

Welfare Benefits After the 1996 Reform Act: A New Look at the Idea of States as Welfare Magnets

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History of Welfare

- The federal government
- Put in place to assist the unemployed or underemployed.
- Medicaid, The Women, Infants, and Children (WIC) Program, and Aid to Families with Dependent Children (AFDC) which turned into Temporary Assistance for Needy Families (TANF), in 1996

Welfare is Important

- The official poverty rate in 2008 was 13.2 percent, up from 12.5 percent in 2007. This was the first statistically significant annual increase in the poverty rate since 2003, when poverty increased from 12.5 percent to 12.7 percent in 2004.
- In 2008, 39.8 million people were in poverty, up from 37.3 million in 2007 -- the second consecutive annual increase in the number of people in poverty.

The data presented here are from the Current Population Survey (CPS), 2009 Annual Social and Economic Supplement (ASEC), the source of official poverty estimates. The CPS ASEC is a sample survey of approximately 100,000 household nationwide. These data reflect conditions in calendar year 2008.

The Reform Act of 1996

- ◉ Aug 22, 1996 President Clinton signed into law the *Personal Responsibility and Work Opportunity Reconciliation Act of 1996*, better known as the Welfare Reform Bill.

*This changed AFDC to TANF

The Welfare Reform Bill

- Known also as Public Law 104-193
- This law changed how governmental financial assistance was administered including:
 - > Federal funding
 - > Time limits
 - > Engage in job searching activities
 - > Changing disability definition for Supplemental Security Income
 - > State mandates to enforce collection of unpaid child support
 - > Consolidating child care programs into the child care and development Block Grant.
 - > Changing recertification requirements for food stamps.

Differences in Old AFDC and New TANF

- The three prominent differences between AFDC and TANF are as follows:
- Entitlement
- Federal-share program
- Not time limited

Research Question

- What effect does the Welfare Reform Act have on the U.S states? Did the reform effect some states more than others? Has this caused states to become welfare magnets?

Previous Research

- Primarily looked at migration of the welfare recipients, and problems with how people view welfare.
- 2008 study done by Schow
- No real effects were found on poverty gaps or poverty rates.

Methods & Analysis

- For the analysis I used the states data set provided by Carlson and Hyde (2005) this data set provided numerous variables that could be used as independent variables.
- Independent variables I looked at came from two areas, economic, and political.
- Unit of analysis is the American states.
- Dependent variable is the change in welfare recipients in 1996-2008 from each state.

Data

- The data from the Census Bureau is in Microsoft Excel format and was imported into the SPSS program and added into the state data set.
- The variables include distinctions between the years of 1996-2008 as well as variables that compare the years of 1996, and 2008.
- Other distinctions in my added variables include unemployment rate, states who have workers who are union members, states that are Democratic, and states that are Republican.

Complete Correlations in Per Capita Change in Welfare

Demographics

Pearsons Correlation

Percent of population with college education or higher	-.072
Percent of population with high school or higher	-.052
Percent population age 18-24	.110
Percent population age 65 and older	.103
Percent population Hispanic	-.136
Percent of population Black	-.253
Per capita income	-.111
Unemployment rate	-.329*
Percent of workers who are union members	-.474**
Percent of population per square mile	-.229
Percent of urban population	-.184
Percent of state legislators who are women	.026
Percent of state legislators who are Black	.002

Political Variables

Percent of mass public Democratic	-.436**
Percent of mass public Republican	.384**

