# AEI's Poor Response to a Child Allowance

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February 17, 2021

Recent weeks have seen several new child allowance proposals. Predictably, the core of the "Poverty Studies" group at the American Enterprise Institute (AEI) has raised objections to this approach.[2] Angela Rachidi characterized their concerns as follows:

> Proposals for a universal child allowance from Senator Mitt Romney and separately from the Democrats in Congress are a noble but misguided effort to reform the social safety net. A flat child allowance would return US anti-poverty efforts to the unsuccessful policies of the past – when federal welfare policies devalued work and undermined state-led efforts to fight poverty. Rather than enacting a flat child allowance, Congress should prioritize policies that strengthen connections to work and help more poor families become upwardly mobile.

While the cost and behavioral responses to a child allowance are legitimate topics of debate, part of AEI's response involves speculative and unsupported claims about the negative labor market effects of a child allowance. Indeed, their initial response came under attack on Twitter[3] because their main counterargument involved reductions in work effort, yet when asked for an estimate, Scott Winship, Director of Poverty Studies, didn't have one and has since been scrambling to develop one (or to find research to support his viewpoint). Given the scope of the current child allowance proposals, any estimate of labor supply (and other) effects should be considered tentative. Similar proposals have been examined in the past, most recently by experts in a committee sponsored by National Academies of Sciences, Engineering, and Medicine (NASEM).[4] These estimates should serve as a guide or should be updated to reflect the most recent proposals – any estimates by advocates or critics of a child allowance who lack the necessary expertise should be dismissed.

A second part of AEI's response to a child allowance hinges on misleading statements about the effects of the 1996 welfare reform, especially the replacement of the Aid to Families with Dependent Children (AFDC) program with the Temporary Assistance for Needy Families (TANF) block grant. For example, Scott Winship says the 1996 law "fixed a cash assistance program" and the "Romney proposal would take us back to the bad old days in key ways, and policymakers are playing Russian roulette with low-income families' wellbeing." Matt Weidinger asserts that "the average welfare recipient [under AFDC] spent an astonishing 13 years on the rolls" and that "proponents of the child allowance now are gambling that effectively reviving AFDC under a new name won't also revive the rejection of work and acceptance of government benefits as a way of life…" Angela Rachidi contends that "Critics of benefit programs (such as myself) believe these employment effects are meaningful and advocate for attaching work requirements to government benefits…" and a "child allowance would return US anti-poverty efforts to the unsuccessful policies of the past…"

These and other statements reflect conservative talking points that are either wrong, misleading, or ignore important contextual information. If anything, AEI's alternative approaches are misguided, as they are based on a misreading of the evidence about welfare reform generally and work requirements specifically. This "Peter the Citizen" response focuses on this aspect of AEI's criticisms of a child allowance, highlighting these and other problematic statements. Each statement is followed by a "PC Response" – short for "Peter the Citizen." My criticism of the AEI approach does not mean I endorse any particular child allowance proposal, because I have concerns about cost and targeting, but the failure of the 1996 welfare reform does support the case for a new approach and some type of child allowance does seem warranted.

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**Winship:** "The welfare reforms of the 1990s were historic measures that fixed a cash welfare program that impeded upward mobility and independence."

**PC Response:** The 1996 welfare reform replaced AFDC with the TANF block grant. If by "fixing" Winship means cash assistance for the nation's poorest families with children was virtually eliminated – then, yes, the combination of the block grant, eliminating the entitlement to assistance, and dysfunctional work requirements really "fixed" a program.

*TANF is a Slush Fund in Many States.* The creation of TANF transformed a "cash welfare program" to what in many states is just a form of revenue sharing (i.e., slush fund). Only 20 percent of TANF expenditures are for cash assistance (vs. over 70 percent under AFDC). As a result, nearly 80 percent of TANF spending goes to a wide range of other benefits and services many of which have little connection to welfare reform. In many states it is a slush fund used to close budget holes. And, this shift in expenditure patterns occurred despite the fact that the value of the block grant declined by 40 percent due to inflation.

Winship's AEI colleague, Angela Rachidi took issue with this characterization in a tweet: "This idea that TANF is a slush fund is pushed by liberals who want more direct cash benefits to poor families. It funds state EITCs, education and training, parenting classes, and yes child welfare. Rare cases it is used for something suspect and DHHS should disallow."[5] While many of the activities Rachidi cites are useful in their own right, in many instances they simply reflect the use of TANF funds to supplant existing state expenditures, i.e., there is no value added. As Arizona state representative John Kavanagh stated, "Yes, we divert [welfare funds]. Divert's a bad word. It helps the state."[6]

The problem of supplantation is a long-standing one in TANF. In 2000, Rep. Nancy Johnson, then chair of the House Ways and Means Subcommittee on Human Resources, wrote a letter to all 50 governors warning about this practice (March 2000):

> In reviewing these and similar investments for your own state, I hope you will be careful to avoid supplanting TANF funds. By supplantation, I mean replacing state dollars with TANF dollars on activities that are legal uses of TANF funding. Supplantation, of course, is perfectly legal under the TANF statute. However, if the savings from supplanted federal funds are used for purposes other than those specified in the TANF legislation, Congress will react by assuming that we have provided states with too much money. As the reauthorization of the TANF legislation in 2002 approaches, it would be a

> shame if a few states followed the suggestions of their budget officials and replaced state dollars with TANF dollars in order to provide tax cuts, build roads or bridges, or in general use funds for no-TANF purposes. It has become increasingly clear that the media, child advocates, Congressional committees, and, at my request, the General Accounting Office, are watching to see if states supplant TANF funds. Thus, it is likely that jurisdictions that do so will become widely known and criticized. Equally important, these jurisdictions could provoke Congress to take actions that would hold serious consequences for every state.[7]

A cursory examination of state practices in this area suggests that states have supplanted tens of billions of dollars since TANF was enacted and except for a warning letter, Congress has done nothing.

> Note to Rachidi: Suggesting that the idea that TANF is a slush fund is "pushed by liberals" ignores the fact that many conservatives also recognize this as a problem. For example, Senator Rand Paul recently highlighted this fact in *The Festivus Report 2020*.[8] Ron Haskins and Robert Rector have raised similar concerns (see below). Politicizing basic facts doesn't help advance the debate.

Furthermore, given the limits on federal oversight, there is little accountability and information about the benefits and services provided. TANF's main accountability measures are limited to assistance" (about $7 billion in FY 2019), leaving little accountability for the nearly $25 billion in "nonassistance" expenditures (and transfers). There are hundreds of different state programs funded as "nonassistance," with little information on what they do, their cost, the number of families served, and their effectiveness. Is this really "fixing" a program?

