

Welfare Reform Policies and Their Effect on Poverty Rates Across the United States



LUKE N. WELLE

BEMIDJI STATE UNIVERSITY

Welfare Reform



1996

AFDC

Aid to Families with Dependent Children



1996

PRWORA

Personal Responsibility and Work Opportunity Reconciliation Act



1997

TANF

Temporary Assistance for Needy Families

Temporary Assistance for Needy Families



- TANF is a block grant, federally funded
- Direct assistance to recipients is distributed by state governments, ***NOT*** the federal government
- Federalism and Welfare Reform

Previous Research



- Blank, Rebecca M. (2002). “Evaluating Welfare Reform in the United States” *Journal of Economic Literature* 40(4) 1105-1166
 - Results- “Entry into welfare fell, and exits from welfare rose.”
- Fremstad, Shawn (2004). “Recent Welfare Reform Research Findings Implications for TANF Reauthorization and State TANF Policies”, Center on Budget and Policy Priorities
- Mead, Lawrence M. (2004) “State Political Culture and Welfare Reform.” *Policy Studies Journal* 32(2): 271

Hypothesis



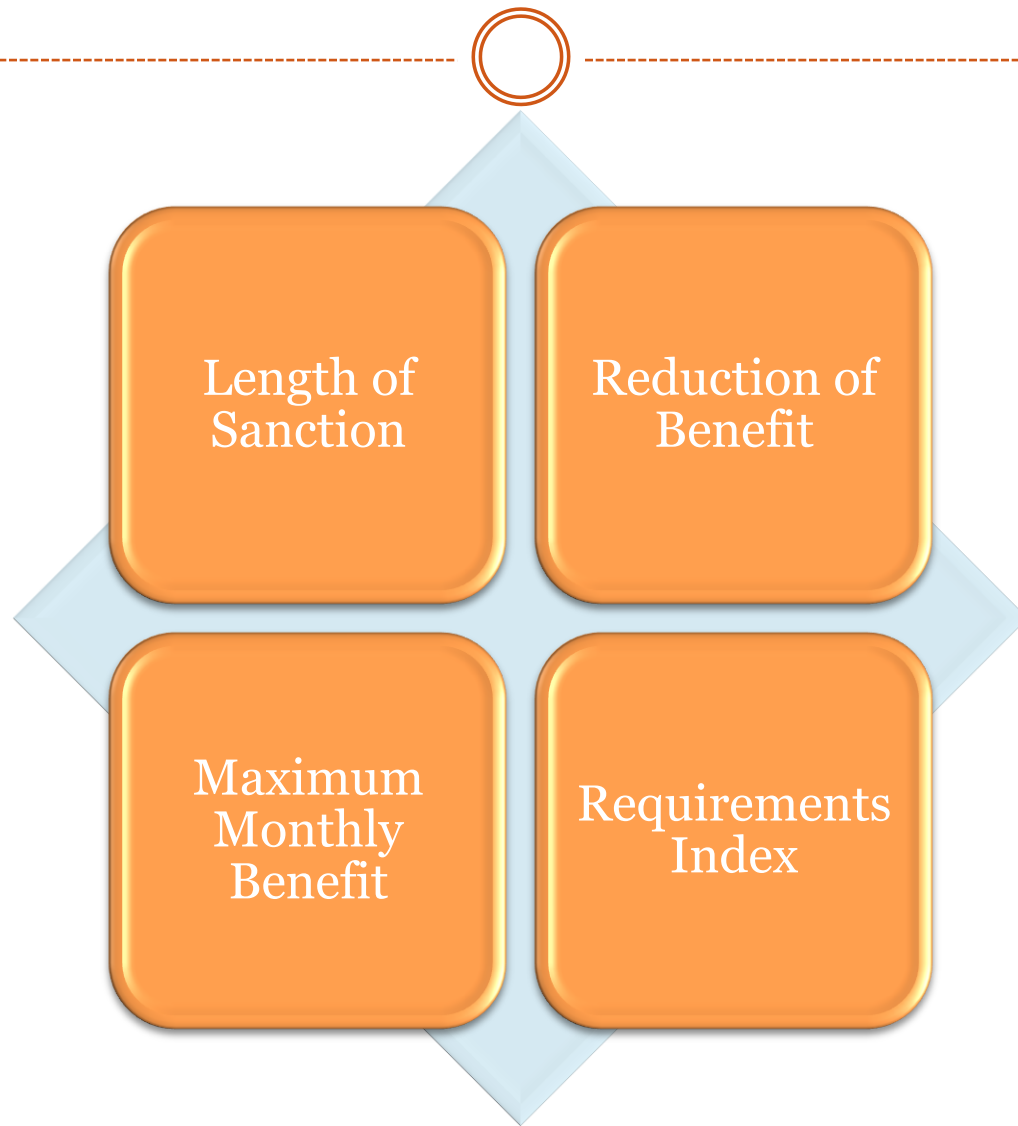
- States with less punitive policies will have the most success in transitioning recipients out of poverty.
- Punitive vs. Lenient

