parts of PRWORA.¹⁸

As described below, there are important differences between AFDC with waivers (real welfare reform) and TANF (a form of revenue sharing with a myriad of dysfunctional federal requirements). One important difference is that the waiver approach included a requirement for rigorous evaluation (generally a randomized control trial). We could actually determine if “waivers beat what we’d have seen absent any waivers.”¹⁹ The creation of TANF eliminated the requirement for rigorous evaluation, giving states a blank check with virtually no accountability. That is why we are having this debate.

Winship’s comparison of AFDC with waivers to PRWORA is really a comparison to TANF. The non-TANF programs in PRWORA either had no waiver authority (and weren’t part of the waiver-based reform process) or limited waiver authorities. AFDC with waivers represented real “welfare reform.” These waivers permitted states to test changes to the AFDC program – some state provisions made welfare “less appealing” (e.g., by adopting time limits, stricter sanctions, and family caps), but others made it more generous (e.g., expanding earnings disregards, asset limits, and eligibility for two-parent families).

TANF is not “welfare reform” in the same way AFDC with waivers was. While TANF sent a symbolic message about the importance of work requirements and time limits, in practice, neither of these elements have been implemented in the way Congress intended. In fact, TANF is not “welfare reform” at all, but a fixed and flexible funding stream that has failed to provide an adequate safety net or an effective welfare-to-work program.

Perhaps the best way to think about TANF is to divide “welfare reform” into various phases – this highlights the fact that “welfare reform” is not the same over time. This is important for those who say TANF’s lessons should be extended to other safety net programs. The so-called “lessons” vary from period to period – and, state-to-state.

- Pre-TANF (1992-1996): This is a period during which states continued to implement the JOBS program of the Family Support Act of 1988 and many began experimenting with reform through waivers. The waiver approach was subject to “cost neutrality,” which is very different than a fixed block grant. During this period, the focus of “welfare reform” was on experimentation with cash assistance and welfare-to-work programs.
- TANF I (1997-2000): This period is one in which TANF’s provisions were being phased in – the required work rates were low (often 0%) and no one had reached TANF’s 5-year time limit. Most states focused on traditional welfare reform activities, as they generally continued their waiver policies. This was also a period in which states received a large windfall in federal resources, because the block grant was based on historic funding levels when caseloads had peaked. The GAO estimated that if all states had received the full TANF block grant in 1997 (some didn’t because they had until July 1, 1997, to implement TANF) they would have \$4.7 billion more than they would have spent in 1997 under AFDC: “On average, given the actual caseload in 1997, we estimated that states would have had about 25 percent more budgetary resources under TANF than they would have had under AFDC funding rules.”²⁰ “TANF I” was implemented in the midst of

strong economic growth, expanded aid to the working poor, and a large windfall of money. It is therefore not surprising that TANF looks successful during this period.

- TANF II (2001-2007): The windfall disappears, as inflation erodes the value of the block grant and states begin changing the way they use TANF dollars, partly in response to a congressional directive. During “TANF I” many states had built up large reserves because they did not spend all their block grant funds, saving a portion for the future. On March 16, 1999, former Rep. Nancy Johnson, then chair of the House Ways and Means Subcommittee on Human Resources, wrote individually to all 50 governors warning that more TANF funds needed to be spent or states risked having Congress take back some of the unspent funds or would have future grants reduced.²¹ From this point, states begin shifting more of their TANF/MOE funds to activities other than traditional “welfare reform,” such as child welfare, preK, and college scholarships. Notably, this does not necessarily represent new spending, but often the supplantation of existing state spending.
- TANF III (2008-present): Inflation continues to erode the block grant and the rise in poverty associated with the Great Recession makes TANF a weaker safety net. In many states, TANF continues to become even more of a form of revenue sharing than a safety net for needy families. Prior to TANF, most states spent about 70 to 80 percent of their funds on basic assistance. In FY 2014, 10 states spent less than 10 percent of their funds on basic assistance, 24 states spent less than 20 percent on basic assistance, and 40 states spent less than 30 percent on basic assistance.²² And, in most states, this spending hasn’t been diverted to work-related activities, as this accounted for just 8 percent of spending.²³

The changing nature of TANF has important implications for assessing TANF’s effectiveness. Winship says:

...child poverty declined, and this decline occurred concurrently with dramatically falling welfare rolls and increasing work among single mothers. That doesn’t prove causality by any stretch, but my conclusions about the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) would be very different if all three of these trends hadn’t coincided.

The positive concurrence of trends Winship is referring to occurred only during the “TANF I” period. Between 2000 and 2013, the employment rate for single mothers fell (from 72.8 to 65.3 percent) and the poverty rate for single mother families rose (from 31.8 percent to 38.0 percent) – meanwhile, the TANF caseload fell another 25 percent.²⁴ It’s easy for TANF to be a success when the economy is strong and states are given a windfall, as in “TANF I.” But Winship’s “concurrent trends” argument falls apart after 2000. In short, even if one believes TANF was successful at one time (most notably during the “TANF I” period), it cannot be successful now.

I demonstrated this with an example in *TANF is Broken!* by comparing the plight of Governor Walker of Wisconsin and the challenges he faces (during “TANF III”) compared to those of Governor Thompson (during “TANF I”). See Exhibit 1. Winship should explain to Governor Walker and Speaker Ryan just how TANF (or PRWORA) is a success now, since the number of

poor families with children in Wisconsin has risen since 1996 and the state keeps failing to meet its work requirements.

The foregoing discussion is about how TANF has changed generally over time. It is also important to understand that its implementation has varied enormously across states. Some states, most notably California, still focus on core welfare reform purposes; others, like Texas and Georgia (to name but a few) have essentially eliminated cash welfare and instead use TANF as a giant slush fund. Winship looks at national data, but to understand TANF, one needs to look trends and implementation on a state-by-state basis.

Exhibit 1
A Tale of Two Governors: The Best of Times and the Worst of Times
(The Wisconsin Story)

Wisconsin, a state long lauded by conservatives for its welfare reforms, is a prime example of TANF’s differential effects over time. To see the impact of a fixed funding stream, compare the deal Governor Thompson got when TANF was created in 1997 to the deal Governor Walker got in 2012. Governor Thompson benefitted from a windfall of over \$100 million in federal funds (in 2014 dollars), compared to what the state spent in FY 1996, because Congress based the block grant on the FY 1994-95 period, when caseloads were much higher. But, caseloads had already started coming down before TANF and would have continued to decline without it, due to the strong economy, expanded aid to the working poor, and the waiver-based welfare reform. Indeed, the state continued to receive a federal windfall through the mid-2000s, and from FY 1998 through FY 2006, it faced a work participation rate requirement of 0 percent.

Governor Walker was not so lucky. He not only has a TANF block grant that is about 30 percent lower than the 1997 value, but he had to deal with a 38 percent increase in poor families with children. As a result, he had about 50 percent less federal funding per poor family (and that is before adjusting for the fact that state politicians have diverted TANF funds to fund other activities). And, unlike Governor Thompson, he has faced a 50 percent target for the work requirement from FY 2012 through at least FY 2014, a rate the state did to meet. Wisconsin thus faces the prospect of significant financial penalties.

Except for the initial group of governors who were around when TANF was enacted, TANF is a bad deal and getting worse each year.

A Tale of Two Governors: The Best of Times and the Worst of Times		
	Gov. Thompson (1997)	Gov. Walker (2012)
TANF Block Grant (2014\$)	\$467.8 million	\$327.7 million
Windfall/Deficit vs. 1996 (2014\$)	\$105.7 million	-\$34.4 million
# of poor families w/children	82,984	114,395
\$ per poor family w/children (2014\$)	\$5,637	\$2,865
Work Rate Targets	1997: 8% 1998-2006: 0%	2011: 0% 2012-2014: 50%

Sources: CBPP for poverty data; GAO for state-specific 1996 spending and block grant amounts. For Wisconsin work rate targets, see: Wisconsin Legislative Fiscal Bureau, *Wisconsin Works (W-2) and Other Economic Support Programs*, January 2015. Wisconsin’s deficit in FY 2012 is relatively smaller than most states because it got one of the biggest windfalls when TANF was enacted. This deficit will continue to grow in the future.

Welfare Reform vs. the Safety Net. TANF cash assistance is just a small part of the broader means-tested safety net programs. In 2014, spending on cash assistance (federal and state) accounted for about 1 percent of federal-state spending on means-tested programs (e.g., TANF, SSI, SNAP, assisted housing, EITC, Child Care Tax Credit, and Medicaid/CHIP). Even excluding Medicaid/CHIP, TANF cash assistance was just 2 percent of total spending on these non-health programs.

Winship and I agree that the focus of “welfare reform” does not include the broader safety net, with one very important exception. Winship states:

One last point: while I think that the EITC expansion was also helpful (as discussed in the piece), I don’t include it or other safety net expansions in “welfare reform” – which I define as specifically relating to PRWORA – UNLESS there were safety net expansions that occurred BECAUSE OF PRWORA.²⁵

Winship never explains how he determines whether a “safety net expansion” was “because of PRWORA,” and his analysis of poverty rate trends essentially takes credit for all of the expansions in these programs. This issue is discussed more below.

“Facts” vs. Causal Claims

Winship recognizes the challenges associated with making causal statements about “welfare reform” and its impact on poverty:

The real question of interest is not whether welfare reform was the only cause of declining child poverty, nor whether it was the best conceivable way to reduce child poverty. The important question is whether welfare reform reduced child poverty or not – are children better off today than they would be if we had not passed welfare reform?

That is a difficult question to answer because none of us knows what the counterfactual would have been in the absence of reform. It would be silly for me to claim to have an airtight case.²⁶

Winship adds:

I don’t think PRWORA was the single best policy that could’ve been enacted. But it was better than no PRWORA. That’s my only claim and I don’t make it or try to justify it in the new paper, which is about establishing basic facts. I titled it as I did, without causal inference, for a reason. My conclusion discusses the question of how difficult it is to answer.

Despite these few cautious statements about causality, Winship frequently makes causal statements and does “claim to have an airtight case,” as in the title of his article “Welfare Reform Reduced Poverty and No One Can Contest It.”²⁷ Winship’s “basic facts” are limited to his construction of poverty trends adjusting for a variety of factors, most notably non-cash benefits

and tax credits. This part of his work does make for a reasonable discussion of poverty *after* “welfare reform.” The problem arises when Winship asserts that “welfare reform” *caused* poverty rates to fall, as in articles like “Welfare Reform’s Success and the War on Immobility”²⁸ and “Happy birthday, welfare reform: The law signed by Bill Clinton in 1996 helped millions of American families rise out of poverty.”²⁹ In *Poverty After Welfare Reform*, he suggests that TANF’s “lessons” should be extended to other safety net programs:

The idea that rolling back welfare reform would help the poor is wholly unjustified by the evidence. Obviously, much depends on the details of future proposals, but the facts do not even imply that extending the lessons of welfare reform to other safety-net programs would be harmful to the very poor.³⁰

Winship’s analysis of poverty rate is not a basis for making causal inferences about the effects of “welfare reform.” There are many factors that affect poverty beyond “welfare reform” – the economy; the expansion in health spending and aid to the working poor; changes to other policies (e.g., periodic increases in the minimum wage); and changes in drug use, crime, teen pregnancy, and other social behaviors. In the 1980s and 1990s federal and state governments spent well over \$100 million conducting random assignment experiments to isolate the effect of welfare reform policies on outcomes like poverty. Apparently, Winship believes he can do this simply by looking at a trend line – disentangling the impact of the economy, demographic factors, and other variables. He goes well beyond providing “basic facts”; he makes unsupported causal claims and worse, offers policy recommendations based on those claims.

Unlike the AFDC waiver experiments, which could be evaluated using random assignment to assess their impacts on welfare dependency and self-sufficiency, TANF cannot be evaluated in this manner (or using other conventional evaluation methods). TANF is not a “program”; it is first and foremost just a funding stream. There is no counterfactual that could be constructed in any rigorous way to determine its impacts. To assess TANF, it is not only important to examine trends in key outcomes, but also to examine how the law is written, how the policies are implemented, and apply a good dose of common sense. That is the approach I take in *TANF is Broken! It’s Time to Reform “Welfare Reform.”*

Addressing Winship’s Questions and Comments

Scott Winship: So do I have this right? We agree that:

(1) welfare reform was a lousy job training/jobs program,

Note: In a separate response to Shawn Fremstad of the Center for American Progress Winship wrote:

It’s one thing to ask to define terms, though, and another to ask that I adopt someone else’s terms though. My frustration with Germanis is that he refuses to engage me on my terms. He seems to want me to say welfare reform failed because TANF is a lousy work program. But the former doesn’t necessarily follow from the latter.³¹

PC Response: My criticisms of TANF go well beyond its work requirements.³² Indeed, its most serious problems stem from the block grant structure and excessive state flexibility – it is a blank check with no meaningful accountability. While I often write about work requirements, I do so mainly because conservatives continue to claim that those requirements are responsible for TANF’s putative success. There should be no doubt in anyone’s mind that my criticism of TANF is far more extensive than being a “lousy job training/jobs program”; indeed, I often state, “when it comes to the TANF legislation, Congress got virtually every technical detail wrong.”