*TANF is about Cutting Caseloads, Not Providing a Hand-Up.* Because TANF is a fixed block grant, the diversion of funds means there is less funding for needy families that could benefit from cash assistance. This dynamic is reflected in the sharp decline in the take-up rate of cash assistance among eligible families.[9] Table 1 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 to 2016. In 1996 (before TANF), about 5.5 million families were eligible to receive benefits and about 4.4 million (79 percent of those eligible) did so. By 2016, the number eligible for TANF was fell by 12 percent to 4.9 million, but the number receiving benefits fell over 72 percent to 1.2 million (25 percent of those eligible). As a result, the number of families that were eligible for TANF cash assistance but that did not receive it grew by 2.6 million, from 1.1 million to 3.7 million. If TANF were really "fixed," one would expect the number eligible and the caseload to decline in tandem.

| Table 1: Number and Percentage of Eligible Families Participating in TANF (Average Monthly Data, Selected Years, 1996-2016) | | | | |
|---|---|---|---|---|
| Year | TANF | | | |
| | Eligible (millions) | Participating (millions) | Eligible, Not Participating (millions) | Participation Rate (%) |
| 1996 | 5.5 | 4.4 | 1.1 | 78.9 |
| 2000 | 4.4 | 2.3 | 2.1 | 51.8 |
| 2004 | 5.1 | 2.2 | 3.0 | 42.0 |
| 2008 | 5.2 | 1.7 | 3.5 | 33.0 |
| 2012* | 5.4 | 1.7 | 3.7 | 32.4 |
| 2016* | 4.9 | 1.2 | 3.7 | 24.9 |

Source: U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, *Welfare* Indicators and Risk Factors: Seventeenth Report to Congress, various issues.
*Adjusted to exclude "token payment cases."

*TANF's Dysfunctional Requirements.* While TANF has no meaningful accountability provisions for nearly 80 percent of its current expenditures, the 20 percent devoted to cash assistance comes with a myriad of rules and requirements. These rules add unnecessary complexity and often are not effective in achieving their goals. The most obvious example to anyone who has studied TANF are its work requirements. They are unreasonable for recipients, unrealistic for states, and are not about work. Their main function has been to impose barriers and cut caseloads, but even with sharply reduced caseloads, states have resorted to loopholes and gimmicks to satisfy federal work requirements that are unrealistic. Such gimmickry does nothing to help the poor get connected to work opportunities. (For a detailed discussion, see: "Expanding Work Requirements in Non-Cash Welfare Programs: TANF is NOT a Model, but a Cautionary Tale," October 22, 2018, available at: www.petergermanis.com.) Aside from giving states maximum flexibility, there is virtually nothing in TANF that works as intended.

*The Main Authors of TANF Say It's Broken.* While Scott Winship, Angela Rachidi, Matt Weidinger, and Robert Doar (president of AEI) believe TANF has been a success, a more telling critique comes from those who drafted the legislation. Ron Haskins, considered the "architect" of welfare reform, explains that TANF was not implemented the way Congress intended: "Congress and the administration would be well advised to carefully consider ways TANF could be reformed to minimize the game playing that many states now use to avoid spending TANF dollars on core TANF purposes and to avoid the federal work requirement."[10] Robert Rector of The Heritage Foundation, dubbed the "godfather" of welfare reform, levied a similar criticism, stating: "States do not spend money on the purposes of welfare reform."[11] And, "Overall, the states have radically abused the program. Almost every state government has failed to carry out the principal objectives. Promoting work is the key idea of the act and they do virtually nothing – both red and blue states."[12]

An indication that TANF expenditures have gone beyond what the drafters of the law envisioned is clear from their remarks at a conference on its 20th anniversary. Ron Haskins explains:

> At the time the block grant was a good idea, it really shook things up. It gave the governors like Tommy Thompson, Engler, and others a lot of control and they used it

wisely. …But then it turned out that the governors became enmeshed in politics and they had a lot of pressures – they had to do something about their child protection caseload, they had to do something about daycare, they had to give scholarships for college, so they were pulled in all different directions. We gave them the flexibility. It was poorly drafted and so they had tons of flexibility. But we're still in charge; we still write the statutes. Why aren't Republicans doing something? This problem has been obvious for a long, long time. It could be changed, so for example we could change tomorrow the statute that the governors can only spend TANF on cash welfare and work programs – that's it and nothing else. I think that would be a great improvement.[13]

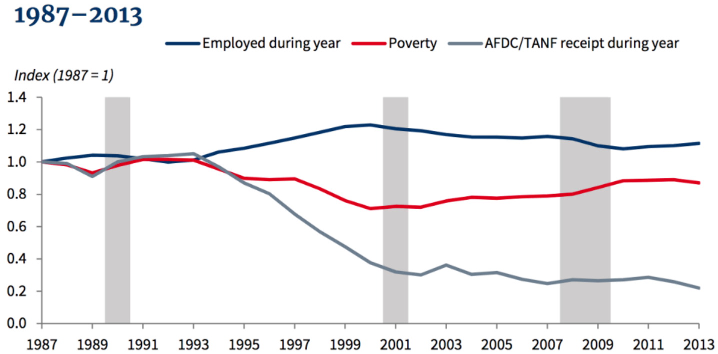
Robert Rector responded by saying spending should be limited to work programs, to which Haskins objected, noting: "A great nation has to have a cash welfare program."[14]

**Winship:** "As a result of the reforms to welfare, the Earned Income Tax Credit, and other policies, work among single parents increased strongly and never returned to pre-reform levels, even after the 1990s boom ended."

**PC Response:** Winship and most conservatives base their claim primarily on simplistic data trends before and shortly after TANF (with occasional references to econometric research findings). The challenge is isolating the impact of TANF from other possible factors, most notably the strong economy and expansions in programs and policies that "make work pay." President Trump's Council of Economic Advisers (CEA) recently released a report claiming that TANF was a successful model, primarily based on employment and poverty trends from 1996 to 2000:

> Figure 12 shows for single mothers with children, (i) AFDC/TANF receipt, (ii) employment, and (iii) poverty, each expressed as a rate in the population and then indexed to 1987 values. Between 1996 and 2000, single mother caseloads fell by 53 percent. Over the same period, their employment rate increased by 10 percent, and their poverty rate fell by 20 percent.[15]

**Figure 12. Index of Percent of Female-Headed Families Employed, in Poverty and Receiving AFDC/TANF, 1987–2013**




Sources: Gabe (2014) tabulations of administrative records, survey data; National Burea of Economic Research; CEA calculations.
Note: AFDC/TANF receipt, poverty, and employment are indexed to 1987 levels. Grey shaded regions denote a recession for at least four months of a given year.

While the report claims that this is evidence of success, a more careful analysis suggests that such a conclusion is not warranted. As the figure shows, the employment gains and reductions in poverty pale in comparison to caseload declines. (This is also reflected if one were to compare changes in the absolute number of female-headed families employed/in poverty vs. the number receiving assistance.) It is also noteworthy that in the 1996 to 2000 period, the most significant change was the large windfall in federal funds most states received, because the block grant was based on historic funding levels when caseloads were at an all-time high. Notably, the target work participation rate in the median state in 2000 was 0 percent due to the phase in of work requirements and the caseload reduction credit.