Significant at .05*

Significant at .01**

Correlations in Per capita Change in Welfare

Demographics

Pearsons Correlation

Unemployment rate

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Political Variables

Percent of mass public Democratic

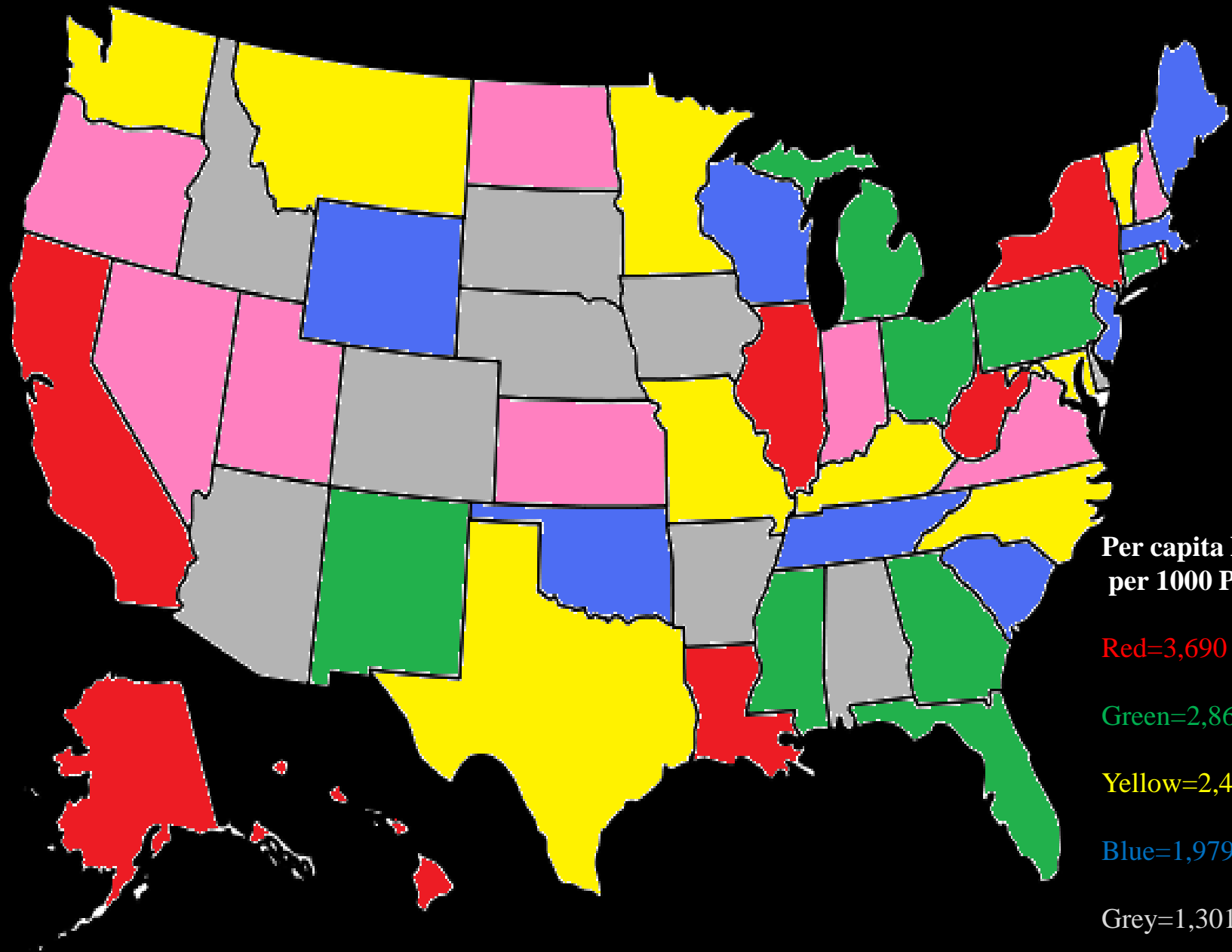
-.436**

Percent of mass public Republican