Winship’s reply to this criticism doesn’t bring us closer:

So to my mind, “TANF” (the flexible funding stream) could have all the problems you attribute to it (though you’ll see in my second article that I think those problems have been overstated in places), but because PRWORA included the work requirements and time limits that I believe successfully moved people into work and out of poverty, that’s a secondary point.

Note that Winship just moved from PRWORA to specific provisions within PRWORA related to TANF. (His second article barely scratches the surface on addressing the problems I highlight in *TANF is Broken!*; I respond to his perceived “overstatements” below.) He continues:

For PRWORA to have succeeded doesn’t require the flaws you describe to have been absent. Those flaws being absent might have made for a ***better*** system, but we would not have necessarily gotten PRWORA-without-the-Germanis-identified-flaws in the absence of PRWORA. (And to be clear, those flaws being absent might have made for a system where poverty didn’t fall as much or fell as much but left more people dependent on welfare than today.)

But to highlight where we’re talking past each other, I don’t agree that the work requirements don’t work. They work by making receipt of welfare unappealing and leading single mothers to take/keep jobs instead of staying/going on welfare. It’s your unwillingness or inability to acknowledge the possibility of that mechanism that has frustrated me (though you did acknowledge it in your last essay).

I understand Winship’s argument, but I don’t find it persuasive. I agree that TANF made “receipt of welfare unappealing,” but as described below I don’t believe, in Winship’s words, that this “helped millions of American families rise out of poverty.”

This exchange highlights two fundamentally different visions of what “welfare reform” should look like. I believe that it should focus on providing an adequate safety net for the very poor, particularly those with barriers to employment, and that work requirements should be designed to provide a “hand-up.” This approach is consistent with statements by other conservatives, most notably Speaker Ryan. Winship, on the other hand, believes welfare for non-workers should be made “less appealing” to enhance incentives for work and that other public programs or policies should provide even greater financial incentives for work (e.g., refundable tax

credits). This approach is also convenient for Winship, because it doesn't require any substantive knowledge of what states have actually done, as long as he can say TANF is "less appealing."

My frustration with Winship is the boldness with which he claims "welfare reform" reduced poverty based on a simple examination of poverty *rate* trends. I spent many years prior to TANF working to build accountability and rigorous evaluation into national and state welfare reform efforts, as reflected in the dozens of random assignment experiments that preceded TANF. (My role in this effort is described in a recent book by Judith Gueron and Howard Rolston – *Fighting for Reliable Evidence*.³³) Before settling on random assignment as the preferred evaluation approach, we considered various quasi-experimental approaches and statistical models. A simple comparison of data trends over time – Winship's approach – did not even merit consideration. Moreover, each experiment's evaluation included a careful implementation analysis; Winship's papers have no substantive discussion how TANF has been implemented beyond vague statements about "welfare reform" being "less appealing" and having "work requirements" and "time limits." This understanding is essential for anyone who advocates extending TANF's lessons to other safety net programs.

To recap so far: I do agree with Winship that TANF and all of its flaws did make welfare (really, cash assistance) less appealing, but I still disagree on the following major points:

- I do not believe TANF led to a substantial increase in employment.
- I do not believe TANF led to a significant decline in poverty, because I believe the employment impact was small and, unlike Winship, I do not count legislative expansions in SNAP, Medicaid, and other safety net programs to be a direct result of TANF. In fact, I believe TANF increased the *depth* of poverty for many families.
- I do not believe it is necessary to create a "program" as dysfunctional as TANF to provide incentives for work and that the extent of its dysfunction is a sign of incompetence, rather than success.
- The meaning of extending TANF's "lessons" to other programs is unclear, but unlike Winship, I am convinced that if that lesson is a block grant, with excessive flexibility, and dysfunctional federal requirements – then the result would be a disaster for both the poor and federal taxpayers.

These points are discussed in more detail below.

Scott Winship:

(2) it nevertheless could have increased employment by shifting incentives,

PC Response: Winship argues that TANF made welfare "less appealing" and whether this is related to the hassle factor of the work requirements or some other factor that pushed families off welfare, the reduction in benefits increased employment. Any economist would acknowledge that taking away a welfare benefit or increasing the hassle of receiving one would shift incentives. The central issue is the magnitude of the effect on employment, as well as the impact on other outcomes such as poverty.

Scott Winship:

(3) it did contribute to increasing employment,

And elsewhere,

Germanis's latest salvo appears to concede (finally) that this story is theoretically plausible, but he rejects it for reasons that are not apparent.³⁴

PC Response: I never realized acknowledging the theoretical effect of cutting a program's benefits on employment was Winship's concern. I have acknowledged this in several papers, e.g., "Speaker Ryan's 'Poverty, Opportunity, and Upward Mobility Report': The Need for 'A Much Better Way'," and I have provided multiple reasons for why I reject TANF as having a *major* employment effect.

First, there is nothing in the academic literature about welfare programs that suggests that relatively modest changes in benefit amounts would have a large labor supply response. In most states, the reduction in TANF benefits is about \$150 to \$400, and TANF is part of a bigger welfare package that includes SNAP and Medicaid, and possibly other benefits like housing assistance. The \$150 to \$400 range represents the entire TANF cash benefit in some states; in TANF's more generous states (most notably California and New York), work sanctions involve only a partial reduction in benefits. (Neither California nor New York terminate a family's assistance upon reaching the federal 5-year time limit; California removes the adult's needs and New York pays for continued assistance with state funds.) I do believe these amounts can have an important impact on the well-being of families, but nothing that would cause an employment increase that would, in Winship's words, help "millions of American families rise out of poverty."

Second, the employment rate of single mothers started rising in 1992, five years before TANF was implemented by states, as indicated in the table below, which is an abbreviated version of the table in "Making Progress on TANF." (The full table can also be found at the end of this document.) From 1992 to 1996, it rose from 57.3 percent to 63.5 percent. The growing economy, increased aid to the working poor, and welfare reform through waivers are just some of the factors that influenced this. TANF was enacted in 1996 and most states implemented it in 1997. The employment rate continued to rise until 2000, when it reached 72.8 percent. The question is how much did *TANF* contribute to the 9.3 percentage point rise from 1996 to 2000? Since the economy was strong and most states simply continued their waiver policies (again, TANF added little to the flexibility states had with cash assistance programs but for the elimination of the entitlement), I believe most of the gain would have been achieved in the absence of TANF. To the extent that TANF had an effect, it was a strong work message and the federal windfall in the first five years of TANF.

Year	# Single Mothers (000s)	Employment Rate	# Employed Single (000s)	Single mom TANF (000s)	Single Mother TANF Receipt Rate	Gaining Employment (000s)	Losing TANF (000s)
1992	9,567	57.3%	5,482	3,622	38%		
1996	10,052	63.5%	6,383	3,326	33%		
2000	9,712	72.8%	7,070	1,727	18%	903	-1,478
2006	10,938	69.6%	7,613	1,430	13%	667	-2,180
2013	10,970	65.3%	7,163	1,295	12%	197	-2,326

Source: Tom Gabe, CRS. Single mother caseload = AFDC/TANF caseload multiplied by 75 percent; typically about 25 percent of AFDC/TANF cases are two-parent or caretaker relative cases. I chose administrative data because it reflects average monthly data and is consistent with the employment rate which is the March employment rate using the CPS. The estimates for “gaining employment” and “losing TANF” are converted to the number of single mothers/single mother families by simply taking the rate in a particular year, subtracting the 1996 rate, and then multiplying the pre-post “impact” by the current year number of single mothers.

Third, even if one assumes pre-post comparisons are a valid way of measuring “impacts,” TANF’s effects have been steadily declining since 2000, before states had even fully implemented the law. By 2006, before the Great Recession, the employment rate had dropped to 69.6 percent – still 6.1 percentage points higher than in 1996. If one assumes the entire “impact” is due to TANF, this means TANF resulted in about 667,000 more employed single mothers. (Labor market conditions were slightly better in 2006 than in 1996, as measured by the overall unemployment rate.) To put this in perspective, however, the number of single mother families that lost TANF was more than three times greater (about 2.180 million).

In 2013, the employment rate for single mothers was 65.3 percent, just 1.8 percentage points higher than in 1996. If one assumes the entire “impact” is due to TANF, this means TANF resulted in about 197,000 more employed single mothers. (Labor market conditions were slightly worse in 2013 than in 1996, as measured by the overall unemployment rate.) To put this in perspective, however, the number of single mother families that lost TANF (about 2.326 million) was more than 11 times greater than the number gaining employment.

Question for Winship: *Based on a pre-post approach that attributes all changes in an outcome post 1996 to TANF (or PRWORA), do you not agree that TANF’s effect on the employment rate for single mothers is now very small, particularly in relation to the drop in TANF caseloads?*

So, based on pre-post comparisons attributing all changes to TANF, even if TANF worked once (e.g., in 2000 when the funding windfall was at its maximum and before work requirements or time limits were fully phased in), it doesn’t work now – the windfall is gone and states have diverted considerable sums to activities unrelated to welfare reform.

Question for Winship: *Cash assistance continued to get less and less appealing since 2000, both in terms of its accessibility to eligible families and in the value of benefits adjusted for inflation, so why didn’t the employment rate for single mothers continue to rise after 2000? That is your theory, right? (Between 1996 and 2013, the participation rate of eligible families fell steadily from about 80 percent to about 30*

percent; and the maximum benefit paid by most states has continued to decline as TANF benefits have failed to keep pace with inflation.)

One possible response would be to blame the economy for the decline in the employment rate, but then that would detract from the argument that TANF increased the employment rate after 1996.

Fourth, the suggestion that either welfare reform under AFDC waivers or state reforms to cash assistance under TANF had an impact as large as one implied by pre-post differences (e.g., the 15.5 percentage point increase from 57.3 percent in 1992 to 72.8 percent in 2000) is inconsistent with other research findings. During the 1990s when the employment rate of single mothers grew rapidly, there were dozens experiments of both welfare-to-work programs and state welfare reform policies. The impacts of these experiments were modest in comparison to the overall changes in employment rates over time.³⁵ This is because control group members also benefited from the improving economy and increased aid to the working poor. This suggests that most the increase in the employment rate was due to other factors.

Fifth, it is quite possible that TANF has contributed to a decline in the employment rate (relative to what it would have been in the absence of TANF), with other factors keeping it higher. As described in #4 below, both Winship and I agree that TANF “did contribute to reducing TANF receipt.” However, TANF is the only means-tested welfare program with a real work requirement for single mothers. We do know from rigorous research of welfare-to-work programs that such programs do have positive, albeit modest, impacts on employment and earnings, and do reduce welfare receipt. Had TANF been focused on the “help” aspect of work requirements rather than the “hassle” or making welfare “less appealing” aspect, the employment rate of single mothers might be higher than it is. This is an empirical issue, but it causes me to be hesitant to say even that making TANF “less appealing” increased the employment rate at all.

Scott Winship:

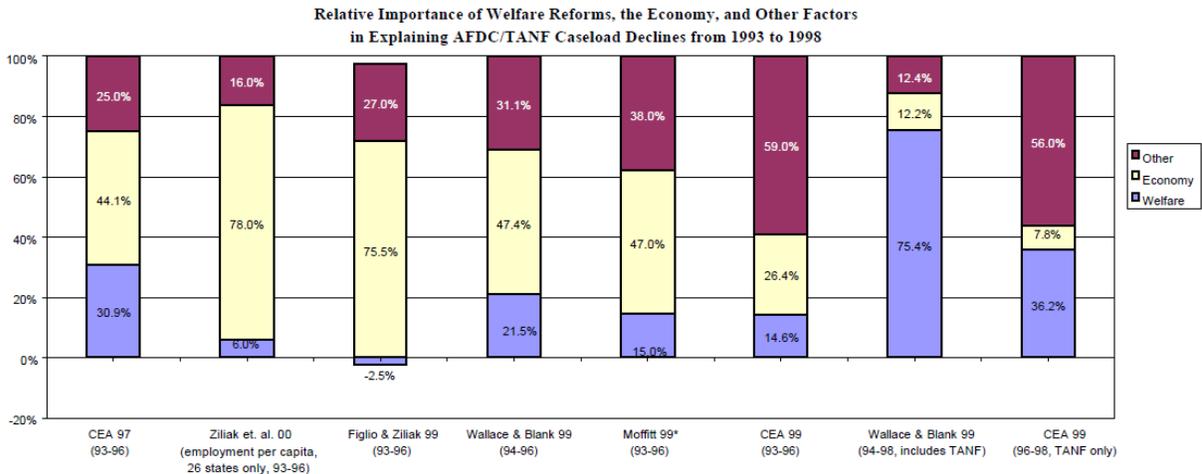
(4) it did contribute to reducing TANF receipt,

And elsewhere:

But the research on the factors behind declining welfare rolls and increasing employment among single mothers over the 1990s and early 2000s consistently found that welfare reform was important. The handful of papers that adjudicate between the effect of reform (and the state waivers before 1996) and other factors find that welfare reform was at least as important as the 1993 expansion of the Earned Income Tax Credit (or EITC, a subsidy for low-income workers) in reducing welfare receipt, both of which were larger factors than the improving labor market.