**Winship:** "Poverty declined to the point where it was lower than ever before on the eve of the pandemic. That decline was partly due to other expansions of the safety net, but the increase in work alone (with greater EITC benefits and more eligibility for unemployment benefits) would have been enough to lower poverty."

**PC Response:** The main reason poverty declined (since 1996), particularly when using a more comprehensive measure that includes the value of in-kind benefits and tax credits, is due to expansions in safety net programs (other than TANF). For a more detailed explanation, see: "TANF is a Massive Policy Failure, But Other 'Liberal' Welfare Policies Reduced Poverty: A Response to Scott Winship," available at: [www.petergermanis.com](www.petergermanis.com).

**Winship:** "The Romney proposal would take us back to the bad old days in key ways, and policymakers are playing Russian roulette with low-income families' wellbeing."

**PC Response:** This statement presumes Winship's analysis about the benefits of the 1996 welfare reform law (vs. AFDC) is correct. According to Winship, the success of welfare reform is due to the fact that it made welfare "less appealing."[16] It is not clear whether the putative "success" he claims is due to unreasonable work requirements (which can require 130 hours of participation a month in exchange for a grant as little as $140 in Tennessee for a family of two), restrictive time limits (as short as 12 months in Arizona),[17] or an array of other policies that have increased the "hassle" of being on welfare (such as requiring applicants to make 60 job searches or attend 8 orientations per week, as in Georgia).[18] Winship is right about one thing – being on TANF cash assistance has become *much* "less appealing."

There are limits to Winship's argument about making welfare "less appealing." 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 its dysfunctional requirements), while others use it primarily as a slush fund and have adopted very harsh policies to push families off the welfare rolls. Using a simplistic pre-post approach, one can easily compare states (or cities) over time based on the harshness of their policies. (Note: This is not a preferred evaluation approach, but it seems to resonate with conservatives.)

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."[19]) 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...[20]

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 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) <u>and</u> they have become *relatively* more appealing over time. New York and California didn't eliminate the entitlement (an important component of "welfare reform" for conservatives), they don't impose full family sanctions or enforce the federal 5-year time limit (California removes the adult's needs after 48 months but children continue to receive benefits; New York simply continues assistance with state funds.)[21] 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 do enforce the federal 5-year limit and two have shorter time limits (24 months in Indiana – for adults – and 48 months in Michigan – for the entire family).[22]

While Indiana, North Carolina and Michigan 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 ratio (the ratio of families receiving cash assistance per 100 poor families with children) fell from 101 to 65 in California and from 79 to 40 in New York. The declines were much larger in Indiana (61 to 8), North Carolina (74 to 8), and Michigan (88 to 18).[23] 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 failing as a safety net everywhere, but much more so in some places than others.[24] (Note: the data here are a bit dated to better fit Doar's data comparisons.)

Doar ran an AFDC-like program (under TANF) whereas other states took advantage of TANF's flexibility to implement "less appealing" programs. If anyone is playing "Russian roulette," it is Winship, by endorsing the failed TANF approach.

**Winship:** "But we have a record of success over the past 25 years that built on bipartisan reforms. Those reforms were developed on the basis of patient state experimentation to learn what might work."

**PC Response:** If Winship is referring to the AFDC waiver-related experiments, he should highlight what we learned from the experiments and how that learning was reflected in the law. These experiments built the political, not empirical, support for TANF.

Indeed, the 1996 law undid an evidence-based approach "to learn what might work" by replacing AFDC with waivers that had accountability mechanisms with TANF – a blank check with no accountability. The waiver approach did not provide a fixed level of funding, like the TANF block grant. And, it relied on an approach that would provide a real counterfactual using the "gold standard" of evaluation – a randomized control trial. This approach provided credible evidence about the impacts of welfare reform, including many examples of state experiments that increased employment and earnings, and also reduced welfare dependency and poverty. But there were no findings to support TANF's main provisions – the block grant, its work requirement structure, and five-year time limit. We should have had more "patience" in 1996, refining and building on this approach.

If there are other experiments that are reflected in law, Winship should list those and highlight what was learned.

**Winship:** "Child allowance advocates assume that point-in-time poverty is all that matters, but if their preferred policy incentivizes more behavior that impedes intergenerational mobility, they will have won a battle while losing the long-term war on poverty that we have fought quite successfully over the past generation."

**PC Response:** This point is valid, but Winship presents no evidence that a child allowance would impede intergenerational mobility and there is research that suggests providing additional assistance to poor families would benefit children in the long run. For example, Hilary Hoynes and Diane Schanzenbach examine the research on this topic and conclude:

> Furthermore, there are strong returns across the cash, tax based, near cash and health insurance programs that we examine, with potentially larger impacts for the most disadvantaged children. These consistent findings imply that we are spending too little on children and their families. Additionally, the decline in availability of benefits for the most disadvantaged children, primarily due to welfare reform, is likely to lead to worse outcomes for these children in adulthood. Any cuts to current programs that will reduce resources going to children would have direct, negative impacts on children in both the short- and long-term.[25]

Winship's reference to "the long-term war on poverty that we have fought quite successfully over the past generation" may well be correct, but this would mainly be due to expansions in programs like Medicaid, the EITC, and SNAP, as well as the creation of new programs like the

Children's Health Insurance Program and the Child Tax Credit. There is no credible evidence that TANF and its work requirements had a meaningful impact on this "success."

**Winship:** "There've been a handful of studies on this that have tried to tease out the effects of welfare reform versus the Earned Income Tax Credit expansion and work requirements. The best one I've seen is a study by Hanming Fang and Michael Keane in 2004."

**PC Response:** By "best" study, Winship probably means the study that has findings that "best" support his viewpoint. He cites this study to suggest that a child allowance would undo at least some of the positive results he believes occurred because of welfare reform. In doing so, he gives too much weight to econometric studies.

Econometric studies seeking to isolate the effects of welfare reform face a variety of methodological challenges and have produced uncertain and highly variable results; no one econometric study will settle the debate regarding its impact on employment (and other outcomes). Moreover, to the extent they provide evidence about reform, the findings are typically limited to the overall effects; they offer little insight into the kinds of policy details related to the range of individual provisions that make up "welfare reform."[26] This requires greater reliance on more rigorous methods, such as a randomized control trial (RCT), and careful assessment of implementation.