.384**

Significant at .05*

Significant at .01**



**Per capita Drop
per 1000 People**

Red=3,690 to 4,751

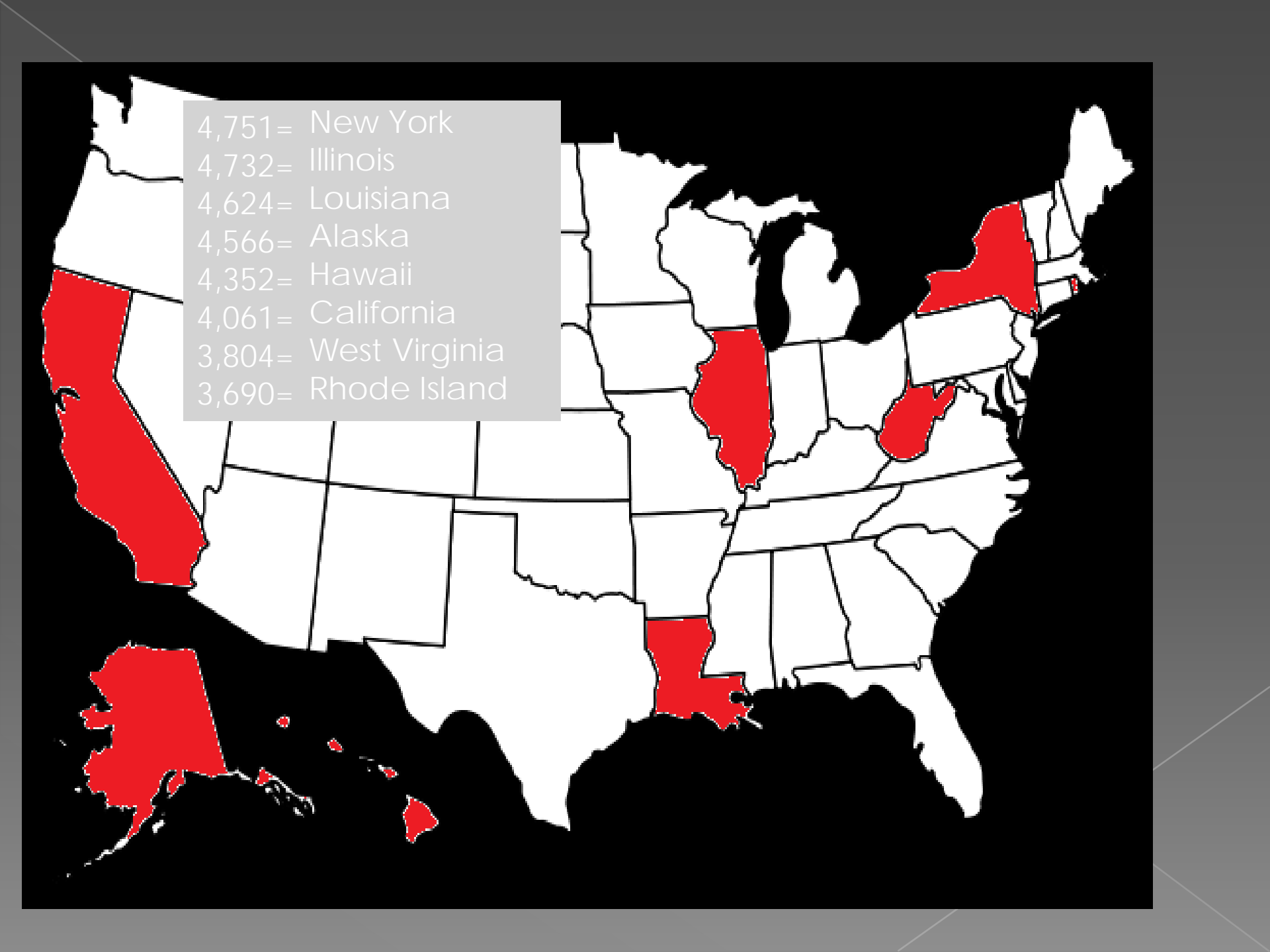
Green=2,864 to 3,669

Yellow=2,456 to 2,841

Blue=1,979 to 2,401

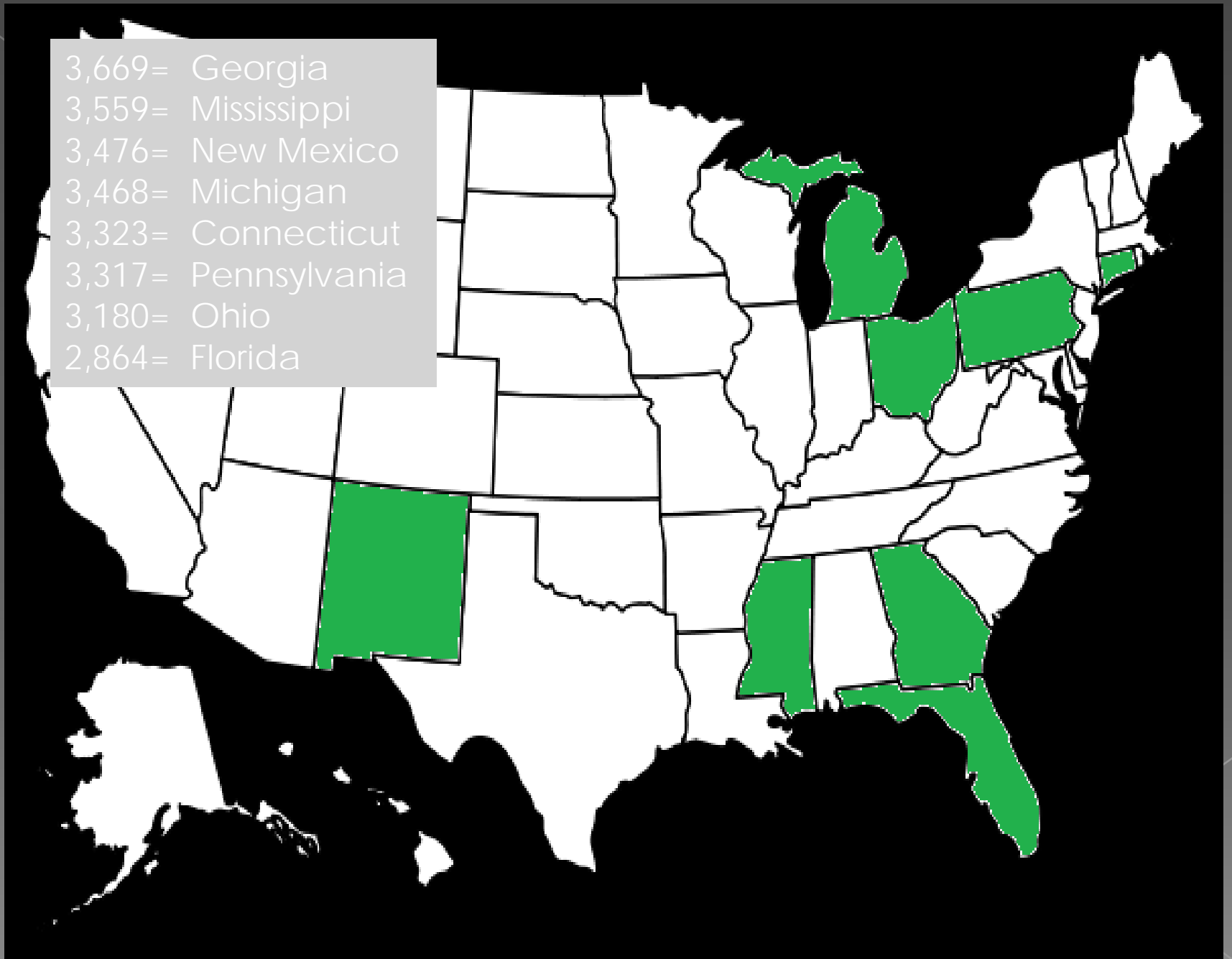
Grey=1,301 to 1,742

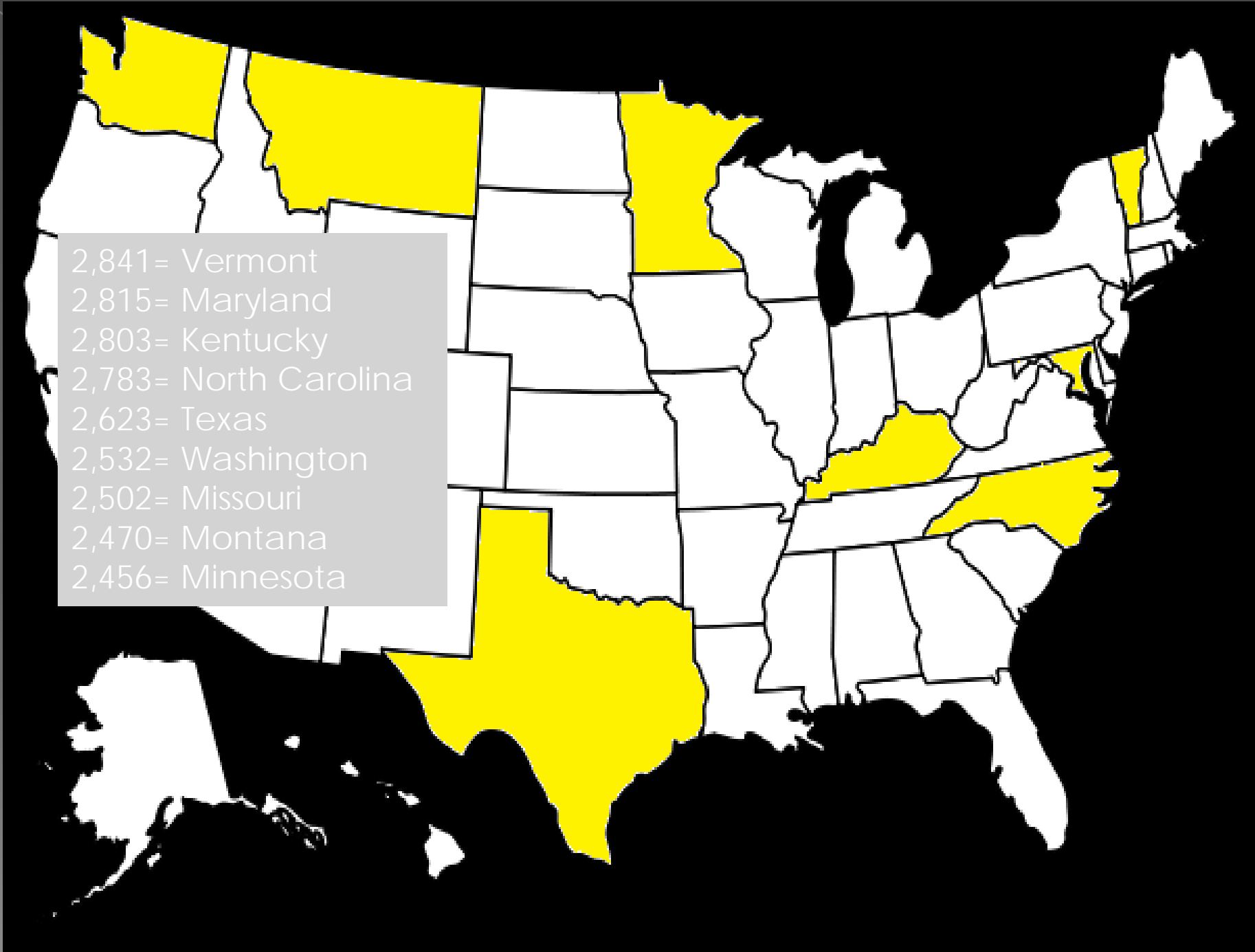