Methodology and Analysis

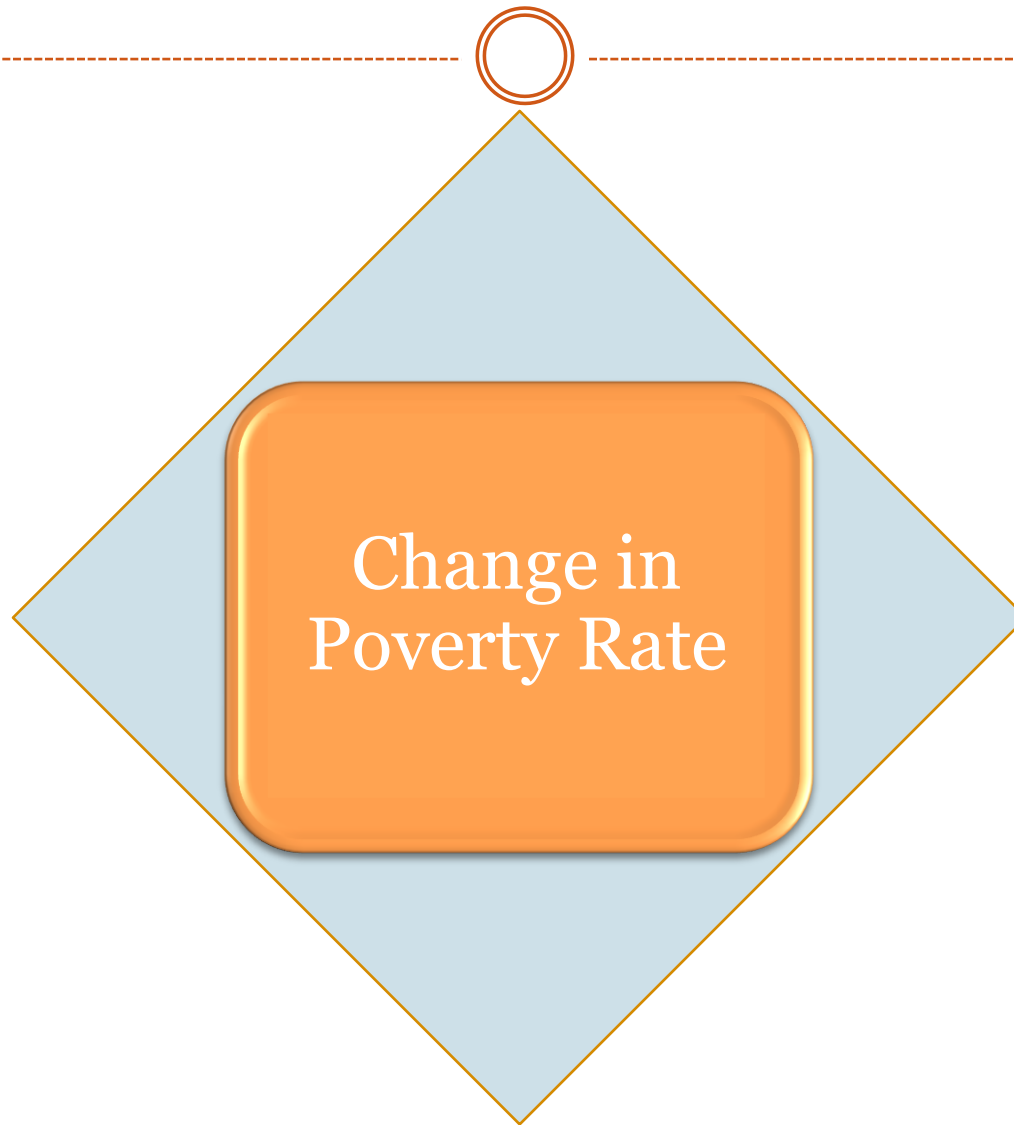


- U.S. Department of Health and Human Services - TANF
- U.S. Census Bureau – State Poverty Estimates
- Unit of Analysis- 50 states plus Washington DC
- Analysis on data done with SPSS

Independent Variables



Dependent Variable



		Length of Sanction in "Initial Sanction"				
		Shortest Length of Sanctions	Short Length of Sanctions	Moderate Length of Sanctions	Longest Length of Sanctions	Total
Change in Poverty Rate 1996-2006	Large Decrease in Poverty Rate "-3.50 to -0.70"	8 34.8%	4 18.2%	1 20.0%	0 .0%	13 25.5%
	Small Decrease in Poverty Rate "-0.69 to 0.30"	5 21.7%	4 18.2%	4 80.0%	1 100.0%	14 27.5%
	Small Increase in Poverty Rate "0.31 to 0.89"	7 30.4%	5 22.7%	0 .0%	0 .0%	12 23.5%
	Large Increase in Poverty Rate "0.90 to 2.90"	3 13.0%	9 40.9%	0 .0%	0 .0%	12 23.5%
	Total			5 100.0%	1 100.0%	51 100.0%

