

Why AEI drives me crazy:

A 2021 Update

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In “Why the New York Times drives me crazy,” Robert Doar, president of the American Enterprise Institute (AEI) lamented in 2019 that, as a regular reader, sometimes the newspaper “drives me a little crazy.”² His complaint at the time was about an article written by Claire Cain Miller and Ernie Tedeschi, “Single Mothers Are Surging Into the Workforce,”³ that in Doar’s view mischaracterized the state of the safety net:

The article turns the story of a strong economy and a properly functioning safety net lifting families out of poverty into a spooky story about a “fraying safety net.” That’s wrong. Single mothers entering the workforce is an unsurprising thing and a good thing, full stop. And our government-funded safety net is bigger than ever.

I responded by writing that Doar is right about the safety net being “bigger than ever,” but also noted that he ignores some gaping holes created by the 1996 welfare reform law, particularly the replacement of the Aid to Families with Dependent Children (AFDC) program with the Temporary Assistance for Needy Families (TANF) block grant.⁴ This is a concern, because many conservatives see TANF as a model for reforming other safety net programs, as evidenced by proposals to convert these programs into block grants and/or to impose work requirements that are unreasonable (for recipients) and unrealistic (for states). As a “regular reader” of AEI blogs and papers on welfare reform related issues – this drives *me* crazy!

This response addresses *some* of the recent claims made by Doar and various members of the AEI “Poverty Studies” group (Scott Winship, Angela Rachidi, and Matt Weidinger) about child allowances and welfare reform.⁵ Each statement is followed by a “PC Response.” (“PC” is short for “Peter the Citizen.”) This is a *brief* response; a list of over 30 of my past responses to Doar, Winship, and others at AEI that document misstatements of policy, incomplete or misleading assessments of research findings, and perhaps most important – the problems with vague, superficial, and often misguided policy proposals – can be found at: <https://petergermanis.com/>.

Misstatements of Policy

Doar and Weidinger: “Sending monthly checks to nonworking parents was exactly how welfare used to work until 1996, when President Clinton signed the Personal Responsibility and Work Opportunity Act, for which Sen. Joe Biden voted. That law requires parents to work or train in exchange for welfare benefits and offered additional child care and other support to help them go to work.”

PC Response: Suggesting that the preTANF AFDC program did not require work is wrong and highly misleading. The Family Support Act of 1988 imposed the first real work requirements on states under the new Job Opportunities and Basic Skills Training (JOBS) program. By FY 1995, states were to have 20 percent of their nonexempt caseloads involved in a work, education, or

training activity for an average of 20 hours per week. In addition, many states strengthened these work requirements through waivers of exemptions, activities, sanctions, and other related policies. Far from “sending monthly checks to nonworking parents,” the preTANF welfare activity around welfare-to-work programs was one of the factors that led to the 1996 law and TANF’s work requirements.

While the 20 percent AFDC-JOBS work participation rate target sounds modest, it did more to hold states accountable for engaging families in work activities than TANF’s seemingly tougher 50 percent statutory rate. TANF’s 50 percent rate is reduced by a caseload reduction credit and manipulated by states through the use of various loopholes when needed. Robert Doar was Commissioner of the Office of Temporary and Disability Assistance in New York between 2003 and 2007. What was New York’s target for its overall work rate target during this period?

0%

In other words, there was no requirement and New York could send monthly checks to nonworking parents under TANF.

In fact, the work requirements under AFDC-JOBS were more likely to lead states to engage families in work activities than those under TANF. In fiscal year (FY) 1995, about 440,000 families participated in a work activity (not counting “unsubsidized employment”) in an average month; by FY 1998 this fell to about 210,000 and by 2001 it fell further to about 135,000.⁶ One reason for the sharp reduction is TANF’s unreasonable restrictions on counting vocational educational training and education activities, but participation in other activities like job search and job readiness assistance also plummeted – from about 120,000 to about 90,000 to about 50,000, respectively. In FY 2019, less than 5 percent of the TANF caseload was engaged in a work activity like job search, training, or work experience. Most states satisfy TANF’s requirements through the caseload reduction credit or various loopholes.

What Doar and others at AEI fail to grasp is that TANF’s work requirements are not about work, but about pushing needy families off assistance.

Winship: “An underappreciated feature of welfare reform is the way it exempted the most vulnerable from work requirements. The federal law required that states have a minimum percentage of TANF beneficiaries participating in work activities, but states could count caseload declines toward that work requirement. Since the welfare rolls fell so much, states were under less pressure to demand work from the remaining beneficiaries. The work requirement ‘worked’ by convincing beneficiaries to leave or not join the rolls in the first place.”