Pink=855 to 1,276



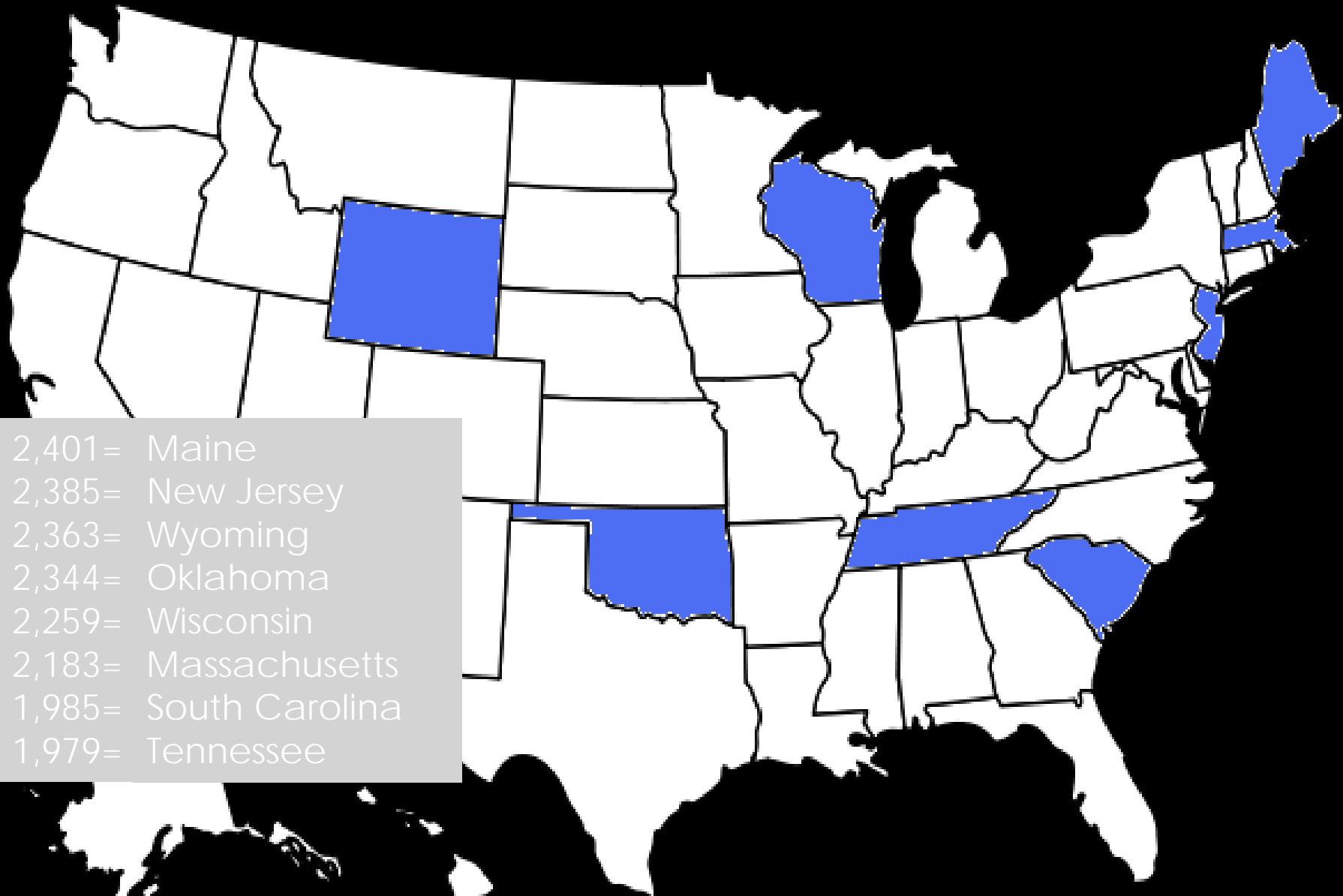
4,751= New York
4,732= Illinois
4,624= Louisiana
4,566= Alaska
4,352= Hawaii
4,061= California
3,804= West Virginia
3,690= Rhode Island

3,669= Georgia
3,559= Mississippi
3,476= New Mexico
3,468= Michigan
3,323= Connecticut
3,317= Pennsylvania
3,180= Ohio
2,864= Florida