The recent report from the National Academies of Sciences, Engineering, and Medicine (NASEM) that examined "evidence-based" policy options to "cut the child poverty rate" noted the "dearth of evidence" about TANF as a whole and its work requirements in particular, stating:

> There is insufficient evidence to identify mandatory work policies that would reliably reduce child poverty… The dearth of evidence also reflects underinvestment over the past two decades in methodologically strong evaluations of the impacts of alternative work programs.[27]

Rather than relying more heavily on TANF-like policies, the committee emphasized the importance of basing policy on credible evidence:

> …We stress the importance of randomized controlled methodologies, where feasible, when evaluating the effectiveness of existing or proposed programs and policies… Such experiments, while not without problems (e.g., missing data, attrition, small samples, high relative cost) make it possible to draw causal inferences – and not just correlational associations – concerning the effects of alternative policies.[28]

For more detail on the limits of econometric studies attempting to assess the impact of "welfare reform," see: "Is Relying on an Econometric Study to Promote "Policies Similar to Welfare Reform" a Basis for Evidence-Based Policymaking?," October 6, 2019, available at: www.petergermanis.com.

**Winship:** "Another set of important studies that I think are really relevant are these negative income tax experiments that were done mostly in the 1970s. … And then the third paper I would just cite is Hilary Hoynes and Diane Schanzenbach in 2012 wrote a paper looking at the impact on work among single moms when the food stamp program was rolled out across the country in the 1960s and the early 1970s."

**PC Response:** While these studies are important, they reflect a period 50 years ago and do not directly measure the impact of a child allowance. Again, any estimates of a child allowance proposal should be done by experts, not advocates or critics doing Google searches to produce cherry-picked findings.

**Winship:** "So these are three examples. They're not the final word by any stretch, but to sort of cite the evidence from National Academy of Sciences report that found that it was going to affect work by a week or whatever it was, or a few hours, that's one study among many. And I think we need to embrace the ambiguity of the evidence here. And so what do we do when we've got ambiguous evidence? A lot depends on how we think the current policy regime is doing reducing poverty. And there I think it's doing really well. And it depends on what the alternatives are to doing something like a child allowance that could have these big negative consequences. And I think there, we've got a bunch of other ideas that wouldn't risk some of those unintended consequences."

**PC Response:** The NAS study does provide estimates of various child allowance proposals and these estimates were developed by a group of leading experts in the field. To the extent policymakers need to make a decision on a child allowance, it is these estimates that should receive priority. Winship's reference to "one study among many" is too dismissive, particularly since he has nothing to offer as an alternative.

Winship says we should "embrace the ambiguity of the evidence." He should apply this recommendation to his own thinking about welfare reform, TANF, and work requirements. He accepts the most simplistic data comparisons as causal evidence without considering other evidence or the views of other experts. And, it is now almost universally accepted that TANF has had negative "unintended consequences," yet this something he denies. In short, unless the evidence supports his viewpoint, it's wrong or ambiguous; if it supports his viewpoint, then he runs with it.

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**Weidinger:** "Bill Clinton campaigned for president in 1992 on a pledge to "end welfare as we know it," arguing that a system of government checks for low-income adults with children had become 'a way of life.' Millions were trapped on benefits, and one study found the average welfare recipient spent an astonishing 13 years on the rolls."

**PC Response:** This is a selective and misleading summary of the research. Looking at time on welfare for those on the caseload at a point-in-time vs. say anytime over a longer period yields a very different impression of the duration of welfare receipt. Indeed, the full statement from the source Weidinger cites states the following: "Estimated average durations are 6.1 years over lifetime for new entrants, 13 years over lifetime for current recipients, and 6.5 years already received by current recipients."

Indeed, using the same data an alternate characterization of the findings suggests much more short-term use:

> Most persons who ever received AFDC received it for a short time period; 43 percent received a total of two years or less over their lifetimes, with just over a third receiving more than five years. Most of the families on the *current* caseload AFDC were by contrast long-term – only 10 percent were expected to stay two years or less, while over three-quarters would have cumulative totals of greater than five years.[29]

It is also noteworthy that the studies that examined the dynamics of welfare receipt reflected a period well before the 1996 welfare reform. There have been many policy and other changes since that period that might suggest that time on welfare (or a child allowance) would be shorter, such as expansions in programs that "make work pay."

**Weidinger:** "Of course, no politician would propose literally reviving the failed AFDC program. Instead, key Democrats propose expanding the current child tax credit (CTC) – which is now reserved for workers – so it provides AFDC-like benefits."

**PC Response:** For all its flaws, AFDC was far superior to TANF. The fact that a politician would not propose revising it is more about politics than substance. Writing for the AEI, Ron Haskins, lists five key "features" that distinguish TANF from its predecessor, AFDC:

> Although the TANF program has many complexities, its essence is captured by five features: a focus on ending entitlement, block grant, work requirements, time limits, and sanctions. Not only do these features mark a radical change from the old Aid to Families of Dependent Children (AFDC) program that TANF replaced, but they also distinguish TANF from every other federal means-tested program.[30]

It is impossible to create a true counterfactual to evaluate TANF relative to AFDC, but a careful examination of how TANF was actually implemented suggests that each of these "features" likely increased poverty relative to the AFDC program (i.e., where the negative impacts outweighed the positive impacts).

*Ending the Entitlement.* Under TANF, there is no entitlement to assistance for needy families, as under AFDC, so states can adopt policies that push families off assistance (or discourage them from coming on) even when they are otherwise eligible for aid (and, even when they comply with work requirements). Indeed, this is exactly what happened (see Table 1 above).

In 2010, the U.S. Government Accountability Office (GAO) reached a similar conclusion:

> The decline in the number of poor families receiving cash assistance from 1995 to 2005 reflects declines in both the number of eligible families and in eligible families' participation. The strong economy of the 1990s, TANF's focus on work, and other factors contributed to increased family incomes and a decline in the number of eligible families. However, <u>most of the caseload decline – about 87 percent – resulted from</u>

> fewer eligible families participating in the program, perhaps in response to TANF work requirements, time limits, and sanction and diversion policies.[31] [Emphasis added.]

It is hard to see how anyone could conclude that restoring TANF's reach to what it was under AFDC would not reduce poverty.

*The Block Grant.* The TANF block grant gave states unprecedented flexibility with no meaningful accountability. In contrast, under AFDC, states could have more flexibility through waivers that were subject to rigorous evaluation requirements. This way, we could really learn whether the flexibility helped needy families. In addition, the TANF block grant is not adjusted for inflation and has no meaningful adjustments for economic conditions or demographic changes. In contrast, this was not a constraint under AFDC.

The fixed nature of TANF funding along with the excessive flexibility to allow states to divert funds to any activity that is "reasonably calculated" to advance one of TANF's broad four purposes has led to a cash assistance safety net with gaping holes. In addition, the absence of a requirement in TANF to evaluate policy changes rigorously means there is little credible evidence to inform policymakers about future reform efforts.