PC Response: Winship often raises this point in his articles, as if it were somehow a point of contention. Unlike the impacts on employment and poverty, there is no one who doubts that “welfare reform” reduced caseloads by a large amount. This impact has grown over time as “welfare reform” transitioned from AFDC with waivers to the current TANF program.

Winship asserts “welfare reform” and the expansion in the EITC were more important in explaining the caseload decline than the economy. This is not quite consistent with the research. A number of researchers have used statistical modeling in an attempt to isolate the effect of welfare reform on caseloads from other factors. Stephen Bell of the Urban Institute summarized the findings from eight research studies on the relative importance of welfare reform, the economy, and other factors.³⁶ The findings are somewhat uncertain and even inconsistent due to different methods, data sets, time periods, and other differences. The important point, however, is that they recognize that other factors, most notably the economy, have an important impact on welfare caseloads (see figure below). Using a rough average across the studies, “welfare reform” explains about 15 to 30 percent of the decline in the caseload, while the economy explains about 30 to 40 percent, and other factors (most notably the increase in the aid to the working poor) explain the remainder.



These studies were based on waivers and/or the early years of TANF. This reflects a period when states were held to a cost neutrality requirement (waivers) or had a massive federal windfall (and states could easily continue to operate their waiver programs).

If one were to update the analysis of “welfare reform’s” impact as time went on, more and more of the decline would be attributed to “welfare reform,” because post 2000 states began using TANF as a form of revenue sharing and the focus on core welfare reform activities diminished. The fact that the TANF caseload barely budged, even with added funding from the Recovery Act, is testament to that. Between 1996 and 2014, the number of poor families with children increased from about 6.4 million to 7 million, yet the caseload fell from 4.4 million to 1.7 million. Today, without a doubt, “welfare reform” is responsible for virtually the entire caseload decline.

In short, no one disputes that welfare reform has led to sharply reduced caseloads. The issue is whether the caseload decline is due to a “hand up” (my preferred approach) or bureaucratic disentanglement (the TANF approach). It is clearly the latter.

Scott Winship:

(5) but then you think it increased deep poverty by quite a bit. Why? Which poverty or hardship stats are you referencing?

And elsewhere:

He [Germanis] argues that the fall in welfare receipt among single mothers was quite a bit larger than the rise in employment. Elsewhere he argues that the share of families eligible for welfare who are actually enrolled has fallen. But in the end, he has no rejoinder to my evidence that child poverty fell quite a bit...

PC Response: I have offered a rejoinder on multiple occasions. I am serious about evaluation and research, so my most important criticism (rejoinder) is that a simplistic examination of poverty trends is not a basis for causal inference. In addition, the poverty *rate* is not the right measure, or at least should not be used in isolation, because it misses distributional effects and changes on the *depth* of poverty. I have presented an alternative for assessing TANF's impact on poverty in three previous responses to Winship; since he has not refuted that approach, I will repeat it again. It is first important to understand the main problems with Winship's approach in *Poverty After Welfare Reform* and his related statements about causal effects (e.g., "welfare reform" lifted "millions of American families out of poverty"), so I will repeat them again.

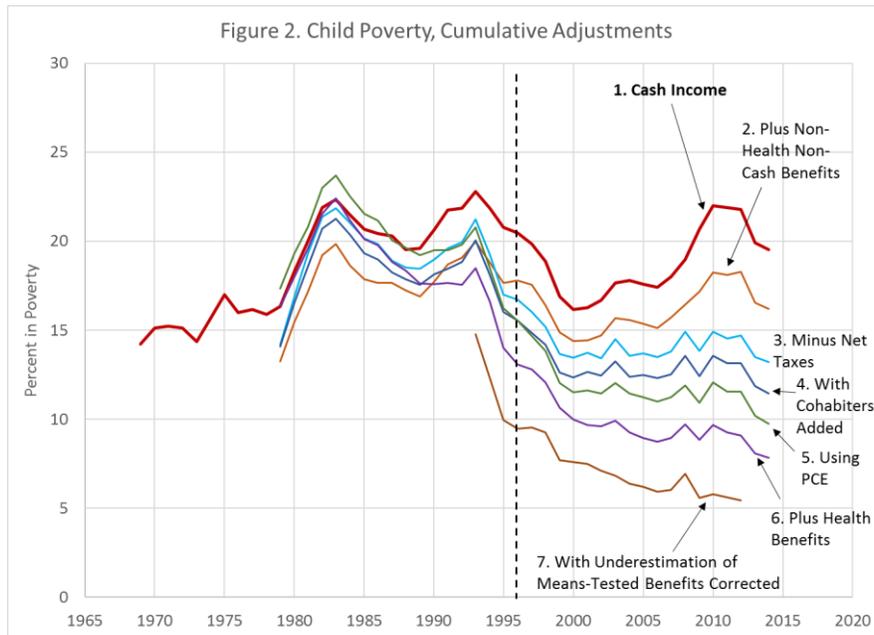
Winship's Analysis. I summarize Winship's analysis here, but described it in a bit more detail in my August 22, 2016, response to his paper, "TANF is a Massive *Policy* Failure, But Other 'Liberal' Welfare Policies Reduced Poverty: A Response to Scott Winship (*A First Draft*)."¹ I focus on TANF and I realize Winship will argue that he is measuring PRWORA's effects, but his argument is unconventional and quite frankly, it is substantively immaterial. As I argue below, TANF did increase poverty (mainly the depth of poverty) and he presents no evidence that any of the non-TANF PRWORA provisions would have affected that result.

In *Poverty After Welfare Reform*, Winship compares poverty *rates* over time – whether based on the official poverty thresholds or variations such as half the poverty threshold (deep poverty) or \$2 a day (extreme poverty). He starts with the official poverty rate and then makes a series of adjustments, first adjusting for various non-cash benefits (SNAP, housing assistance), then adjusting for tax credits (EITC, CTC), then for cohabitation, an alternative price index, and health benefits (Medicaid/CHIP). His analysis is comprehensive and impressive, and while other poverty experts may take issue with some of his assumptions and conventions, I will not do so here, because it doesn't affect my argument how TANF affected poverty. Winship argues that "welfare reform" worked because child poverty rates are lower today than in 1996.

To assess "welfare reform's" impact on poverty rates, one can consider three types of effects. First, there is the direct effect of a transfer program – giving needy families cash benefits will reduce direct poverty by providing transfer income. Second, welfare benefits can affect labor supply and other behaviors. In general, they can be expected to reduce work effort by providing income that reduces the need to work (the "income effect") and raising the effective marginal tax rate a families face when benefits are phased out. (Some programs, like the EITC *may* increase incentives to work over an *initial* income range, as they provide added benefits for earnings up to

some amount, before they are phased out.) There is a third argument, one that is central to Winship’s analysis, which is that by making TANF so unappealing, other anti-poverty programs expanded to offset TANF’s failure as a safety net. This allows Winship to claim credit for poverty reductions resulting from expansions in non-TANF programs (and unrelated to PRWORA).

The chart below is one of several Winship presents.



The Direct Effect of Transfers. It would be possible for Winship to examine the direct effect of TANF, as he does for non-health, non-cash benefits and taxes (mainly refundable tax credits). For example, Winship reports that adding non-health, non-cash benefits reduces the poverty rate from 19.5 percent to 16.2 percent in 2014, a 3.3 percentage point reduction. He notes that these non-cash programs had a smaller impact in 1996, when they reduced the child poverty rate by just 2.7 percentage points. This should not be surprising, as federal expenditures for *children* (not including benefits paid on behalf of parents) from these same programs increased by \$29.1 billion (77 percent), from \$37.6 billion in 2000 (my proxy for 1996) to \$66.7 billion (in 2014 dollars). Winship’s analysis shows the more we spend, the greater the impact.

NOTE: The preceding dollar figures use 2000 as a base, the closest year I could find for benefits for *children*. Spending in 2000 is a conservative proxy estimate for 1996, as spending on means-tested programs grew from 1996 to 2000. Benefits from the aforementioned programs are funded by the federal government. For more details on the dollar expenditures, see my previous response to Winship, “Making Progress on TANF: A Response to Scott Winship.”³⁷

Next, Winship adds the direct impact of refundable tax credits – the EITC and the Child Tax Credit, as reflected in the light blue line. The child poverty rate falls 3 more percentage points, from 16.2 percent to 13.2 percent. The direct impact in 2014 is larger than in 1996 (3 percentage points vs. 1.1 percentage points). This should not be surprising, as federal expenditures for *children* from these tax credits increased by \$42.1 billion (128 percent), from \$33 billion in 2000 (my proxy for 1996) to \$75.1 billion. Winship’s analysis again shows the more we spend, the greater the impact.

There is, however, an important caveat associated with the counting of tax credits, as explained by Thomas Gabe of the Congressional Research Service:

A cautionary note is in order with regards to assessing the effects tax credits such as the EITC and ACTC have on family income and poverty. The effects of the credits shown in the CPS/ASEC are estimates of the amount of the EITC and/or ACTC benefits families would have been eligible to receive based on their calendar year (i.e., tax year) income. However, while the tax credits’ effects are shown for the depicted year in which the credits are earned, families would not actually receive the credits until early in the following year, after filing their federal income tax forms.³⁸

While Winship’s presentation is conventional in this regard, it is important to remember that in the real world this added income may not be available when a family needs it.

What about TANF? Federal and state AFDC/TANF spending for cash assistance for *children* declined steadily from \$23.2 billion in 1996 to \$11.6 billion in 2000 to just \$6.5 billion in 2014 (all in 2014 dollars). The decline from 1996 to 2014 is \$16.7 billion. Winship could have examined the direct effect of AFDC/TANF spending on the poverty rate the same way he examined the direct effect of non-health, non-cash programs and tax credits. Instead of starting with the “cash income” line, he could have started with a *preTANF* cash income line to examine what happens to TANF over time.

Question for Scott Winship: *What happens to the child poverty rate line if you start with cash income before TANF cash assistance and then add TANF cash assistance?*³⁹

A full assessment of child poverty rates should include this. Two findings would emerge. First, TANF has very little impact on the poverty rate because those who receive cash assistance are very poor with incomes well below the poverty line (at least while they receive TANF). Second, the change in the poverty rate will be much smaller in 2014 than in 1996. Fortunately, a paper by Thomas Gabe of the Congressional Research Services shows just this:

Cash welfare [AFDC/TANF/GA] benefits have only a small impact on the poverty rate, as these benefits generally are not sufficient, even when combined with other cash income, to lift families above the federal poverty threshold. In the vast majority of states, the level of earnings or other cash income at which states’ cash welfare benefits under AFDC/TANF become unavailable for a family are well below the poverty line. For example, in July 2013, in only six states could a single mother with two children have earnings at or above the poverty line and still continue to receive TANF cash assistance

after one year of benefit receipt. Consequently, cash welfare benefits have little impact on the poverty rate. The addition of cash welfare ... reduces poverty only slightly: from 47.4% ... to 45.2% ... in 1993, and from 38.3% to 38.0% in 2013. Nonetheless, cash welfare benefits can have a significant impact on the level of poor families' incomes, affecting the degree to which their incomes fall below the poverty income standard. This impact is not captured by changes in the poverty rate...⁴⁰

So, whereas AFDC reduced the poverty rate by 2.2 percentage points before “welfare reform,” in 2013 it had almost no effect – just 0.3 percentage points. Winship conveniently “omits” this “fact.”

Gabe’s analysis reinforces a point I have tried to explain to Winship on numerous occasions – the poverty *rate*, either the official poverty rate or a more comprehensive measure such as the one Winship uses, is not a good measure for assessing the impact of “welfare reform” on those receiving cash assistance, because the eligibility levels for cash aid are well below the poverty thresholds and poverty is measured based on annual income. TANF benefits range from about 10 percent to about 45 percent of the federal poverty level.⁴¹ Most TANF families are poor whether they receive cash assistance or not – taking their benefits away won’t immediately change the poverty *rate*, but it would push them deeper in poverty. A simple comparison of poverty rates would miss important distributional effects. If a program lifted a small group of people out of poverty, but pushed a large number deeper into poverty, that would be important to know. Even using a different rate, such as the deep poverty rate based on 50 percent of the poverty thresholds, would miss distributional effects. For this reason, any analysis of “welfare reform’s” effects on poverty requires examining a broader range of outcomes and research findings.

An alternative would be to assess the direct impact of TANF’s direct anti-poverty effectiveness by examining the change in the poverty gap (i.e., the dollar amount by which families fall below the poverty threshold) between 1996 and 2014. Since federal/state spending on AFDC/TANF *cash* assistance fell over \$22 billion (73 percent) from over \$30.8 billion in 1996 to less than \$8.4 billion in 2014 (in constant 2014 dollars and this time including all family members, not just children), and since most of that money is targeted to very poor families – TANF’s direct effect on poverty has undoubtedly been to increase the poverty gap.

The bottom-line with respect to TANF’s direct effects, whether on the poverty rate or the depth of poverty, is that TANF has made cash assistance less effective as an anti-poverty tool.