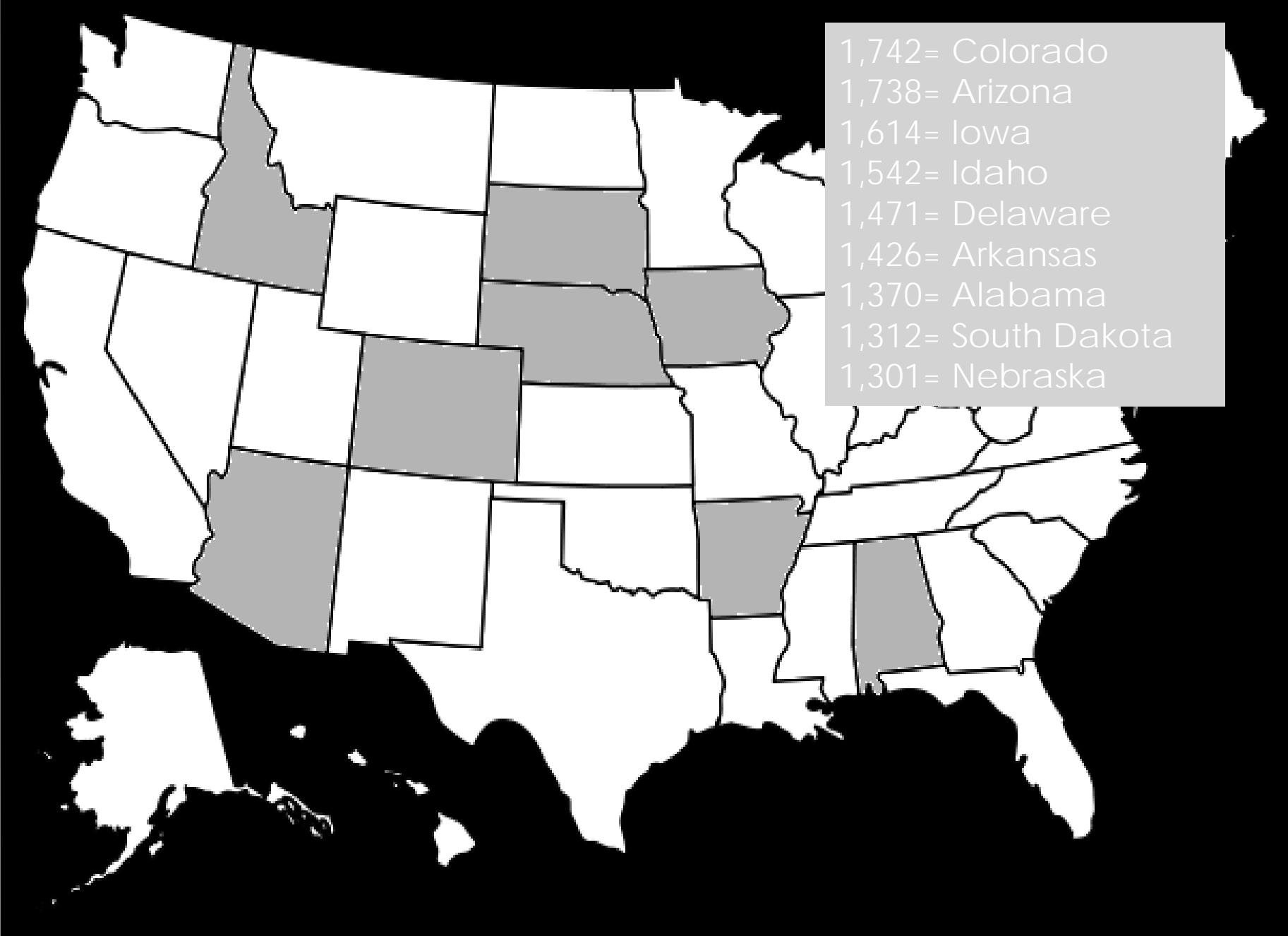




2,841= Vermont
2,815= Maryland
2,803= Kentucky
2,783= North Carolina
2,623= Texas
2,532= Washington
2,502= Missouri
2,470= Montana
2,456= Minnesota



- 2,401= Maine
- 2,385= New Jersey
- 2,363= Wyoming
- 2,344= Oklahoma
- 2,259= Wisconsin
- 2,183= Massachusetts
- 1,985= South Carolina
- 1,979= Tennessee