*Work Requirements.* The main goal of welfare-to-work programs should be to promote self-sufficiency, but TANF's work requirements have mainly been used as a tool of bureaucratic disentitlement. They are unreasonable for recipients, unrealistic for states, and are not based on evidence. Their main effect (along with the block grant structure) has been to push needy families off the rolls (or discourage them from coming on), as evidenced by the sharp drop in the take-up rate among eligible families. Since its inception, TANF has only engaged about 10 to 15 percent of those subject to work requirements in a work activity other than "unsubsidized employment" for enough hours to count in the rate.[32] Instead, states have relied on misguided provisions like the caseload reduction credit and/or a variety of "loopholes" to meet their work requirements.[33]

Gene Falk of the non-partisan Congressional Research Service observes:

> The 50% and 90% targets are aspirational, rather than evidence-based. They were not selected based on success rates of past programs in moving recipients from assistance to work. They call for higher participation rates than what evaluated pre-1996 programs achieved, including the most successful of those programs. Even so, the standard has mostly been met, though usually by means other than engaging recipients in activities. That is, states might be "hitting the target, but missing the point."[34]

The modest participation requirements under the AFDC-JOBS program did more to engage families in work activities than TANF ever has had. Again, AFDC is the better option.

*Time Limits.* TANF added little to the flexibility of states to develop time limit policies. Under AFDC, 32 states received waivers setting time limits on the receipt of benefits.[35] When TANF was enacted, there was no evidence that time limits were an effective anti-poverty strategy, as most waiver experiments were still in their early stages. The prudent course of action would have been to wait for the research results before mandating any specific time limit proposal. (The federal 60-month time limit is more symbolic than real, as there are a variety of ways stays can avoid imposing it, which begs the question, why bother?[36])

The main difference between AFDC and TANF was not in the flexibility to design time limits, but under AFDC states were subject to a rigorous evaluation requirement so that policymakers could determine their impact on earnings, welfare receipt, and total income. If time limits appeared to increase poverty, the waivers could be withdrawn, whereas under TANF states are *not* required to evaluate their time limit policies and they can continue to impose whatever time limit they wish irrespective of their impact on family and child well-being.

*Sanctions.* TANF added little to the flexibility of states to develop sanction policies. Under AFDC, many states had already received waivers to modify the size, duration, and other aspects of their sanction policies. In fact, 23 states had received waivers to impose full-family sanctions for continued non-compliance.[37] As with time limits, there was little substantive difference between AFDC and TANF in terms of sanction-related policy changes, but the AFDC waivers were subject to a rigorous evaluation requirement so that policymakers could determine the impacts of sanctions and other provisions on earnings, welfare receipt, and total income. If sanctions appeared to increase poverty, the waivers could be withdrawn, whereas under TANF states are *not* required to evaluate their policies and they can continue to impose whatever sanctions they wish irrespective of their impact on family and child well-being.

*Bottom-line:* The AFDC program, though far from perfect, had many advantages over TANF:

1. It was an entitlement targeted to families in deep poverty;
2. Its funding structure was reasonably responsive to economic, demographic and other factors that affect the need for assistance, and states could not divert the dollars to supplant existing state expenditures or fill budget holes;
3. Its work requirements were reasonable, realistic, and flexible enough to permit states to develop work programs based on evidence rather than ideology; and
4. Policies like time limits and sanctions that have the potential to push families deeper into poverty were subject to rigorous evaluations and waivers that proved harmful could be withdrawn.

If Weidinger and politicians can’t see these advantages, that is more commentary on them than the putative failure of AFDC. More important, a child allowance has many advantages over not only TANF, but AFDC as well. For example, it ensures a minimum benefit, the funding inequities across states disappear, it is more responsive than either program to economic and demographic factors, and the work disincentives associated with high marginal tax rates are mitigated for most. While conservatives may bemoan the absence of a work requirement, any objective analysis would show that TANF’s work requirements do little to actually engage families and they have yet to develop any kind of work requirement proposal that is designed to help individuals vs. just pushing them off assistance.

**Weidinger:** “In fact, the child allowance would be even bigger than former AFDC checks in many states. The table below compares the maximum inflation-adjusted AFDC payment for a single mother and two children in 1996 with the proposed $600 per month child allowance for such a household with two children under age six. It shows that in 21 states the child allowance would be greater than former maximum AFDC checks."

**PC Response:** What is striking about Weidinger's table is the fact that in 29 states the child allowance is less than maximum inflation-adjusted AFDC check for a single parent with two children. In the 21 states where benefits would have been higher under a child allowance, the amount of the short-fall is relatively small – in 8 states its less than $100 month and in in 14 it's less than $200 a month.

**Weidinger:** "The relative cost and de facto 'caseload' of the child allowance would far exceed AFDC levels, too. The Tax Policy Center estimates a third of the proposal's projected $120 billion annual cost would flow to the lowest-income households, including those in which parents don't work. That's almost double the inflation-adjusted $22 billion in federal AFDC funds spent in 1996."

**PC Response:** It is not clear why Weidinger limits his comparison to "federal AFDC funds," because AFDC involved a state match. Factoring in the state share of funding for benefits would make the amount devoted to low-income household more similar – hardly justifying a statement about the "relative cost" of "the child allowance would far exceed AFDC levels too." In fact, they appear to be about the same. Moreover, the $40 billion share of the annual cost for the lowest-income households would comprise just 3 percent of total means-tested spending on public assistance (or about 6 percent of non-health-related means-tested spending).

**Weidinger:** "Similarly, an estimated 23 million children currently qualify for no or a partial CTC because their parents don't work or earn too little to claim the full credit. All would qualify for the full child allowance, since eligibility would be unconnected to parents' work – also well more than double the 9.6 million children on AFDC at its peak."

**PC Response:** What Weidinger should justify is why only 1.6 million children received TANF cash assistance in 2019, despite the fact that 10.5 million had incomes below the poverty line.

**Weidinger:** "Their households also would qualify for food, health, housing, and other benefits already available when parents don't work."

**PC Response:** Most poor families don't qualify for housing benefits and Medicaid can't be used to meet non-health-related basic needs. Prior to TANF, most very poor families might get AFDC and food stamps, today, most only receive SNAP (i.e., formerly food stamps). And, even if they go to work, they may not receive tax credits for a year or more. The truth is that the safety net for those who don't or can't work has deteriorated and falls far short of what is needed to escape poverty. In most states, a single mother working full-time at the minimum wage can receive more in tax credits and non-cash benefits than a non-working single mother. One would think the nation's highest priority would be to serve those with the lowest incomes first.

If Weidinger wants to make the case that the safety net is adequate, he should provide data to show the take-up rates for these benefits and the amounts that are received. Better yet, he and others who make this argument should try to live on SNAP and Medicaid alone as single people for a few months.

**Weidinger:** "Advocates of the child allowance, including most Democrats and even some Republicans, argue it would reduce child poverty, as any proposal that directs more checks to low-income families will appear to do. But if making families less poor on paper were the sole goal of social policy, lawmakers a generation ago could have simply kept the AFDC program and increased its checks and number of recipients. They didn't, opting instead for reforms that encouraged and rewarded work – including the creation of the work-connected CTC in 1997 – so families can better support themselves in the long run."

**PC Response:** Lawmakers did expand many programs that "make work pay," but in creating TANF, they eviscerated the cash assistance safety net for many of the poorest families who can't or don't work. Public policy should be able to accommodate both groups.