TANF’s Behavioral Response (on individuals). This leads to the second possible effect of “welfare reform” on poverty – its impact on labor supply (and other behavioral effects). Indeed, Winship explains:

If you just look at child poverty – the official poverty measure for the children of single mothers – in 2014 there were fewer kids who were poor even if you don’t count any cash or non-cash benefits from the government. Fewer poor children than there were in 1996 when you count all cash income benefits. So, that says to me, it was actually earnings and work as to why poverty fell over time.

Since Winship's pre-post approach assumes that all changes in poverty are due to the 1996 law, we can measure the changes in employment and poverty directly. As illustrated in Table 1 above, the employment rate is only 1.8 percentage points higher in 2013 than in 1996 (65.3 percent vs. 63.5 percent) and (not shown in the table) the poverty rate for single mother families is only 0.9 percentage points lower over this time period (39.8 percent vs. 38.9 percent). Translating these percentage point impacts suggests into numbers suggests that "welfare reform" increased employment by 197,000 single mothers and reduced poverty by 99,000 single mother families. These are relatively small "impacts" compared to the number of single mother families that lost TANF (about 2.326 million). The number losing aid was more than 11 times greater than the number gaining employment and more than 23 times greater than the number who escaped poverty. This example illustrates the problem using the poverty *rate* as the metric – it misses the much larger number of families that are pushed deeper into poverty from the loss in benefits.⁴² (Deeper into poverty is not the same as measuring the "deep poverty rate"; focusing on that rate suffers from the same problem, which is that it misses distributional effects.)

Spending on TANF cash assistance has declined by about \$22 billion (in 2013 dollars) between 1996 and 2013 (I use 2013 here as that matches the employment/poverty rate data I use); assuming the 197,000 single mothers employed because of "welfare reform" (the pre-post estimate) had earnings of \$20,000 a year (a generous assumption), their aggregate earnings would be just \$4 billion, leaving a gap of \$19 billion. For this reason, even assuming a pre-post approach is a valid measure of "welfare reform's" effects, I don't find Winship's conclusion that "it was actually earnings and work as to why poverty fell over time."

One response to this argument might be to note that the most recent poverty numbers would show an even larger poverty-reducing effect. This, however, just highlights the problem with simplistic pre-post claims of TANF's poverty impacts. The decline in child poverty is almost undoubtedly due entirely to the improvement in the economy – to suggest this is the result of TANF or PRWORA is implausible, yet that is the inevitable result of the Winship's reliance on pre-post evaluation.

One of Winship's poverty rate adjustments is to include the income of cohabitators. Cohabitation has increased in recent decades, but that seems to come from a reduction in marriage.⁴³ Yet Winship's adjustment for this change gives credit to "welfare reform" for reducing the child poverty rate through this mechanism, as reflected by a greater decline in the child poverty rate from cohabitation in 2014 than in 1996. (If "welfare reform" caused the decline in marriage, this is a real problem in Winship's analysis, but even if it is a continuation of a trend, attributing the reduction in poverty to "welfare reform" through this mechanism is problematic.)

TANF's Behavioral Response (on government). This leads to a third possible effect of "welfare reform" on poverty, which is best summed up in the Jordan Weissmann's headline, "The Odd Conservative Argument That Food Stamps and Medicaid Saved the Poor From Welfare Reform."⁴⁴ Winship argues that "welfare reform" may be responsible for large spending increases in non-TANF safety net programs; indeed, his claim that "welfare reform" reduced

poverty is based largely on this “effect,” rather than on increases in employment, which as we have seen, are now quite small, even assuming Winship’s pre-post approach is credible.

The fact that non-TANF spending grew and offset the failure of TANF as a safety net is not really a defense of TANF, although Winship does use this argument:

The question is what would have happened in the absence of the welfare reform we actually implemented. This is a very difficult question to answer. If the AFDC program circa 1991 remained with us today, would policymakers have expanded SNAP, Medicaid, and the EITC as much as they actually did? Would they have created the Children’s Health Insurance Program, made the Child Tax Credit refundable, or passed Obamacare? Would the antipoverty policy response during the Great Recession have been as strong?⁴⁵

This is an unusual and implausible argument. Some programs Winship mentions were expanded after 1991, but before the 1996 law (e.g., the EITC) and others were expanded shortly after the 1996 law, but before TANF’s problems became apparent (e.g., the Children’s Health Insurance Program and the Child Tax Credit); indeed, the latter were expanded during a period when proponents were claiming TANF’s great success. To think that TANF (even PRWORA) influenced the passage of the Affordable Care Act defies common sense. The only possible programmatic expansion that might have been *caused* by the 1996 law is part of the Recovery Act during the Great Recession, most notably TANF’s Emergency Contingency Fund. This, however, was a *small* and *temporary* expansion and even then TANF caseloads barely responded.

NOTE: For context, between 1996 and 2014, TANF cash assistance spending declined by about \$22 billion, from about \$30.8 billion to \$8.4 billion (in 2014 dollars); meanwhile, federal spending on the programs included in Winship’s analysis, excluding Medicaid/CHIP, grew by \$120 billion, from about \$157 billion to \$277 billion (in 2014 dollars).⁴⁶ (The comparison to with spending on children alone described above results in similar trends.)

Even if one subscribes to Winship’s theory (and I know of no one who does), what are the possible policy implications? If we extend the TANF model to SNAP, can we expect to see child allowances, an increase in the minimum wage, and universal health care? A better solution is to have a safety net that responds to changes in need in response to economic and demographic conditions, and reasonable and realistic work requirements to promote work and actually provide a hand-up. Relying on Congress to act is not a practical solution.

Another Problem with Winship’s Making Welfare “Less Appealing” Argument. One of the problem’s with Winship’s analysis is that he examines national data, but TANF is best viewed on a state-by-state basis. Some states have tried to focus on real “welfare reform” (to the extent they can given the limitations of TANF’s block grant structure and dysfunctional federal requirements), while others use it primarily as a slush fund. Robert Doar, now at the American Enterprise Institute says he ran a “model” TANF program in New York – both at the state level and in New York City. (Doar’s bio states: “Before joining the Bloomberg administration, he was commissioner of social services for the state of New York, where he helped to make the

state a model for the implementation of welfare reform.”) Doar is proud of New York City’s track record in reducing poverty:

In America’s biggest cities, more and more Americans are now living in poverty. From 2000 to 2013, the poverty rate in America’s 20 largest cities grew by 36 percent, to an average of 22.7 percent. Nationally, the poverty rate has risen too, from 11.3 percent in 2000 to 14.8 percent in 2014.

But there’s one stand-out exception to this phenomenon: New York City.

Over the last decade, New York City’s poverty rate has defied national trends by declining. While New York once suffered one of the highest poverty rates among the country’s large cities, today it boasts one of the lowest...⁴⁷

Indeed, Doar presents data to show that between 2000 and 2013, the percent change in poverty in New York City was *minus* 0.9 percent – the lowest in the nation among major cities, followed by Los Angeles and San Diego (plus 3.6 and plus 7.5 percent, respectively). At the opposite end of the spectrum, with the largest percent increases were Indianapolis (81.5 percent), Charlotte (67 percent), and Detroit (57.9 percent).

Notably, both New York and California (the states with the top three cities) have much *more appealing* TANF programs than Indiana, North Carolina, and Michigan (the states with the bottom three cities) and they have become *relatively* more appealing over time. New York and California didn’t eliminate the entitlement (an important component of welfare reform for Winship), they don’t impose full family sanctions or enforce the federal 5-year time limit (California removes the adult’s needs; New York simply continues assistance with state funds.) Both states have among the most generous benefits, paying over \$700 a month for a family of three. In contrast, the states with the cities in the bottom three have lower benefits (\$272 to \$492 a month for a family of three), do impose full-family sanctions and enforce time limits even more restrictive than the federal 5-year limit. And, while these states were “less appealing” in 1996 (and 2000) than both California and New York, they have become much, much less appealing over time. For example, between 1996 and 2014, the TANF-to-poverty measure fell from 101 to 65 in California and from 79 to 40 in New York; compare that to Indiana (61 to 8), North Carolina (74 to 8), and Michigan (88 to 18). The maximum benefit for a family of three fell 23 percent in real terms in California and 10 percent in New York; compare that to Indiana (-34 percent), North Carolina (-34 percent), and Michigan (-30 percent).

TANF is broken everywhere, but Winship’s suggestion that making welfare “less appealing” is responsible for lower poverty rates is not borne out by these figures.

Bottom-line: Winship makes a credible case that the poverty rate, measured more properly, is lower today than in 1996; this does not prove or even suggest that “welfare reform” (i.e., TANF for me and PRWORA for Winship) was responsible.

A Better Approach. My preferred approach for assessing TANF’s impact on poverty relies on a very different methodology – it compares caseload changes to changes in the number of families

eligible to receive assistance. The data on TANF families eligible for benefits is estimated using simulation models. The estimates are produced by experts using survey and administrative data, with careful attention to reporting issues and program rules. For TANF, the eligibility estimates come from the TRIM model, which has been used for over 40 years by administrations of both parties to calculate eligibility for TANF and other programs.⁴⁸ Program administrative data can be used for the number of families receiving benefits.

Table 2 shows the change in the average monthly number of families eligible for assistance compared to the average monthly number receiving assistance for selected years from 1996 through 2013. In 1996 (before TANF), about 5.6 million families were eligible to receive benefits, and about 4.4 million (79 percent) did so. In 2013 the number eligible for TANF was the same (5.6 million), but the number receiving benefits had dropped over 60 percent to 1.7 million (or 31 percent of eligible families). Using the conventional conservative pre-post method for assessing impact, a reasonable question is: If TANF is such a success and if families had really been “helped” (or motivated to get jobs because TANF is “less appealing”), why isn’t the number of families with incomes below TANF’s eligibility thresholds lower today? (It is true that the number of families with children grew by about 10 percent during this period, so one might expect a larger number of potentially eligible families, but TANF’s financial eligibility rules have become more restrictive over time, particularly since benefit levels and income eligibility limits have not kept pace with inflation.)

Year	TANF			
	Eligible (millions)	Participating (millions)	Eligible, Not Participating (millions)	Participation Rate (%)
1996	5.6	4.4	1.2	78.9
2000	4.4	2.3	2.1	51.8
2004	5.1	2.2	2.9	42.0
2008	5.2	1.7	3.5	33.0
2013	5.6	1.7	3.9	30.7

Source: U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, *Welfare Indicators and Risk Factors: Fourteenth Report to Congress*, August 22, 2016.

The more important statistic that can be derived from this table is the increase in the number of families that were eligible to receive TANF, but that did not. This number grew from 1.2 million in 1996 to 3.9 million in 2013. This is an increase of 2.7 million very poor families that were eligible for assistance but did not receive it. For the affected families, this represents a loss in benefits of about \$200 to \$700 per month (the maximum grant for a family of three, depending on the state). Most of these families were poor before being pushed off TANF (or “discouraged” from coming on it) and are poor afterwards. The poverty *rate* would not pick this up, but certainly the fact that they are deeper in poverty should be a matter of concern.⁴⁹

Between 1996 and 2013, spending on cash assistance declined by about \$22 billion, from \$30.8 billion to \$8.7 billion (in 2013 dollars).⁵⁰ It is true that total spending on means-tested programs has increased since the 1996 law, but these increases have generally not helped the neediest

families – those with incomes low enough to qualify for TANF cash assistance. Robert Moffitt of Johns Hopkins University has documented a decades-long shift in spending on means-tested program away from the very poor (those with incomes below 50 percent of the federal poverty line) to those with incomes as much as 200 percent above the poverty line.⁵¹ He observes, “You would think that the government would offer the most support to those who have the lowest incomes and provide less help to those with higher incomes. But that is not the case.”⁵²

One important difference between my preferred approach and Winship’s is that it focuses on *monthly* income, whereas Winship examines poverty measured on an *annual* basis. Poverty tends to be higher when measured over a shorter accounting period, but I also believe a safety net should be responsive to short-term needs. In many states, TANF is not.

A Philosophical Difference. I believe that the safety net should respond to those who have no means of support – the truly needy. Take a single mother with two children who loses a job. Her earnings drop to \$0 and suppose she has no other income. With \$0 in income, she would qualify for about \$511 in SNAP benefits. This represents less than one-third of the poverty level of \$1,591 for a family of three (in 2015). The fact that the family receives Medicaid may be important if her family incurs medical expenses, but otherwise it does little to help meet daily living expenses. She is unlikely to receive housing assistance, and while the family may qualify for more food aid (e.g., WIC or benefits from various child nutrition programs), these are relatively small and don’t help her purchase other basic necessities. How is she supposed to pay rent, buy clothing, or purchase other household essentials without cash? Families need some cash each month.

Even with TANF cash assistance, which ranged from \$170 a month for a family of three in Mississippi to \$789 a month in New York (in 2015), the combined TANF/SNAP benefits represents just 40 percent of the poverty line in Mississippi to 75 percent in New York (and about 55 percent in the median state). This is about \$680 to \$1,200 a month (about \$875 in the median state). In about half the states, the maximum TANF benefit is less than the SNAP benefit they would receive (even after the latter is reduced to reflect income from TANF). Nationally, however, only 31 percent of families eligible for cash assistance receive it.