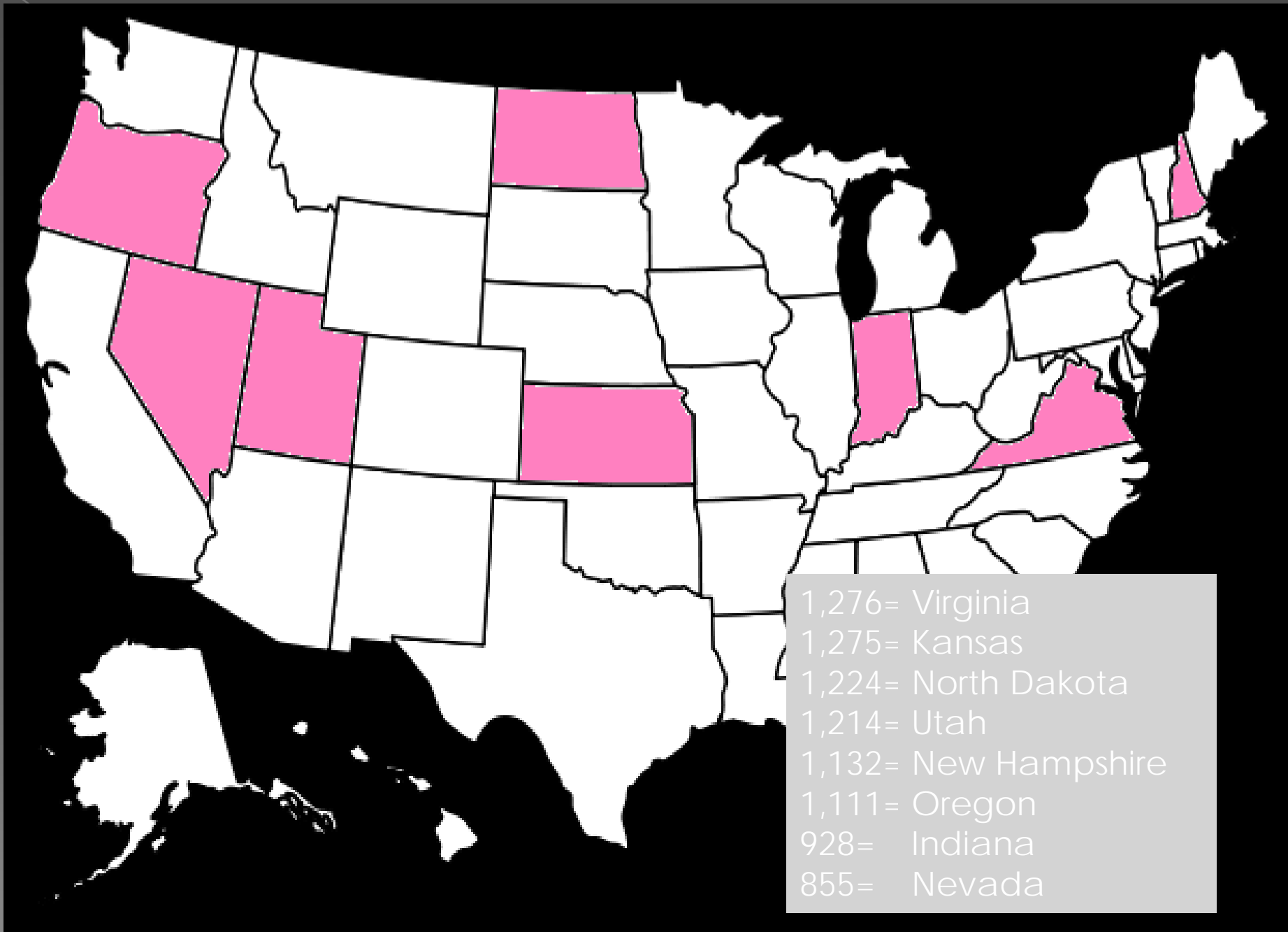


Figure 1 Effect of Unemployment Rates on Per Capita Change in Welfare

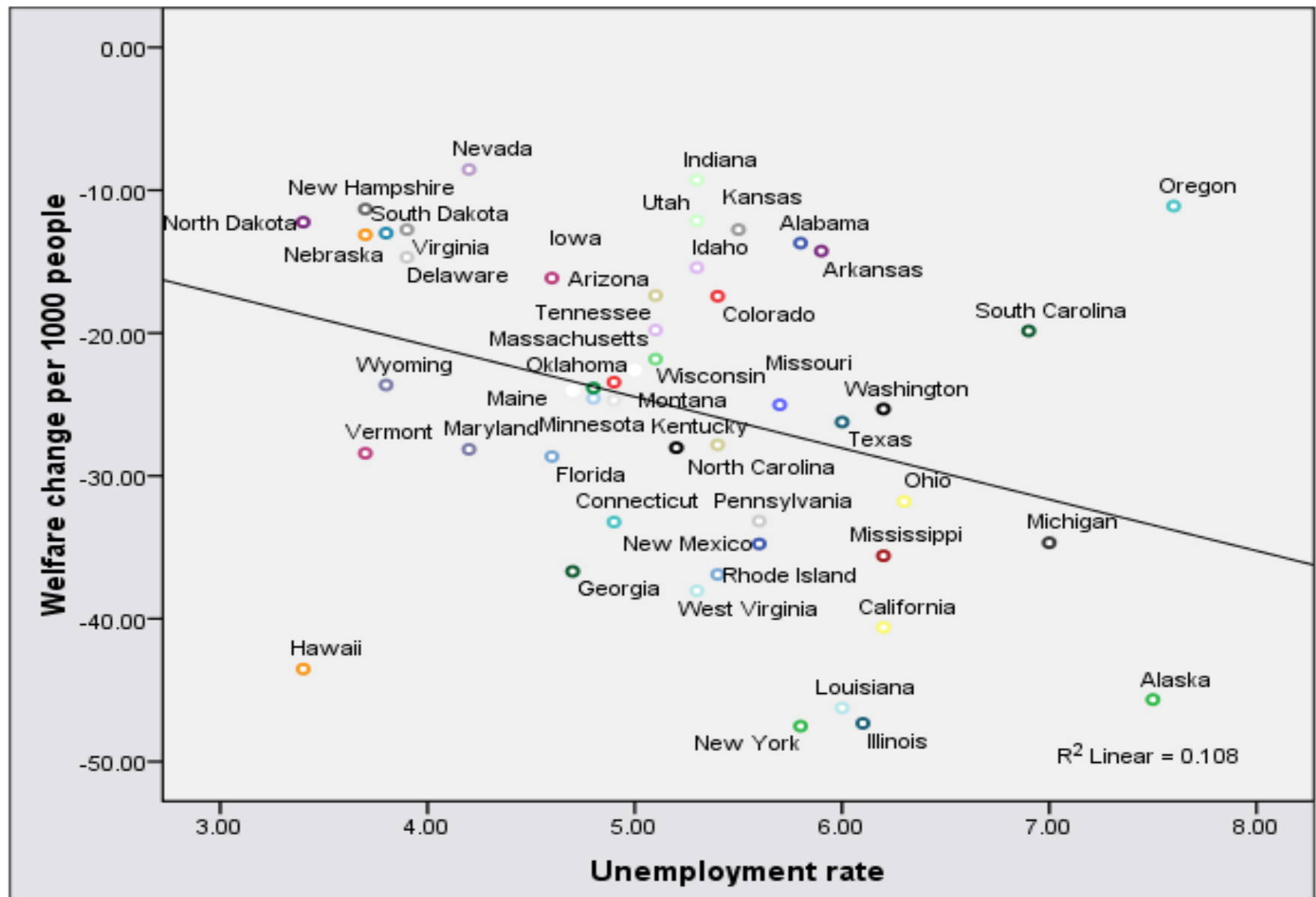


Figure 2 Effect of Union Member Workers on Per Capita Change in Welfare

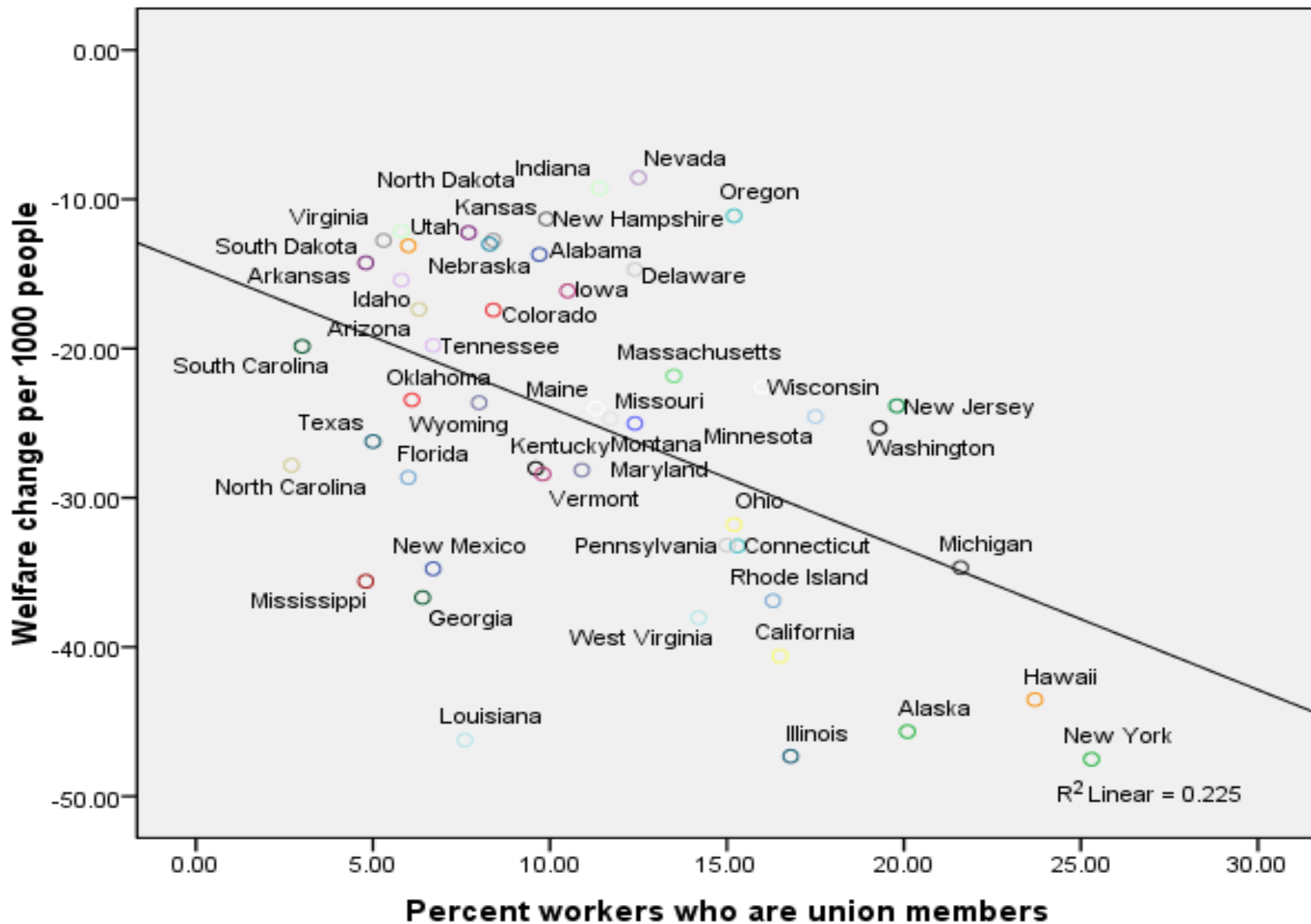


Figure 3 Effect of Republicans in Office on Per Capita Change in Welfare

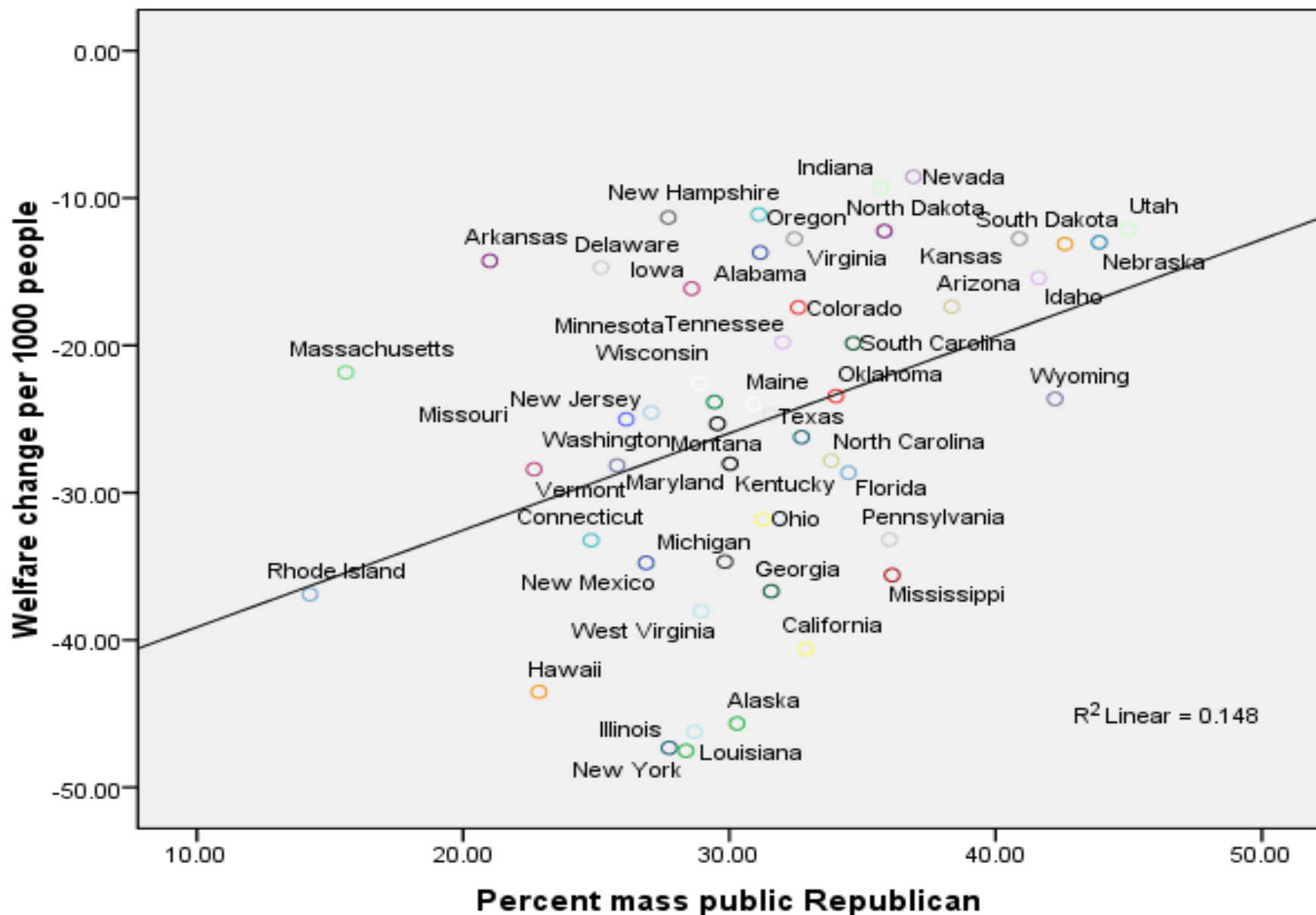
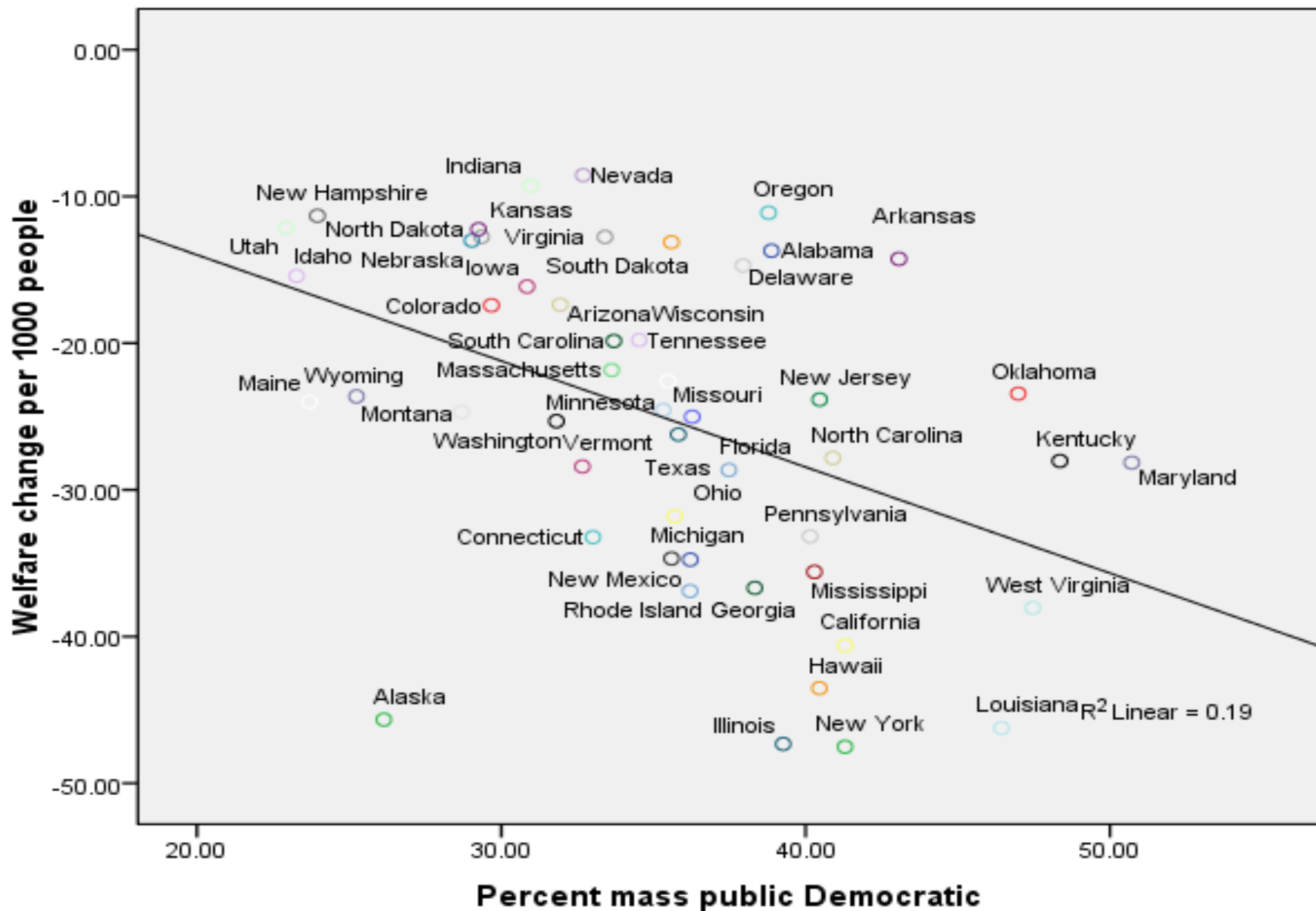


Figure 4 Effects of Democrats in Office on Per Capita Change in Welfare



The Research Shows

- Political variables have the most impact on what states receive welfare.
- As more states have unions the more significant they will prove to be when being compared to having welfare benefits.

Conclusion

- States that started out with higher numbers of population on welfare, ended up having more change than states that started out with low numbers of the population on welfare. (IE: MN, NY, IL, UT)
- Most significant correlation was the states that had union members as workers.
- The only positive correlation are the states that support the Republican vote.
- Democratic states, unemployment rates, and states that have union member workers all had negative correlations.

Further Work In Progress

- ◉ An area that is still a work in progress is the magnet aspect.
- ◉ In the further analysis, I will be comparing states to their neighbors in terms of the size of the drop in welfare recipients.