Colorado
Indiana
Minnesota
Nebraska
New Hampshire
North Carolina
Ohio
Oregon
Tennessee

Gamma Value= 0.116
Gamma Significance=0.473
Chi-Square Significance= 0.054

		Reduction of Benefit in "Initial Sanction"				
		Lowest Amount in Benefit Reduction	Low Amount in Benefit Reduction	Moderate Amount in Benefit Reduction	Highest Amount in Benefit Reduction	Total
Change in Poverty Rate 1996-2006	Large Decrease in Poverty Rate "-3.50 to -0.70"	0 .0%	3 23.1%	3 21.4%	7 33.3%	13 25.5%
	Small Decrease in Poverty Rate "-0.69 to 0.30"	0 .0%	6 46.2%	4	4	14 27.5%
	Small Increase in Poverty Rate "0.31 to 0.89"	2 66.7%	1 7.7%	1	1	12 23.5%
	Large Increase in Poverty Rate "0.90 to 2.90"	1 33.3%	3 23.1%	2 14.3%	6 28.6%	12 23.5%
	Total	3 100.0%	13 100.0%	14 100.0%	21 100.0%	51 100.0%

Florida
Hawaii
Louisiana
Maryland
Texas
Virginia
Wyoming

Gamma Value= -0.065
Gamma Significance=0.704
Chi-Square Significance= 0.343

		Maximum Monthly Benefit 2006					
		Earn between 509 and 924	Earn between 404 and 508	Earn between 293 and 403	Earn up to 292	Total	
Change in Poverty Rate 1996-2006	Large Decrease in Poverty Rate “-3.50 to -0.70”	2 15.4%	6 46.2%	2 16.7%	3 23.1%	13 25.5%	
	Small Decrease in Poverty Rate “-0.69 to 0.30”	7 53.8%	0 .0%	3 25.0%	4 30.8%	14 27.5%	
	Small Increase in Poverty Rate “0.31 to 0.89”	Alabama Arkansas Georgia Kentucky		5 38.5%	4 33.3%	2 15.4%	12 23.5%
	Large Increase in Poverty Rate “0.90 to 2.90”	3 23.1%	2 15.4%	3 25.0%	4 30.8%	12 23.5%	
	Total	13 100.0%	13 100.0%	12 100.0%	13 100.0%	51 100.0%	

Gamma Value=-0.209
Gamma Significance=0.160
Chi-Square Significance= 0.935

		TANF Requirements Index			
		Least Punitive	Moderately Punitive	Most Punitive	Total
Change in Poverty Rate 1996-2006	Large Decrease in Poverty Rate “-3.50 to -0.70”	3 33.3%	6 20.7%	4 33.3%	13 26.0%
	Small Decrease in Poverty Rate “-0.69 to 0.30”	2 22.2%	9 31.0%	3 25.0%	14 28.0%
	Small Increase in Poverty Rate “0.31 to 0.89”	0	0	3 25.0%	12 24.0%
	Large Increase in Poverty Rate “0.90 to 2.90”	0	0	2 16.7%	11 22.0%
	Total	9 100.0%	29 100.0%	12 100.0%	50 100.0%

Connecticut
 Georgia
 Mississippi
 Montana
 North Dakota

Oklahoma
 Rhode Island
 South Carolina
 Vermont

Gamma Value=-0.017
 Gamma Significance=0.929
 Chi-Square Significance= 0.868

States	ReqIndex	PovChange	CasesChange
<i>Least Punitive</i>			
Massachusetts	5	3	1
Missouri	6	3	2
New Mexico	7	1	2
New York	8	1	3
South Dakota	8	3	2
Arkansas	9	2	3
Kentucky	9	2	3
Minnesota	9	4	2
West Virginia	9	1	4

PovChange	CasesChange
<i>Least Punitive</i>	
4	1
4	1
2	3
4	1
3	2
4	4
4	3
2	4

	PovChange	CasesChange
<i>Punitive</i>		
12	1	3
12	3	4
12	1	4
12	2	3
12	1	1
12	3	2
13	2	4
13	4	1
13	1	4
13	4	1
14	2	3
14	3	2

North Dakota
Oregon
Pennsylvania
Utah
Vermont
Wisconsin
Dist. Of Col.
Arizona
California
Connecticut
Delaware
Florida
Georgia

Florida
Georgia
Indiana
Kansas
Montana
Nebraska
Nevada
North Carolina
Ohio
Oklahoma
Rhode Island
South Carolina
Texas
Wyoming

Louisiana
New Jersey
Virginia
Washington
Alaska
Iowa
Maryland
Tennessee
Alabama
Michigan

Conclusion



- Low levels of association between Independent and Dependent Variables
- Lack of evidence showing less punitive policies transitioning recipients out of poverty, inconclusive



Questions?