While the safety net for the non-working poor is minimal for many families, aid for the working poor has become much more generous. Suppose this same single mother gets a job working full-time at the minimum wage, and earns \$1,256 per month. She would still be able to retain about \$420 a month in SNAP benefits. At this level of earnings, she would qualify for over \$7,500 in benefits from the EITC and CTC (about \$625 a month, although these refundable tax credits are not paid monthly) for a total of \$1,045. In other words, the safety net in many states for many families is more generous for those with earnings around the poverty line than those with no earnings.

My preference is to focus limited public resources first on the neediest families through direct assistance and welfare-to-work activities and work supports, while giving states considerable flexibility to experiment, subject to rigorous evaluation.

NOTE: Winship seems to believe there is a plethora of programs families with no income can benefit from, stating: “Families eligible for TANF can get benefits not only from SNAP but from Medicaid, CHIP, Obamacare, child-care assistance, SSI, subsidized housing programs, and cash welfare funded solely by states rather than through federal TANF funds.” Medicaid, CHIP, and Obamacare are limited to health care needs; child care assistance reaches less than 20 percent of those eligible and even then only offsets a work (or training expenses); SSI requires recipients to be disabled and can involve a lengthy application process; and the vast majority of TANF families or those eligible for TANF do not receive housing assistance because it is not an entitlement. To the extent that states operate programs of cash assistance “funded solely by states,” it is simply to game the federal work requirement or time limit – that number would not materially affect the concern that I have raised.

Scott Winship:

- (6) PRWORA could have been better than whatever not-PRWORA would have been, and**
- (7) PRWORA could have been worse or worse than other options**
- (8) Please don’t resort to what reform might have done differently or how Reagan had it right. If think poverty rose show it**

I will not address PRWORA’s potential impact until Winship actually describes some of the non-TANF PRWORA provisions and relates them to his main outcome measure – *child* poverty. I did explain – many times – why I find Winship’s *causal* analysis unpersuasive and why I believe TANF increased the *depth* of poverty. And, I will resort to how Reagan had it right, not just in promoting an approach to reform that would reduce poverty (relative to TANF/PRWORA), but in helping inform decision-making for the future. Indeed, this approach is a more comprehensive and developed approach than the one Winship himself advocates for in “A Conservative Opportunity Agenda” (as well as Speaker Ryan’s “Opportunity Grants”).

In describing his vision of welfare reform, Speaker Ryan has emphasized the importance of building an evidence base:

...let states try different ways of providing aid and then to test the results – in short, more flexibility in exchange for more accountability. ...Put the emphasis on results. ...[w]e would not expand the program until all the evidence was in. The point is, don’t just pass a law and hope for the best. If you’ve got an idea, let’s try it. Test it. See what works. Don’t make promise after promise. Let success build on success.⁵³

This approach is exactly right; sadly, TANF did just the opposite.

TANF replaced an evidence-based welfare reform model, which had strict accountability measures, with a blank check with virtually no meaningful accountability. In 1987, President Reagan started encouraging states to use existing authority to conduct welfare reform experiments – through waivers of AFDC’s rigid rules (and, to a lesser extent, food stamp and Medicaid rules due to more limited waiver authorities for those programs). This approach was continued by President Bush and President Clinton. When the 1996 law passed, many states simply continued these policies – they didn’t need TANF to enact “welfare reform.” This

process did not provide a fixed level of funding, like block grants. Instead, it relied on an approach that would provide a real counterfactual using the “gold standard” of evaluation – random assignment. The findings from random assignment experiments are considered the most credible, because the experimental and control groups are alike and subject to the same external conditions, with the only difference being the intervention itself. Thus, any difference in outcomes between the groups can be attributed to the intervention – welfare reform – itself. As a result, it would be possible to know whether state reforms actually reduced welfare dependency by increasing self-sufficiency. And, the experience of the control group could be used to ensure cost-neutrality, as the budgetary effects of any programmatic changes would be measured by examining the experimental-control group differences in costs. TANF replaced this approach with one that essentially provides states a blank check with no accountability.

Elsewhere, Winship has written about the need for “modesty” in making causal claims and suggested a similar experimental approach:

Conservative approaches to federal policy are distinct from liberal ones in a number of ways. They emphasize what David Brooks has called “epistemological modesty.” We simply lack the knowledge to rank-order by importance the factors that impede upward mobility, and we know surprisingly little about how to address these impediments effectively.⁵⁴

He goes on:

An effective opportunity platform built on these principles would include several planks. First, it would devote significant federal resources to identifying effective state and local approaches to expanding mobility, but it would ruthlessly defund approaches that are shown not to work. I propose the creation of an Opportunity, Evidence, and Innovation Office in the White House to consolidate mobility-promotion efforts and orient the executive branch toward evidence-based policymaking. An Opportunity Advisory Commission would provide recommendations to Congress for funding and de-funding federal programs to promote opportunity.⁵⁵

This was exactly the role of the White House Low-Income Opportunity Board before TANF replaced it with a block grant. Instead of elaborating on his vision of the experimental approach, however, Winship reverts back to making judgments based not on research, but his own perceptions of what works:

I propose block-granting a dozen of the biggest anti-poverty programs and allowing states greater latitude to determine how to spend the grants. Most beneficiaries would face work incentives and time limits, but states could exempt the most vulnerable families from these requirements.⁵⁶

There is absolutely no credible evidence that a “block grant” funding mechanism is good public policy. The amount is fixed, so it can provide too much (“TANF I”) or too little (“TANF III”) over time, making it impossible to run the same intervention over time. In typical Winshipian fashion, there are no policy details. Similarly, the reference to “work incentives” and “time

limits” is vague, but this sounds much like he would recreate TANF on a larger scale. Here again, the lesson that should be heeded from TANF is that those requirements were not implemented as intended and the experience of many states shows that “allowing” states to “exempt” vulnerable families is no guarantee that they would do so. Despite the earlier reference to an “opportunity platform” where program design would be based on evidence, priority here would be given to state flexibility. Winship goes on to describe modifications to a number of other programs – Social Security Disability Insurance, the EITC, and the Child Tax Credit. No mention is made of testing reforms to those programs and seeing what the results would be. What happened to “epistemological modesty?”

Other Related Statements

Scott Winship: “Too many liberals are far too confident that the reforms they advocate would have been better than PRWORA and would be better than continuing current policy, because they tend to not seriously consider unintended consequences.”

PC Response: Winship’s statement about the overconfidence of “liberals” is amazing. His entire argument about “welfare reform” is based on a simplistic assessment of poverty rate trends. He makes no attempt to disentangle the effects of other factors (beyond vague statements about their possible impact); he doesn’t consider alternative outcomes (e.g., poverty measures that might examine the depth of poverty vs. just a poverty *rate*); he doesn’t triangulate his findings with other studies of “welfare reform” (e.g., random assignment experiments and econometric studies conducted of “reform” in the 1990s when poverty fell most); he offers no explanation as to why the effects of “welfare reform” reversed themselves or at least stopped improving after 2000, just as TANF was being fully implemented; and he has absolutely no policy advice that is based on an understanding of the law or how it was implemented beyond saying welfare was “less appealing.”

I am not a liberal, I am a conservative. As noted above, I advocate an experimental approach – the approach we relied on before TANF replaced it with a blank check with no accountability. That approach could test the impact of “welfare reform” on a wide range of outcomes in a rigorous fashion. It is Winship who is overconfident, both in his approach to evaluation and in failing to consider other outcomes.

Scott Winship: Reforms that make receipt of welfare relatively more attractive will tend to draw more families onto the rolls and thereby run the risk of preventing them from benefiting from the advantages of employment. Or it will discourage planned and responsible childbearing by reducing its costs.”

PC Response: Winship takes a narrow view, examining only the perceived benefits of one approach without looking at the full range of possible effects. I agree that providing cash welfare has work disincentive effects, but it can also be a lifeline for families that have no other means of support except SNAP. The key is to balance multiple goals. As noted above, Winship’s argument about making welfare “less appealing” has some problems – it has become less appealing since 2000 and employment rates for single mothers have been trending down and their poverty rates trending up. And, poverty rates in cities that are in states with more generous

benefits have at least remained roughly constant, whereas they have skyrocketed in cities that are in states that decimated the cash assistance safety net.

It is also worth putting this into perspective. Between 1996 and 2014, TANF cash assistance declined from over \$30 billion to about \$8 billion. Meanwhile, *federal* spending on the major means-tested programs grew from \$300 billion to nearly \$650 billion. Much of this increase has benefitted the “working poor” and families with incomes above the poverty line. Winship seems to have no problem with a \$300 billion plus expansion in safety net programs, and indeed uses that expansion to claim “welfare reform” reduced poverty. However, he resists providing an adequate safety net for those in deep poverty, along with a requirement for states to provide meaningful welfare-to-work programs.

Winship bases his policy options on theoretical possibilities, rarely citing any research to support his position. Here he raises the possibility that making welfare more attractive will “discourage planned and responsible childbearing.” It would be refreshing if he actually examined and cited some empirical evidence to support his viewpoint.

Scott Winship: “Could welfare reform have done more to make states accountable for investing in recipients? Absolutely, though that would have meant spending more toward that end and less elsewhere, and successful work programs might have lured more people back onto the rolls or kept them from leaving. Designing a policy along these lines may or may not have reduced poverty more than PRWORA did. Reforming PRWORA along these lines may or may not reduce poverty in the future more than a continuation of the current program would. But PRWORA critics can’t simply point to the dearth of impressive work programs funded by TANF as evidence that welfare reform failed to put people to work or reduce poverty (or as evidence that some other approach would do better).”

PC Response: Winship points to the “dearth of work programs” as a criticism that is levied against TANF. This is not what critics point to as TANF’s main flaw – it is the block grant structure with excessive state flexibility. Indeed, it is conservatives, not liberals, who write about work programs claiming that they were the key to TANF’s success and that is the main provision they want to replicate. That is the reason *I* write about the failure of conservative work requirements, but by no means are they the main reason for TANF’s failure. In *TANF is Broken!* I devote just one section to work requirements; much of the paper is about problems with the funding structure (and not just the amount of funding), the “overcomplexification” of the program, and the myriad of other dysfunctional federal requirements.

Scott Winship: “It is also interesting to ask whether some other welfare-reform policy would have reduced child poverty more than the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) did, regardless of whether or not that’s what would have happened. But we don’t know how any other welfare-reform proposal would have affected child poverty. That some other theoretical plan might have done better is not a damaging criticism of PRWORA.”

PC Response: Most critics of TANF (and again no one singles out all of PRWORA) are critical of its failures in general, not in comparison to some other “theoretical plan.” My criticism is that

it did fail relative to the status quo at the time the law was passed – AFDC/JOBS *with waivers*. It’s not a vague theoretical plan; it’s a statement that TANF undid an approach that gave states flexibility, that had stronger work requirements, that had accountability, and that included an evaluation requirement. That was the approach to build on – strengthening the JOBS program (which had stronger work requirements than TANF) and expanding waiver authority to other safety net programs. The latter is very much like the “Opportunity Grants” approach Winship often advocates. TANF set this movement back by over two decades.

Under the prior approach, we actually learned about the impacts of policy changes. TANF, however, is a blank check. So, when a state like Arizona imposes a one-year time limit on assistance, there is no information about what happens to families who lose aid. The worst part is that the money saved simply goes to state politicians who increasingly use TANF as a slush fund. To Winship, this part of TANF’s success – Arizona has made welfare much “less appealing” so success will follow. (Winship occasionally acknowledges that *some* states have gone too far, but he doesn’t describe his criteria for assessing this or offer *practical* policy guidance that would address this problem.)

Scott Winship: “Poverty can fall for reasons other than moving from nonwork to work. Hours-worked can rise and wages can increase. Families can alter their living arrangements and out-of-wedlock childbearing can fall. Germanis appears to believe that his favored metrics are indicators of rising hardship, but they are not.”

PC Response: I don’t even know what this is a response to. My criticisms of TANF are wide ranging and are not limited to TANF’s effects of a few “favored metrics,” but the problems in implementation and of the law itself. For someone whose sole focus is the poverty *rate* or variations of it, this is quite a criticism.

As noted above, I favor an experimental approach that would allow policymakers to assess the impact of “welfare reform” on a wide range of metrics, as the experiments before TANF did. Instead, Winship recommends expanding TANF’s lessons to other safety net programs without building any kind of formal evaluation mechanism in place.

Scott Winship: “In the end, the conservative resistance to weakening the tough provisions in the 1996 law stems from the belief that – regardless of whether there might have been a better way – welfare reform improved the lives of the poor when compared with the old system. We get very nervous about departing from a model that a lot of evidence suggests was better than the status quo.”

PC Response: Apparently Winship believes his report represents “a lot of evidence.” I would agree that during the early years (“TANF I”) one could find many statements of success, but except for conservative ideologues, there are few who consider the TANF “model” a success today.