**Weidinger:** "Those reforms increased work and earnings and reduced child poverty and welfare dependence. Yet proponents of the child allowance now are gambling that effectively reviving AFDC under a new name won't also revive the rejection of work and acceptance of government benefits as a way of life that Bill Clinton said characterized the failed AFDC program – and ultimately led to its repeal."

**PC Response:** Conservatives set the case for work requirements back 25 years. TANF's work requirements are about cutting caseloads and state gimmickry. The fact that Weidinger and others at AEI don't acknowledge this failure is stunning.

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**Rachidi:** "Advocates argue that a refundable CTC would have 'dramatic' effects on poverty, but close attention to historical poverty rates offers a much-needed perspective. Simulations suggest a CTC reform similar to President Biden's would reduce the overall child poverty rate by 5.6 percentage points and the deep poverty rate for children by 1.6 percentage points."

**PC Response:** The impact on the poverty *rate* is not particularly relevant. Most very poor families pushed off TANF have incomes well below the poverty line. A few hundred dollars a month won't affect the rate; what is important is the number of poor families who would be helped by having the depth of their poverty reduced.

**Rachidi:** "These are meaningful reductions, but the child poverty rate declined 3 percentage points from 2012–2017 due to a strong economy alone, without taxpayers footing the bill for an extra $110 billion in government spending. Further, President Biden's added benefit would bring most of these families only a few hundred dollars above the poverty line and would do little to help them find a long-term path out of poverty."

**PC Response:** As noted above, the decline in the poverty *rate* is largely irrelevant; the decline in the *depth* of poverty is more relevant. There are legitimate concerns about the cost and the targeting of various child tax credit/child allowance proposal. However, for the millions of families poor enough to qualify for TANF but who do not receive it, the value is not a "few hundred dollars" but a "thousands of dollars" over the course of a year. What Rachidi and her colleagues at AEI fail to grasp is that cash is important, and the 1996 welfare reform shredded the cash assistance safety net for millions of families. And, it does very little to "help them find a long-term path out of poverty."

**Rachidi:** "Proponents also frequently ignore the context in which an expanded CTC would operate. Already, federal expenditures on low-income children in the US are 17 times the amount spent in the 1960s (in constant dollars) and triple the amount spent in early 1990s. A single mother in Atlanta, GA, working part-time for $10 per hour in 2020 would have received almost $14,000 from the Earned Income Tax Credit (EITC), CTC, and the Supplemental Nutrition Assistance Program (SNAP) alone, not counting government-funded health insurance. Before the pandemic, poverty rates in the U.S. were already at historic lows. Child poverty had fallen by more than one-third since 1993 – largely due to welfare reform, the EITC, and SNAP."

**PC Response:** Comparing federal expenditures on low-income children in 1960 to the amount today (even in constant dollars) is hardly a meaningful exercise. Aside from the fact that the population was much smaller (about 55% of what it is today), the safety net in 1960 was hardly adequate.

What would be more striking in Rachidi's example of a single mother in Georgia would be to compare the income of a single mother without earnings to one with earnings. It would be about $6,400 in SNAP benefits vs. $24,000 ($10,000 in earnings if working 1,000 hours per year at $10 plus the $14,000 in cash and cash-like benefits). (The 2021 poverty guideline for a family of three is $21,960.) Clearly, the expansion in "make work pay" policies has helped the working poor, but with the demise of TANF cash assistance, it is even clearer that the non-working poor have been left behind.

Rachidi attributes the decline in poverty since 1993 due to "welfare reform, the EITC, and SNAP." TANF cash assistance represents just 5 percent of the spending from these three programs and states serve very few people in real work activities.

**Rachidi:** "Furthermore, the child poverty rate in the U.S. compares well with other prosperous nations when properly calculated – even Canada, with its universal child benefit and higher share of two-parent families. Poverty rates in the U.S. likely would be even lower if not for high 'effective marginal tax rates' that disincentivize work by reducing the financial return to employment, and the stubbornly high rates of children living in single-parent families."

**PC Response:** Rachidi didn't provide any citations with regard to the "evidence" she presented about international poverty rate comparisons or the suggestion that high "effective marginal tax rates" have exacerbated poverty. If high effective marginal tax rates are a concern, one obvious solution is to amend programs to phase out benefits slower. Of course, this would increase costs. Moreover, doing so would raise the breakeven point for receiving benefits and raise effective marginal tax rates for those made eligible by the program expansion. If Rachidi has a solution to this problem, she should present rather than speculating about poverty impacts.

**Rachidi:** "Ultimately, President Biden's proposed CTC could raise an additional 4.7 million children a few hundred dollars above the poverty line for a cost of $110 billion this year, or $1.4 trillion over 10 years, if made permanent. To some, this might be a winning argument, but what are the trade-offs?"

**PC Response:** If cost is a concern, then why not propose an alternative that better targets assistance to low-income families?

**Rachidi:** "One trade-off is lower labor force participation. As I have previously argued, providing a fully refundable CTC to nonworking parents – which is a cash transfer, not a credit against taxes paid – would counteract some of the work incentives in the EITC. Under President Biden's proposal, a non-working single mother with two young children would receive $13,620 per year from the CTC and SNAP, double what she would currently receive when not working. It is true that the EITC still incentivizes employment, but this dynamic weakens under an expanded CTC."

**PC Response:** Given that the poverty level is about $22,000, Rachidi should be more concerned that the current system of benefits fails to provide an adequate safety net than what are likely to be relatively minor disincentives to work. Without the child allowance, she would receive just $6,420 in SNAP benefits.

**Rachidi:** "Critics of benefit programs (such as myself) believe these employment effects are meaningful and advocate for attaching work requirements to government benefits or incentivizing employment through programs such as the Earned Income Tax Credit (EITC)."

**PC Response:** Over the past 25 years, the safety net has done much to "incentivize" work. Unfortunately, the 1996 welfare reform undermined it for non-workers, in part because it imposed dysfunctional work requirements. If Rachidi and her colleagues at AEI want work requirements, they should first acknowledge the failure of both the TANF and the SNAP ABAWDs work requirements and propose an alternative structure with policy details and based on evidence. Unfortunately, AEI relies on simplistic talking points to advance work requirement policies designed to push families off assistance rather than help them obtain employment.

**Rachidi:** "A child allowance would pay a flat benefit for all families (that is, it would not phase in) and phases out only at very high levels of income. But the evidence base still largely concludes that employment would decline because of such a policy. The authors (a reputable but politically left-leaning group) of a National Academies of Science's (NAS) report on reducing child poverty in the US assessed the behavioral implications of a child allowance in 2019,…"

**PC Response:** The authors of the NAS report are serious researchers with relevant experience to assess the research and it is wrong to imply that their findings may be biased because Rachidi views them as a "left-leaning group." Indeed, its mission was to prepare "a **nonpartisan, evidence-based report** that would provide … the most effective means for reducing child poverty by half in the next 10 years." [Emphasis added.] A more relevant fact is that AEI's poverty studies section is: 1) a right-wing group; 2) has little experience and expertise in assessing econometric and other studies of welfare reform; and 3) regularly cherry picks data and findings.