Scott Winship: “Peter Germanis cites figures from the Department of Health and Human Services indicating that 34% of eligible families participated in TANF cash assistance in 2011, compared with a 79% participation rate for AFDC in 1996. But many additional families receive

services funded by TANF without getting cash assistance. In 1996, 71% of the federal and state spending on which TANF block grants were based went toward cash assistance, compared with 43% of TANF spending in 2000. A sizable share of TANF funds are spent on child care; job search, placement, and readiness services; case management oriented toward employment; transportation; and short-term loans.

One study by the U.S. General Accounting Office (GAO) found that in the early 2000s, the number of families receiving cash assistance was over one-third lower than the total number of families served by TANF. Adjusting by this factor the participation rate figures cited by Germanis would put the 2001 rate at 70% rather than 48% – much closer to the 1996 AFDC participation rate of 79%. Adjusting the CBPP ratio of families receiving TANF cash assistance to poor families with children raises it from 0.40 to 0.58 (compared with 0.68 in 1996).⁵⁷

PC Response: Winship’s adjustment is a great example of what former president George W. Bush called “fuzzy math.” The TANF participation rates are based on the financial eligibility rules for cash assistance, which tend to be very restrictive. In contrast, income limits for TANF-funded programs for child care, college scholarships, preK, refundable tax credits are often set at 200 percent of poverty or higher, and the funding is often used to supplant existing state expenditures or fill state budget holes. Many of the families receiving these benefits are not eligible for cash assistance because their incomes are too high or they are not part of an “eligible family” (e.g., they do not have a minor child, as in the case of college scholarships for “older youth”).

A simple example illustrates the problem with Winship’s approach. Suppose there are 10,000 families eligible for cash aid in a state and 8,000 receive such assistance (80 percent of eligibles). Suppose TANF’s maximum income limit is 50 percent of the poverty line. Then, the state decides to become more aggressive in hassling families off the rolls to shift TANF funds to preK programs, focusing on children with incomes between 100 percent and 200 percent of poverty (e.g., because Head Start serves poor children). So, suppose the number receiving cash aid falls to 4,000 (40 percent of eligibles). Winship’s adjustment would add back families with children in preK that have incomes two to four times TANF’s cash assistance eligibility level. Suppose there are 4,000 such children (and families). This would take us back to the 80 percent participation rate figure. Clearly, this adjustment says nothing about the ability to reach those actually eligible for cash aid.

And, let’s suppose instead of 4,000 children in preK, the dollars instead went to fund a low-cost after-school activity for children with incomes below 400 percent of poverty (as states can set income thresholds wherever they want) and the result is that 16,000 children can be served in this activity. Now, the TANF participation rate, measured Winship’s way, would rise to 200 percent of eligibles! In short, Winship’s adjustment is misleading and not relevant to serious discussion of “welfare reform.”

Scott Winship: Writing in response to a comment from Fremstad, Winship says, “With respect, you have far too romantic a view of AFDC JOBS. No one thinks it promoted work much at all until the Family Support Act of 1988. But FSA had no work requirement for single parents (a share of married couples had to—75% by 1997). Reflecting governors’ concerns that they

couldn't do better, states had to have 20% of their nonexempt families enrolled in JOBS by 1995 (single parents of young children were exempted).”⁵⁸

PC Response: JOBS didn't exist until the FSA, so saying that it didn't promote work until the FSA doesn't make sense. Unlike TANF, AFDC/JOBS was a real program, with a dedicated funding stream for welfare-to-work activities and a real 20 percent work requirement. While it was a very modest requirement, conservatives could have built on it. Instead, they replaced it with TANF, substantially weakening work requirements. For TANF's first 15 years, about half the states had a 0 percent requirement (because of the caseload reduction credit). And, because conservatives made employment an activity, rather than an exemption, many of the other states could satisfy TANF's work rates simply by those who were already combining work and welfare. Doug Besharov and I wrote about the failure of TANF work requirements early on, in a report for AEI called *Toughening TANF*.⁵⁹ TANF's work requirements represent the height of conservative incompetence; suggesting that AFDC/JOBS would have been better is not a romantic view of that program, just an observation that the program is far superior to the TANF model.

Scott Winship: “It's a basic argument about incentives. When you can only receive benefits for 2 years without working – and for 5 years in total – the incentive to work instead of going/staying on welfare (while working or not working) is obviously stronger.”

PC Response: I agree that incentives are important, but Winship's characterization of TANF here is overly simplistic. He summarizes two provisions of the law in making his point, neither of which reflects reality. The reference to a “two-year work requirement” is one on individuals (not states); it is a requirement on paper only. There is no enforcement mechanism and except for giving it lip service, most states ignore it. The five-year time limit has many exceptions – it applies only to families with an adult receiving *federally* funded assistance; there is also a hardship exemption for those who reach the 5-year limit. The 5-year time limit has been much less important than most people expected. Far more important in some states has been the ability to set shorter time limits and narrow policies to exempt or extend assistance. Sadly, because TANF eliminated the requirement to evaluate policy changes, there is virtually no evidence regarding the impact of such “incentives.”

Scott Winship: “Welfare receipt was high in 1989 and higher in 1994. If AFDC JOBS was doing such a bang-up job, it's hard to see it in the data.”

PC Response: As Ronald Reagan said, “There you again” with your excessive reliance on pre-post analysis. AFDC-JOBS certainly could have been improved, and rigorous evaluations were beginning to show the way, but then TANF replaced AFDC-JOBS along with the growing evidence base. This again highlights the fact that Winship looks at the wrong “data.” Caseload trends can be misleading because many factors affect it; instead, he should have examined the random assignment experiments of JOBS-like programs.

I agree, however, the AFDC-JOBS program had a modest work requirement, but there was a structure to build on. TANF's work requirements are used as a tool to hassle poor families off welfare by making it very unappealing. There is no *credible* evidence that it has propelled

“millions” of single mothers into employment as Winship suggests. (Even if Winship’s study were a valid approach for causality, he himself insists that it is not possible to isolate the impact of individual components, such as work requirements.)

Scott Winship: “Distinguish between AFDC-JOBS and the state waivers. The latter was effective, the former not (if effective means, got a lot of people to work).”

PC Response: I am perhaps the strongest proponent of the waiver-based approach, but again Winship makes a statement without any supporting empirical evidence. Both approaches (“welfare reform” through waivers and JOBS-like work requirements) were evaluated using rigorous evaluation designs and both generally show modest impacts on outcomes like employment. However, because the evaluations focus on different populations and were conducted in different states, the results from these evaluations are not directly comparable. And, these evaluations are not representative of either the JOBS program nationally or waiver policies.

Scott Winship: “FSA did have the seeds of successful policy by authorizing state waivers, which (in the hands of conservative governors) demonstrated effective results and led directly to PRWORA. But it’s hardly apparent that without PRWORA more states would have gone the way of Michigan and Wisconsin.”⁶⁰

PC Response: The Family Support Act of 1988 *did not* authorize state waivers; that authority was established in 1962 under section 1115 of the Social Security Act. President Reagan’s welfare reform approach was based on using this waiver authority and the first waivers granted under this process were in September 1987 for the New Jersey REACH program.

In terms “effective results,” it would be wrong to suggest that evaluation findings from the state waiver demonstrations or related welfare-to-work programs had produced results that guided the development of TANF’s statutory language. The demonstrations were too new and there were relatively few impacts. There were no longer-term impact findings to justify provisions like the federal five-year time limit and the specific work requirement provisions, particularly the 50 percent work rate target and the minimum hourly requirements. There was certainly nothing that would justify a block grant as a funding mechanism. In short, the waivers did not provide an empirical basis for TANF, but rather built political support for turning control over to the states with little accountability. That has set the conservative case for work requirements and experimentation back by over two decades!

Winship cites Michigan and Wisconsin favorably. It is interesting to see how both states have evolved under AFDC waivers and then TANF.

Michigan. Michigan’s “welfare reform” under AFDC waivers started in 1992; it was called *To Strengthen Michigan Families*. The reform was statewide and included both carrots and sticks – it “increased earnings disregards, strengthened work participation requirements and sanctions, and expanded work-attachment activities.” (Notably, Michigan did not have or enforce rigorously a time limit on assistance until 2012.) During the waiver period, the number of poor families with Michigan fell from 246,791 in 1992 to 204,574 in 1996, and its average monthly

AFDC caseload fell from 225,558 to 172,480.⁶¹ Were these strong results the result of “welfare reform”? The results of a random assignment experiment of the state’s reform suggest modest effects; nothing that would explain the dramatic drop in poverty and caseloads. The evaluation was conducted by Abt Associates; a summary of the main impacts is as follows:

Over the four years that adults from ongoing families were exposed to TSMF policies, they increased their average employment by a statistically significant 1.3 percentage points more than the proportion that would have been employed in the absence of the program. Moreover, TSMF increased this group’s average annual adult earnings by \$223, or over 7 percent, over the same time period. Impacts on employment and earnings appear to have diminished somewhat, however, by the end of the fourth year after random assignment.⁶²

The reform reduced AFDC caseloads by about 1 percentage point and average annual benefits by about \$100.⁶³ These impacts on total income are hardly large enough to reduce the number of poor families significantly:

... When impacts on earnings are combined with impacts on welfare benefits, the study found that TSMF increased the total income of ongoing families by a statistically significant cumulative \$471 over four years.⁶⁴

Clearly, the strong economy and other factors had a significant impact on poverty and caseloads. This again illustrates the problem with Winship’s simplistic pre-post comparisons.

But, assuming the pre-post approach is valid, it is noteworthy that the number of poor families with children in Michigan rose from 204,574 in 1996 to 215,034 in 2014, and meanwhile the average monthly caseload plummeted from 172,480 to 33,880.⁶⁵ As I explain in “TANF in Michigan: Did We Really ‘Fix’ Welfare in 1996? A Cautionary Tale for Speaker Ryan,” TANF has really devolved into a giant slush fund in Michigan. As I describe in that paper:

“Michigan has proven itself very adept at:

- Using federal TANF funds to supplant existing state expenditures and otherwise fill state budget holes;
- Circumventing the state’s maintenance-of-effort (MOE) requirement to minimize its own expenditures for the program; and
- Gaming the federal work requirements by artificially inflating the numerator, artificially reducing the denominator, and artificially enlarging the caseload reduction credit.

Meanwhile, TANF cash assistance has virtually all but disappeared for needy families.”

If Winship wants to use Michigan as an example of the way “welfare reform” has gone, he should actually examine what has happened in the state. (Of course, if his goal is to make welfare as unappealing as possible and he’s not concerned about wasting federal taxpayer funds, then maybe he does believe this is the right way to go.)

Wisconsin. Wisconsin during the waiver era is harder to evaluate because instead of running a single statewide program like Michigan did, the state embarked on a large number of more targeted interventions, often focusing on relatively small populations.⁶⁶

What is clear, however, TANF is a policy failure in Wisconsin today. The number of poor families with children is higher today than when TANF was enacted – 71,704 in 1996 vs. 99,867 in 2014.⁶⁷ Indeed, except for 2000 and 2003, the number of poor families with children has been higher than in 1996 every year since TANF’s enactment. Of course, for conservatives, the main outcome of interest is the caseload, and that did decline steadily from 1996 (55,501) to 2000 (17,649), but it has been on the rise since then – to 25,947 in 2014. To its credit, the caseload in Wisconsin was at least somewhat responsive to the Great Recession. And, Wisconsin plays by the rules when it comes to the work participation rate. While other states, including all of Wisconsin’s neighbors, game the federal work requirements by paying token benefits to SNAP families or those who would otherwise leave TANF, creating solely state funded programs, or manipulating the caseload reduction credit, Wisconsin does not engage in such strategies. As a result, it has failed to meet TANF’s work rates three consecutive years, from FY 2012 to FY 2014 and is potentially subject to large penalties.

Winship doesn’t care about any of this; for him, state implementation issues are irrelevant. This is a problem, because policy details do matter. Winship’s argument that “welfare reform” was a success relies on the expansion of other safety net programs. I am a conservative and I believe in fiscal restraint – we should be able to do better with what we already spend. This does require attention to policy details and evaluation. Relying on a simplistic observation of poverty rate trend lines alone is not serious policy analysis.

Scott Winship: “More hyperbolically, Germanis and others characterize TANF as a slush fund that states use for spending that doesn’t help poor single mothers and their families. PRWORA did give states much more discretion in how they spent money that, in the past, would had to have gone toward cash benefits, child care, or work programs. But even in 2014, 58 percent of TANF funds were spent toward these ends or refundable tax credits. That was down rather modestly from nearly 80 percent in 1997.”

PC Response: Before responding to Winship’s main point, it is worth noting that he again conflates PRWORA and TANF. TANF did give states more discretion; the non-TANF PRWORA provisions did not.

Winship presents percentage changes in spending on cash benefits, child care, and refundable tax credits, but this is misleading, because the size of the pie (i.e., total spending as a result of a fixed block grant) has shrunk – from \$44.2 billion in 1996 to \$31.9 billion in 2014.⁶⁸ The single most important statistic to keep in mind is the \$22 billion decline in spending on basic assistance, from over \$30 billion in 1996 (over 70 percent of total spending) to just over \$8 billion in 2014 (26.5 percent of total spending), despite the fact that the number of poor families with children increased from 6.4 million to 7 million during this time period.⁶⁹ To point out that basic assistance spending has declined by \$22 billion (70 percent), even as the number of poor families with children has risen is hardly hyperbole, particularly since many of the expansions in the

safety net did not fill this void for TANF-eligible families. Even much of the TANF spending on child care and refundable tax credits goes to families with incomes above the TANF cash assistance income limits.

Winship includes refundable tax credits in the mix of spending on “cash benefits.” In some states, the use of TANF funds for state refundable credits simply reflects the supplantation of existing state funds. Consider the Wisconsin experience starting early on in TANF:

In 1999, after the federal government published final TANF regulations, the Wisconsin Legislative Fiscal Bureau identified the potential for using TANF to replace state funding for the Earned Income Tax Credit (EITC) program. Accordingly, the legislature passed its 1999-2001 budget bill with a provision that uses TANF funding to pay for the refundable portion of the EITC – estimated to be about \$48 million per year – or 80 percent of the \$60.4 million total cost of the credit. The net impact of this fund shuffle was to save the state about \$48 million in general revenue per year.⁷⁰

Where does the freed up state funding go? Jon Peacock of the Wisconsin Budget Project indicates that it may allow the state to cut income taxes for the general population.

...a significant portion of the federal funding for ... assistance is being siphoned off for use elsewhere in the budget [he points to the state EITC], to the detriment of the Wisconsin Works (W-2) program and child care subsidies for low-income working families. That shell game uses TANF funds to free up state funds [general purpose revenue] (GPR) to use for other purposes, such as the proposed income tax cuts.”⁷¹

It would be one thing if Wisconsin had reduced poverty since TANF’s enactment, but Peacock notes that the poverty rate for children in Wisconsin grew from 14.3 percent in 1997 to 18.4 percent in 2011.

Question for Winship: *How does allowing states to supplant existing state expenditures help the poor? Is it because funding for assistance is reduced and welfare becomes “less appealing”? Is this really a model you want to promote? (And, if not, explain how you would stop the practice; there is a ban on non-supplantation with state MOE dollars, but that hasn’t worked out well either.)*

Scott Winship: “What critics call the “slush fund” is the one-third of TANF expenditures that go toward what CBPP characterizes as “a broad range of uses, including child welfare, parenting training, substance abuse treatment, domestic violence services and early education.” That’s up from 12 percent in 1998, an increase, but not an especially dramatic one, particularly since these functions are at least indirectly related to poverty and upward mobility.”

PC Response: As noted above, Winship’s use of percentages ignores the sharp decline in total spending in constant dollars. The failure to adjust for inflation is a factor that affects *all* states, but to understand the “slush fund” argument, one has to examine spending on a state-by-state basis. Winship’s analysis of national data is not helpful here. What may seem like a small percentage “nationally” is very large in many states.

Whereas in 1996, the vast majority of states spent at least 70 percent of their AFDC and related funds on basic assistance; in 2014, 10 states spent less than 10 percent on basic assistance and 24 states spent less than 20 percent.⁷² (Again, these percentages are of a smaller pie). Eight states spent less than 25 percent of their TANF funds on the combination of basic assistance, work activities, and child care, including Texas (home to Ways and Means Chairman Brady), Georgia (home to Budget Committee Chairman), and Michigan (a state Winship apparently believes is a success story). It is here that the “slush fund” aspect is most obvious, even as the number of poor families with children has risen in most of these states.

It is also worth noting that the national average is influenced heavily by states like California and New York, which still provide a cash assistance safety net (though one much weaker than in 1996). Despite being more generous at a point-in-time *and* over time than “slush fund” states, the number of poor families with children has declined by 14 percent between 1996 and 2014 in these two states combined. In contrast, the number of poor families with children in Georgia, Michigan, and Texas has risen 17 percent over the same time period.⁷³ While I am not an advocate of the pre-post approach to evaluation, this comparison does make one wonder about Winship’s “make welfare less appealing” argument and how the results might be different if TANF were refocused on core welfare reform activities in the “slush fund” states.

The issue of how states use TANF/MOE funds is important not just because of the magnitude of the “slush fund” problem, but because TANF is seen as a model for reforming other programs. (Even if Winship doesn’t consider this a problem, there are many simpler and fairer ways of running a revenue sharing program than a program like TANF with so many dysfunctional and bureaucratic requirements.)

Scott Winship: “Furthermore, because the rolls fell so much, the amount of inflation-adjusted spending on cash benefits per TANF beneficiary actually has held steady. (Compare the number of families receiving cash assistance to the spending in this CBPP report, which I adjust for inflation. CBPP reports that the inflation-adjusted value of monthly TANF benefits has fallen markedly over time. It is unclear how to reconcile these numbers, but the monthly TANF benefits are estimates of maximum amounts for a family of three, potentially failing to capture changes in the average duration of benefit receipt, in family size, and in the share of beneficiaries receiving the maximum amount. CBPP also uses a cost-of-living adjustment that has not been used for research purposes in over 20 years by the major federal statistical agencies.)”

PC Response: CBPP focuses on the maximum benefit for a family of three as that is the best indicator of state policy.

The average benefit actually received is important too, but it is affected by family size, countable income, which affects the benefit amount (not just the share of beneficiaries receiving the maximum amount), and most important for a national description, the distributional changes in the caseload across states. (The duration of benefits has no impact on this calculation as the administrative data are average monthly data.)

The average per beneficiary amount was \$135 in 1996; adjusted for inflation using the PCE index, it is \$186 in 2015 dollars. The average per beneficiary amount in 2015 was \$170, a decline of less than 10 percent. The maximum benefit for a family of three in most has declined considerably more in most states. Two factors are important to consider.

First, the average family size has declined since 1996, from 2.8 to 2.3 in 2015. Given that the benefit increment tends to decline as family size increases (at least initially), the decline in average family size would tend to raise the average per beneficiary payment. The more important factor in keeping this figure relatively high, however, is the fact that states with relatively high benefits, such as California and New York, now account for a much larger share of the total caseload, as many states with relatively low benefits have virtually eliminated their cash assistance caseloads. This is why the inflation-adjusted per beneficiary benefit looks relatively “steady”; not because states have updated their benefits to keep pace with inflation. (Indeed, 16 states have the same maximum benefit today as in July 1996.⁷⁴)

So, if Winship were to repeat this analysis state by state, he would see indeed that the impact of inflation is much greater than the impression one gets when looking at national data. (Note: Winship had trouble reconciling some of the financial numbers; one problem with comparing numbers from the earliest years of TANF to the later years is that reporting practices have changed and those numbers are not directly comparable. A similar issue arises, beginning in FY 2015. Explaining these nuances is beyond the scope of this response. The figures used above are derived from published data on caseload characteristics, including benefit payments.⁷⁵)

Scott Winship: “Critics who seek compromise with conservatives around the design of the future safety net would get much further if they would not insist that welfare reform caused a substantial increase in child poverty – deep, extreme, or otherwise.”⁷⁶

PC Response: This is an extremely naïve statement. If critics of the law stopped pointing to TANF’s failure as an anti-poverty program, conservatives would become even more emboldened in promoting their failed policies – most notably the block grant and dysfunctional work requirements. Moreover, Winship places far too much confidence in his own work. *Poverty After Welfare Reform* is a paper about poverty rate trends. It examines a narrow range of outcomes, it is not well-suited for making causal inferences, and there is nothing in it that would help conservatives or liberals design policy specifics. In this regard, conservatives and liberals should be looking to advance common sense reforms, the type I outline in detail in *TANF is Broken!* Many of the provisions of the law don’t work as intended and conservatives should not hold up reform just because critics don’t agree about “welfare reform’s” impact on poverty.

Scott Winship: “If they did that, they would find that many conservatives are open to changes in TANF, from allowing more education and training to count as ‘work activities,’ to requiring states to spend more on the core functions of TANF, to curbing state excesses in discouraging eligible families from getting the benefits they deserve.”⁷⁷

PC Response: Why would conservatives who continuously cite the work-first model as the key to “welfare reform’s” success suddenly become more open to allowing more education and

training to count just because critics stopped saying “welfare reform” caused an increase in poverty? Again, this is very naïve.

It is also easy to evade the limits on counting education and training, so states don’t really need conservatives to change the law to expand education and training programs. Many states place individuals in such programs in solely state funded programs so they are not subject to TANF’s rules. Or, they can pay SNAP families a \$10 supplement and inflate their work rate to the point where they meet the rate based on these cases and then can implement whatever policies they want for the regular TANF caseload. The problem with this is that it doesn’t really address TANF’s root problems – to do this requires revisiting the block grant structure, limiting state flexibility, and totally redesigning the work requirements (among many other needed changes).

At least in this statement, Winship acknowledges that there have been some “state excesses in discouraging eligible families from getting the benefits they deserve.” But, why is it so important for critics to agree with Winship about “welfare reform’s” impact on poverty. Shouldn’t Winship and conservatives want to address these “excesses” as quickly as possible irrespective of what people think about “welfare reform’s” impact? And, why does Winship suggest this needs fixing – a key part of his argument is that welfare should be made “less appealing”? This undercuts his own argument about what made “welfare reform” a success.

If conservatives are serious about fixing the problem of “access,” this will require more than mandates to reach out to SNAP families with zero income or other similar proposals. As long as TANF is a block grant and requires 130 hours of participation a month for what can be a small benefit, it is unlikely that there will be a significant change in needy families accessing benefits.

Scott Winship: “Some conservatives – more than liberals might guess – are open to returning most decision-making to the federal level. [Note: Elsewhere, Winship takes the opposite approach: “I propose block-granting a dozen of the biggest anti-poverty programs and allowing states greater latitude to determine how to spend the grants.”] Others of us might be willing to raise spending levels. Some are proponents of expanding the EITC or Child Tax Credit.”⁷⁸

PC Response: The main problem with TANF is not that the federal government is not making decisions, but that it gave states a blank check with no meaningful accountability. Under the waiver approach, states had flexibility, but were held accountable for making demonstrable results. It may now be necessary to federalize TANF to undo the damage that has been done; in this regard, Winship makes a good point.

The safety net has expanded significantly in the last 20 years; the exception is cash assistance for the nation’s neediest families. Whether spending should continue to rise and whether further expansions of expanding the EITC or the Child Tax Credit are good policy options should be addressed on their own merits, but most important problems conservatives should address are related to TANF – the shredding of the cash assistance safety net for the “truly needy,” the gutting of work requirements, and ending the evidence-based approach to reform that had been established under waivers.

Scott Winship: “The real priorities among conservatives are retaining work requirements and time limits and avoiding entitlements – whether in the form of a guaranteed open-ended cash benefit or a government-subsidized job. We want to experiment with work requirements and time limits in other programs because we believe they were successful – poverty-reducing – in the case of TANF and that their success was partly the result of state experimentation.”⁷⁹ And, “Maybe this will end up being a productive conversation. But it would help if liberals (and Germanis) would shift from saying welfare reform was a disaster to saying it could have been better and we can improve on it. It’d be fantastic (but less likely) to have more liberals think it’s worth experimenting cautiously with work requirements and time limits in other programs.”

PC Response: Conservatives should have done more experimentation before enacting TANF. There was absolutely no *empirical* basis for the federal time limit (though it is easily evaded) or many of the elements of the work requirements, most notably a 50 percent work rate target or the 130 hours per month requirement for an individual to count. The evidence for a work-first approach was based on short-term impacts. The most successful approach was a mixed model conducted in Portland, Oregon. States would not be able to meet TANF’s work requirements using this model based on TANF’s restrictions on counting education and training activities.

There is virtually no *credible* evidence that work requirements or time limits reduced the poverty rate. Evidence from welfare-to-work evaluations suggest modest effects, at best, and those programs were not evaluated under TANF’s guidelines. I agree that it would be “fantastic” to do more experimentation in other programs, but conservatives have shown themselves to be reckless, not cautious, in abandoning the evidence-based approach that existed prior to TANF.

Question for Scott Winship: *How can you not see that TANF undid the very experimental approach that you now advocate?*

Experimentation and building on evidence is the key to reforming welfare programs and it is the alternative conservative perspective (to the TANF model) that I advocate. In this regard, Winship is right, but he and other conservatives have yet to describe the policy details of this approach – which programs would be included, what would be the process for reviewing experimental proposals, what evaluation methods would be used, and how would issues related to cost be handled (e.g., cost neutrality as under waivers or a block grant)? These are just the big picture questions, but neither Winship nor other conservatives ever spell out any details. The problem with simply providing broad themes is that when it comes to implementation, things fall apart as they did with TANF. Nothing works from a policy perspective as intended and Winship has no rejoinder for this.

Conclusion

I hope we have made progress.