Like Rachidi, I have some concerns about the NAS report but only with respect to its take on the impact of TANF. My criticisms are that the report was not critical enough of the damage caused by the 1996 welfare reform law. In particular, in assessing TANF's impact on poverty, the NAS examined the impact on the poverty *rate*, not the depth of poverty. (This was their mandate.) Unlike Rachidi, I provided a somewhat detailed critique of their conclusions in this area instead of just leaving an impression that their view may be tainted by politics. For more detail, see: "TANF Deepened Poverty: A Note to the National Academies of Sciences," March 9, 2019, and "Would Reinstating the pre-1996 AFDC Program Reduce Poverty? A Response to the National Academies of Sciences," September 15, 2019, both available at: www.petergermanis.com.

**Rachidi:** "The authors then estimated the employment and earnings effects of a child allowance (among other policies) similar to what the Democrats are proposing. They concluded that more than one third of unmarried women would reduce their employment by at least one hour per week and the policy would result in an aggregate loss in employment hours of 277.4 million."

**PC Response:** Rachidi's presentation of the findings is overly dramatic, particularly when put into perspective. As Samuel Hammond of the Niskanen Center points out in a rebuttal, "For comparison, aggregate employment hours for all full-& part-timers in 2019 = 259 billion with a B."[38] This is about one tenth of 1 percent.

**Rachidi:** "Ignoring the likely declines in employment due to a child allowance shortchanges the debate and raises the possibility that some families will be left worse off. Policymakers and analysts should consider carefully the full implications of a child allowance, and they should explore alternatives that might achieve its core goals without reducing employment."

**PC Response:** Rachidi's concern is valid, but policymakers should also consider other factors – the demise of the cash assistance safety net under TANF, the failure of TANF to provide meaning employment, education, and training activities, and most important the many positive outcomes associated with increased income, particularly low-income families. AEI rarely takes these other factors into account, simply repeating the mantra of "work, work, work."

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## Conclusion

This response isn't intended to be a commentary of any of the current child allowance proposals. If it were, I would raise concerns about the cost and the targeting. But, all of the child allowance proposals address an important need – the shredding of the cash assistance safety net that is a direct result of the 1996 welfare reform law. AEI's poverty studies group has repeatedly ignored this problem and indeed still considers TANF a success. In doing so, they continue to present a grossly misleading picture of the effects of the 1996 law and continue to advocate misguided policy solutions based on conservative talking points rather than attention to policy details and evidence.

[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 am 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.

[2] Scott Winship, "The Romney child allowance proposal is a move in the wrong direction," February 4, 2021, available at: https://www.aei.org/poverty-studies/the-romney-child-allowance-proposal-is-a-move-in-the-wrong-direction/ and "Family feud: Child allowance edition," February 11, 2021, available at: https://www.aei.org/articles/family-feud-child-allowance-edition/; Matt Weidinger, "'Child allowances' revive welfare as we knew it," February 5, 2021, available at: https://www.aei.org/poverty-studies/child-allowances-revive-welfare-as-we-knew-it/; and Angela Rachidi, "Why a fully refundable CTC is the wrong policy for working families," January 27, 2021, available at: https://www.aei.org/articles/why-a-fully-refundable-ctc-is-the-wrong-policy-for-working-families/ and "How would a child allowance affect employment?," February 8, 2021, available at: https://www.aei.org/poverty-studies/how-would-a-child-allowance-affect-employment/.

[3] For example, Matthew Yglesias posted the following tweets:

> 2/4 On February 4, 2021 Senator Mitt Romney (R-Utah) released a plan that would dramatically reduce child poverty in the United States. Later that day, AEI's Director of Poverty Studies blasted the plan as reducing labor supply too much to be worth it. So how big is the reduction?

When Scott Winship didn't respond, he continued:

> 2/5 To be clear, what I am saying here online is that Winship's critique of me is entirely correct. I have been rude to him and he owes me nothing. Separately, I think *someone* should get the Director of Policy Studies at a leading conservative think tank to tell us the answer

[4] Committee on Building an Agenda to Reduce the Number of Children in Poverty by Half in 10 Years, *A Roadmap to Reducing Child Poverty* (Washington, D.C.: National Academies Press, 2019), available at: https://www.nap.edu/catalog/25246/a-roadmap-to-reducing-child-poverty.

[5] Angela Rachidi, Twitter, February 5, 2021.

[6] Benjamin Landy, Graph: Balancing the Budget on the Backs of the Poor," The Century Foundation, April 12, 2012, available at: https://tcf.org/content/commentary/graph-balancing-the-budget-on-the-backs-of-the-poor/?agreed=1.

[7] For an example of the letter sent to each governor, see: http://fiscalpolicy.org/letter-from-nancy-l-johnson-sentindividually-to-all-50-governors

[8] Rand Paul, *The Festivus Report 2020*, December 22, 2020, available at: (see: https://www.paul.senate.gov/sites/default/files/page-attachments/2020FestivusReport.pdf.

[9] 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. For more detail on the TRIM model, see: 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*, September 22, 2015, available at: https://aspe.hhs.gov/sites/default/files/pdf/116161/FINAL%20Fourteenth%20Report%20-%20FINAL%209%2022%2015.pdf; and, The Urban Institute, "TRIM3: Transfer Income Model, Version 3," available at: http://trim.urban.org/T3Technical.php.

[10] Ron Haskins, "TANF at Age 20: Work Still Works," *Journal of Policy Analysis and Management*, Winter 2015, available at: https://onlinelibrary.wiley.com/doi/abs/10.1002/pam.21878.

[11] Teresa Wiltz, "States Hold Onto Federal Dollars Meant for Needy Families," *Stateline*, November 12, 2019, available at: https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2019/11/12/states-hold-onto-federal-dollars-meant-for-needy-families.

[12] Jenni Bergal, "States Raid Fund Meant for Needy Families to Pay for Other Programs," July 24, 2020, available at: https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2020/07/24/states-raid-fund-meant-for-needy-families-to-pay-for-other-programs.

[13] American Enterprise Institute Forum on 1996 Welfare Law, August 22, 2016, available at: : https://www.c-span.org/video/?414208-3/american-enterprise-institute-forum-1996-welfare-law-congressional-panel&start=1506.

[14] American Enterprise Institute Forum on 1996 Welfare Law, August 22, 2016, available at: : https://www.c-span.org/video/?414208-3/american-enterprise-institute-forum-1996-welfare-law-congressional-panel&start=1506.