Single Mothers: Employment and Caseloads (draft)							
Year	# Single Mothers (000s)	Employment Rate	# Employed Single (000s)	Single mom TANF (000s)	Single Mother TANF Receipt Rate	Gaining Employment (000s)	Losing TANF (000s)
1988	8,321	57.4%	4,776	2,812	34%		
1989	8,400	58.2%	4,889	2,849	34%		
1990	8,745	60.3%	5,273	3,043	35%		
1991	9,031	58.1%	5,247	3,373	37%		
1992	9,567	57.3%	5,482	3,622	38%		
1993	9,860	57.3%	5,650	3,759	38%		
1994	9,837	58.0%	5,705	3,775	38%		
1995	9,887	61.1%	6,041	3,593	36%		
1996	10,052	63.5%	6,383	3,326	33%		
1997	9,874	65.6%	6,477	2,805	28%	207	-453
1998	9,881	68.8%	6,798	2,288	23%	524	-973
1999	9,741	70.7%	6,887	1,934	20%	701	-1,281
2000	9,712	72.8%	7,070	1,727	18%	903	-1,478
2001	10,044	72.5%	7,282	1,644	16%	904	-1,671
2002	10,206	71.2%	7,267	1,640	16%	786	-1,728
2003	10,411	69.6%	7,246	1,635	16%	635	-1,801
2004	10,489	69.7%	7,311	1,615	15%	650	-1,847
2005	10,476	68.9%	7,218	1,546	15%	566	-1,911
2006	10,938	69.6%	7,613	1,430	13%	667	-2,180
2007	10,748	70.0%	7,524	1,298	12%	699	-2,249
2008	10,797	69.1%	7,461	1,276	12%	605	-2,287
2009	10,990	65.8%	7,231	1,379	13%	253	-2,248
2010	11,185	64.1%	7,170	1,439	13%	67	-2,252
2011	11,467	63.6%	7,293	1,430	12%	11	-2,354
2012	11,125	65.7%	7,309	1,389	12%	245	-2,282
2013	10,970	65.3%	7,163	1,295	12%	197	-2,326

Source: Tom Gabe, CRS. Single mother caseload = AFDC/TANF caseload multiplied by 75 percent; typically about 25 percent of AFDC/TANF cases are two-parent or caretaker relative cases. I chose administrative data because it reflects average monthly data and is consistent with the employment rate which is the March employment rate using the CPS.

¹ The views in this document reflect my own as a citizen and do not reflect the views of any organization I am now or have ever been affiliated with. By way of background, I consider myself a conservative and have worked on welfare issues for the Heritage Foundation, the American Enterprise Institute, and the White House under both President Reagan and President George H.W. Bush. This paper assumes the reader has a basic understanding of the TANF program, but for those readers who want more context and background, see Peter Germanis, *TANF is Broken! It's Time to Reform "Welfare Reform" (And Fix the Problems, Not Treat their Symptoms)*, July 25, 2015 draft, available at: <http://mlwiseman.com/wp-content/uploads/2013/09/TANF-is-Broken.072515.pdf>; for all my papers, see: <http://mlwiseman.com/?portfolio=peter-the-citizen>.

² Scott Winship, *Poverty After Welfare Reform* (Manhattan Institute, August 2016), available at: <http://www.manhattan-institute.org/sites/default/files/R-SW-0816.pdf>.

³ Scott Winship, "Why the 1996 Welfare Reform Benefitted Poor Children," *National Review Online*, September 1, 2016, available at: <https://www.manhattan-institute.org/html/why-1996-welfare-reform-benefited-poor-children-9215.html>; and Scott Winship, "Yes, the '96 Welfare Reform Helped Reduce Child Poverty," *National Review Online*, September 7, 2016, available at: <https://www.manhattan-institute.org/html/yes-96-welfare-reform-helped-reduce-child-poverty-9235.html>.

⁴ Samuel Hammond, "Celebrating Civil Discourse on Welfare Reform," September 9, 2016, available at: <https://niskanencenter.org/blog/celebrating-civil-discourse/>.

⁵ Winship response to Fremstad's comments on "Yes, the '96 Welfare Reform Helped Reduce Child Poverty."

⁶ Scott Winship, "Conservative Reforms to the Safety Net Will Reduce Poverty," January 8, 2016, available at: <http://economics21.org/commentary/jeb-bush-poverty-plan-scott-winship-01-11-16>.

⁷ Scott Winship, "Welfare Reform Reduced Poverty and No One Can Contest It," *Forbes*, January 11, 2016, available at: <http://www.forbes.com/sites/scottwinship/2016/01/11/welfare-reform-reduced-poverty-and-no-one-can-contest-it/>.

⁸ Scott Winship, "Welfare Reform's Success and the War on Immobility," May 6, 2016, available at: <http://www.libertylawsite.org/liberty-forum/welfare-reforms-success-and-the-war-on-immobility/>.

⁹ Scott Winship, "Issues 2016: Was Welfare Reform a Success?," June 21, 2016, available at: <https://www.manhattan-institute.org/html/issues-2016-welfare-reform-9001.html>.

¹⁰ *Ibid.*

¹¹ Robert Doar, "TANF has been a success – Let's make it better," American Enterprise Institute, September 29, 2015, available at: <https://www.aei.org/publication/tanf-has-been-a-success-lets-make-it-better/>.

¹² Rachel Sheffield and Robert Rector, "Paul Ryan's New Anti-Poverty Plan Should Take Work and Marriage Seriously," July 25, 2014.

¹³ Ron Haskins, Testimony before the Committee on Agriculture, Subcommittee on Nutrition, U.S. House of Representatives, October 27, 2015 available at: http://agriculture.house.gov/uploadedfiles/10.27.15_haskins_testimony.pdf.

¹⁴ Ramesh Ponnuru, "Welfare reform, the bipartisan success story," August 23, 2016, available at: <http://www.aei.org/publication/welfare-reform-the-bipartisan-success-story/>.

¹⁵ *Ibid.*

¹⁶ Danny Vinik, "Did welfare reform work?," *Politico*, August 22, 2016, available from: <http://www.politico.com/agenda/story/2016/08/welfare-reform-scott-winship-poverty-000189>.

¹⁷ *Ibid.*

¹⁸ Winship response to Fremstad's comments on "Yes, the '96 Welfare Reform Helped Reduce Child Poverty."

¹⁹ I am well aware of the limitations of randomized control trials, including the fact that they may miss entry effects and general equilibrium effects; however, these limitations pale in comparison to a simplistic examination of poverty rate trends over time.

²⁰ U.S. General Accounting Office, *States are Restructuring Programs to Reduce Welfare Dependence*, June 1998, p. 78.

²¹ For an example of the letter sent to each governor, see: <http://fiscalpolicy.org/text-of-march-161999-letter-from-nancy-l-johnson-sent-individually-to-all-50-governors>.

²² Liz Schott, LaDonna Pavetti, and Ife Floyd, "How States Use Federal and State Funds Under the TANF Block Grant," Center on Budget and Policy Priorities, October 15, 2015, available at: <http://www.cbpp.org/research/family-income-support/how-states-use-federal-and-state-funds-under-the-tanf-block-grant>.

²³ *Ibid.*

²⁴ Thomas Gabe, “Welfare, Work, and Poverty Status of Female-Headed Families with Children: 1987-2013,” Congressional Research Service, November 21, 2014, p. 35, available at: <https://www.fas.org/sgp/crs/misc/R41917.pdf>.

²⁵ Winship response to Fremstad’s comments on “Yes, the ’96 Welfare Reform Helped Reduce Child Poverty,” available at: <http://genius.it/10391274/www.nationalreview.com/node/439754/print>.

²⁶ Scott Winship, “Why the 1996 Welfare Reform Benefited Poor Children,” *National Review Online*, September 1, 2016, available at: <http://genius.it/www.nationalreview.com/node/439586/print>.

²⁷ Scott Winship, “Welfare Reform Reduced Poverty and No One Can Contest It,” *Forbes*, January 11, 2016, available at: <http://www.forbes.com/sites/scottwinship/2016/01/11/welfare-reform-reduced-poverty-and-no-one-can-contest-it/>.

²⁸ Scott Winship, “Welfare Reform’s Success and the War on Immobility,” May 6, 2016, available at: <http://www.libertylawsite.org/liberty-forum/welfare-reforms-success-and-the-war-on-immobility/>.

²⁹ Scott Winship, “Happy birthday, welfare reform: The law signed by Bill Clinton in 1996 helped millions of American families rise out of poverty,” August 25, 2016, available at: <http://www.nydailynews.com/opinion/scott-winship-happy-birthday-welfare-reform-article-1.2764481>.

³⁰ Scott Winship, *Poverty After Welfare Reform* (Manhattan Institute, August 2016), p. 8, available at: <http://www.manhattan-institute.org/sites/default/files/R-SW-0816.pdf>.

³¹ Winship response to Fremstad’s Comments on “Why the 1996 Welfare Reform Benefited Poor Children,” available at: <http://genius.it/10318861/www.nationalreview.com/node/439586/print>.

³² TANF is not an effective welfare-to-work program. The work participation requirements are unreasonable and unrealistic; states under-invest in work activities, spending just 8 percent of TANF/MOE funds in FY 2014. TANF’s work requirements have been used as a tool of bureaucratic disenfranchisement to push or keep needy families off the rolls (and in doing so, did make welfare “less appealing”); and, states use loopholes created by Congress itself to meet its work rate targets. I have written extensively about this, e.g., “The Failure of TANF Work Requirements: A Much Needed Tutorial for the Heritage Foundation and the American Enterprise Institute.” This is an important point, because most conservatives believe the work requirements were the key to TANF’s putative success. And, Winship himself has suggested that they not be weakened and should be extended to other programs.

³³ See Judith M. Gueron and Howard Rolston, *Fighting for Reliable Evidence* (New York, NY: Russell Sage Foundation, June 2013).

³⁴ Scott Winship, “Yes, the ’96 Welfare Reform Helped Reduce Child Poverty,” *National Review Online*, September 7, 2016, available at: <https://www.manhattan-institute.org/html/yes-96-welfare-reform-helped-reduce-child-poverty-9235.html>.

³⁵ Jeffrey Grogger, Lynn A. Karoly, and Jacob Alex Klerman, *Consequences of Welfare Reform: A Research Synthesis* (Santa Monica, CA: July 2002), available at: http://www.acf.hhs.gov/programs/opre/welfare_employ/res_synthesis/reports/consequences_of_wr/rand_report.pdf.

³⁶ Stephen H. Bell, *Why are Welfare Caseloads Falling* (Washington, DC: The Urban Institute, March 2001), <http://www.urban.org/uploadedPDF/discussion01-02.pdf>.

³⁷ Peter Germanis, “Making Progress on TANF: A Response to Scott Winship,” August 27, 2016, available at: <http://mlwiseman.com/wp-content/uploads/2016/05/Making-Progress1.pdf>.

³⁸ Thomas Gabe, “Welfare, Work, and Poverty Status of Female-Headed Families with Children: 1987-2013,” Congressional Research Service, November 21, 2014, p. 34, available at: <https://www.fas.org/sgp/crs/misc/R41917.pdf>.

³⁹ One could do the same for SSI; here, Winship’s suggestion that the creation of TANF caused some programs to expand might have merit, as the creation of the block grant gave states greater incentives to push families to other programs, particularly those funded entirely by federal funds. This might also reduce poverty because SSI payments are more generous than TANF payments. This, however, is hardly a measure of the success of welfare reform. Even an adjustment for this factor would only mitigate the increase in poverty from TANF.

⁴⁰ Thomas Gabe, “Welfare, Work, and Poverty Status of Female-Headed Families with Children: 1987-2013,” Congressional Research Service, November 21, 2014, p. 35, available at: <https://www.fas.org/sgp/crs/misc/R41917.pdf>.

⁴¹ Ife Floyd and Liz Schott, “TANF Cash Benefits Have Fallen by More Than 20 Percent in Most States and Continue to Erode,” Center on Budget and Policy Priorities, October 15, 2015, available at: <http://www.cbpp.org/research/family-income-support/tanf-cash-benefits-have-fallen-by-more-than-20-percent-in-most-states>.

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- ⁴² Poverty is measured using annual income and cash assistance is generally based on monthly income. Not all those losing cash assistance would have been poor.
- ⁴³ Daniel T. Lichter, “The 20th Anniversary of Welfare Reform: Lessons for Marriage and Families,” September 22, 2016, available at: https://www.brookings.edu/wp-content/uploads/2016/08/20160922_ccf_welfare_reform_lichter.pdf.
- ⁴⁴ Jordan Weissmann, “The Odd Conservative Argument That Food Stamps and Medicaid Saved the Poor From Welfare Reform,” *Slate*, August 26, 2016, available at: http://www.slate.com/blogs/moneybox/2016/08/26/the_odd_conservative_case_that_welfare_didn_t_hurt_the_poor.html.
- ⁴⁵ Scott Winship, *Poverty After Welfare Reform* (Manhattan Institute, August 2016), p. 38, available at: <http://www.manhattan-institute.org/sites/default/files/R-SW-0816.pdf>.
- ⁴⁶ Unpublished tables from the Congressional Research Services. See also, Gene Falk, “Low-Income Assistance Programs: Trends in Federal Spending,” Congressional Research Service, May 7, 2014, available at: <https://www.fas.org/sgp/crs/misc/R41823.pdf>.
- ⁴⁷ Linda Gibbs and Robert Doar, “New York City’s Turnaround on Poverty,” *Washington Monthly*, June 19, 2016, available at: <http://washingtonmonthly.com/2016/06/19/new-york-citys-turnaround-on-poverty/>.
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