[15] Council of Economic Advisers, *Expanding Work Requirements in Non-Cash Welfare Programs,* (Washington, D.C.: The White House, July 2018), p. 47, available at: https://www.whitehouse.gov/wp-content/uploads/2018/07/Expanding-Work-Requirements-in-Non-Cash-Welfare-Programs.pdf.
[16] See 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.
[17] For data on state TANF policies, see: Elissa Cohen, Sarah Minton, Megan Thompson, Elizabeth Crowe, and Linda Giannarelli, *Welfare Rules Databook: State TANF Policies as of July 2015* (Washington, D.C.: The Urban Institute, September 2016), Table II.A.4, available at: http://wrd.urban.org/wrd/data/databooks/2015%20Welfare%20Rules%20Databook%20(Final%2009%2026%2016).pdf.
[18] Jordan Weissmann, "The Failure of Welfare Reform: How Bill Clinton's signature legislative achievement tore America's safety net," *Slate*, June 1, 2016, available at: http://www.slate.com/articles/news_and_politics/moneybox/2016/06/how_welfare_reform_failed.html.
[19] "Robert Doar," bio, available at: https://www.aei.org/scholar/robert-doar/.
[20] 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/.
[21] Elissa Cohen, Sarah Minton, Megan Thompson, Elizabeth Crowe, and Linda Giannarelli, *Welfare Rules Databook: State TANF Policies as of July 2015* (Washington, D.C.: The Urban Institute, September 2016), Table IV.C.1, available at: http://wrd.urban.org/wrd/data/databooks/2015%20Welfare%20Rules%20Databook%20(Final%2009%2026%2016).pdf.
[22] Elissa Cohen, Sarah Minton, Megan Thompson, Elizabeth Crowe, and Linda Giannarelli, *Welfare Rules Databook: State TANF Policies as of July 2015* (Washington, D.C.: The Urban Institute, September 2016), Table II.A.4, available at: http://wrd.urban.org/wrd/data/databooks/2015%20Welfare%20Rules%20Databook%20(Final%2009%2026%2016).pdf.
[23] Ife Floyd, LaDonna Pavetti, and Liz Schott, "TANF Continues to Weaken as a Safety Net," Center on Budget and Policy Priorities, October 27, 2015, available at: http://www.cbpp.org/research/family-income-support/tanf-continues-to-weaken-as-a-safety-net.
[24] Megan Stanley, Ife Floyd, and Misha Hill, "TANF Cash Benefits Have Fallen by More Than 20 Percent in Most States and Continue to Erode," Center on Budget and Policy Priorities, October 27, 2016, available at: http://www.cbpp.org/research/family-income-support/tanf-cash-benefits-have-fallen-by-more-than-20-percent-in-most-states.
[25] Hilary Hoynes and Diane Schanzenbach, "Safety Net Investments in Children," April 10, 2018, p. 4, available at: https://gspp.berkeley.edu/assets/uploads/research/pdf/bpea_HoynesSchanzenbach_040918.pdf.
[26] For an example of a study that attempts to disentangle the effects of some of the different AFDC/TANF policies, see Jeffrey Grogger, "The Effects of Time Limits, the EITC, and Other Policy Changes on Welfare Use, Work, and Income among Female-Head Families," *The Review of Economics and Statistics,* vol. 85. no. 3, May 2003, pp. 394-408, available at: http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.123.6365&rep=rep1&type=pdf. Even this, however, is at a very general level and of limited value for policymakers attempting to design specific policies.
[27] Committee on Building an Agenda to Reduce the Number of Children in Poverty by Half in 10 Years, *A Roadmap to Reducing Child Poverty* (Washington, D.C.: National Academies Press, 2019), p. 210, available at: https://www.nap.edu/catalog/25246/a-roadmap-to-reducing-child-poverty.
[28] Committee on Building an Agenda to Reduce the Number of Children in Poverty by Half in 10 Years, *A Roadmap to Reducing Child Poverty* (Washington, D.C.: National Academies Press, 2019), p. 260, available at: https://www.nap.edu/catalog/25246/a-roadmap-to-reducing-child-poverty.
[29] U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, "Welfare Spell Dynamics," available at: https://aspe.hhs.gov/system/files/pdf/167036/6spell-dyn.pdf.
[30] Ron Haskins, "Temporary Assistance for Needy Families," in Robert Doar (editor), *A Safety Net That Works: Improving Federal Programs for Low-Income Americans* (Washington, D.C.: American Enterprise Institute, February 13, 2017), p. 129, available at: https://www.aei.org/wp-content/uploads/2016/10/A-Safety-Net-That-Works-final.pdf#page=151.
[31] U.S. Government Accountability Office, *Temporary Assistance for Needy Famlies: Fewer Eligible Families Have Received Cash Assistance Since the 1990s, and the Recession's Impact on Caseloads Varies by State* (Washington, D.C.: GAO, February 2010), available at: https://www.gao.gov/new.items/d10164.pdf.

[32] Douglas J. Besharov and Peter Germanis, "Toughening TANF: How Much? And How Attainable?," March 23, 2004, available at: http://www.welfareacademy.org/pubs/welfare/toughening_tanf.pdf; and Gene Falk, "Temporary Assistance for Needy Families: Work Requirements," Congressional Research Service, March 27, 2018.
[33] Peter Germanis, "The Failure of TANF Work Requirements: A *Much Needed* Tutorial for the Heritage Foundation and the American Enterprise Institute," August 7, 2016, available at: http://mlwiseman.com/wp-content/uploads/2016/05/The-Failure-of-TANF-Work-Requirements-1.pdf.
[34] Gene Falk, "Temporary Assistance for Needy Families," Congressional Research Service, March 27, 2018.
[35] For a list of the states that with pre-TANF time limit waivers, see U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, *Setting the Baseline: A Report on State Welfare Waivers* (Washington, D.C.: ASPE, June 1, 1997), available at: https://aspe.hhs.gov/report/setting-baseline-report-state-welfare-waivers.
[36] TANF's five-year time limit is more symbolic than real, as there are many ways to circumvent it. Aside from the 20 percent hardship exemption, it is limited to families with an adult receiving federally funded assistance. About half of TANF families now have no adult recipients (i.e., they are child-only cases), so the time limit doesn't apply to them. Moreover, because federal and state MOE funds are largely fungible, a state exempt families from the federal time limit or extend their assistance beyond five years by funding these families using MOE with segregated state funds or separate state programs. Or, a state could just remove the adult from assistance benefit and pay benefits to just the children (and even increase the payments to the children to offset the reduction from removing the adult). For states that do not want a time limit, this just wastes resources by forcing them to take advantage of loopholes. And, states that want a different time limit are forced to monitor and enforce two different time limits.
[37] For a list of the states that with waivers related to sanctions, see U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, *Setting the Baseline: A Report on State Welfare Waivers* (Washington, D.C.: ASPE, June 1, 1997), available at: https://aspe.hhs.gov/report/setting-baseline-report-state-welfare-waivers.
[38] Samuel Hammond on Twitter, February 8, 2021.