PC Response: Winship’s description of TANF’s work requirements is superficial and vastly oversimplified, focusing on one or two provisions rather than how they operate as a whole. For him, policy details are unimportant as long as the requirements “convince” families to leave the rolls.

More important than caseload decline should be whether families that leave (or fail to come on) the rolls are better off. Most of the decline been achieved mainly by pushing eligible families off the rolls. One factor is the requirement that families participate 130 hours per month to receive a relatively small grant (e.g., as low as \$170 a month in Mississippi for a family of three). Even in more generous states, recipients are often expected to value their time at \$3 or \$4 an hour. It should come as no surprise that families leave, but “hassle” would be a better word than “convince” to describe the reason for the caseload decline.

The legislative history of TANF emphasizes the focus on caseload reduction. An early statement of congressional intent makes this clear:

The intent of the Congress is to . . . provide States with the resources and authority necessary to help, cajole, lure, or force adults off welfare and into paid employment as quickly as possible, and to require adult welfare recipients, when necessary, to accept jobs that will help end welfare dependency.⁷

According to Gene Falk of the Congressional Research Service:

The cash assistance caseload decline has been seen as one of the prime indicators that TANF made progress in achieving the goal of ending the dependence of needy families on government benefits. However, most of the caseload decline has resulted from a decline in the rate at which people eligible for assistance actually receive benefits, rather than a decline in the population in need. In 2015, 18.0 million people were eligible for TANF assistance, but 4.9 million (27%) received it.⁸ [Emphasis added.]

By way of comparison, 81 percent of those eligible for assistance received it before TANF was enacted. Before concluding that TANF’s work requirements “worked,” Winship should reconcile his supposed concern for poor families with the fact that most of the caseload decline was due to fewer eligible families receiving aid. How is this “exempting the most vulnerable from work requirements”?

Winship: “Further, states can exempt a sizable share of the caseload when calculating their work participation rates. Similarly, states have a variety of ways to exempt beneficiaries from time limits. These features have sheltered many of the most vulnerable families from the tougher aspects of welfare reform.”

PC Response: Winship’s suggestion that some of TANF’s “features have sheltered many of the most vulnerable families from the tougher aspects of welfare reform” misses the big picture. The fact that there are some provisions that explicitly permit states to “shelter” families (e.g., the 20 percent hardship exemption for the five-year time limit) doesn’t mean that many “vulnerable” families have been protected – the very fact that over 90 percent of poor families in many states don’t receive TANF cash assistance at all suggests otherwise.⁹

Incomplete or Misleading Assessments of Research Findings

Rachidi: “Welfare reform cut child poverty in half.”

PC Response: This claim was the lead to an article titled, “Welfare reform cut child poverty in half. What will President Biden’s American Rescue Plan do?” If “welfare reform” was intended to be a reference to the range of changes to safety net programs, this claim might be true, as there have been substantial expansions in programs designed to “make work pay.” However, Rachidi’s use of the term “welfare reform” seems to be narrower – referring primarily to TANF. Her article clarifies the distinction:

Ironically, President Biden’s plan actually undermines our nation’s most effective anti-poverty programs – welfare reform and the earned income tax credit (EITC), which actually have cut child poverty in half over the past three decades.

So, a more accurate title might have been, “Welfare reform **and the EITC** cut child poverty in half.” Even that would be misleading, because there is little credible evidence that welfare reform (aka, TANF) reduced child poverty. Analyses by the Government Accountability Office (GAO), the Congressional Research Service (CRS), and the Urban Institute on behalf of the U.S. Department of Health and Human Services (HHS) suggest that most of the caseload decline since 1996 has been achieved by reducing participation among eligible families – not by lifting families out of poverty.

Rachidi’s “Evidence.” Rachidi presents a figure showing trends in poverty from 1967 to 2016 using both the official poverty measure (OPM) and the supplemental poverty measure (SPM). She correctly notes that:

...the official poverty measure is severely flawed because it discounts many government payments to poor families, such as food assistance and refundable tax credits, which have increased in size dramatically in recent years. As a result, when scholars look to the official poverty measure they fail to recognize the large and sustained declines in poverty that have materialized in this country, most notably after policy reforms in the 1990s.

The Supplemental Poverty Measure – which accounts for government benefits – presents a very different story. In fact, the often-cited National Academies of Science Roadmap to Reducing Child Poverty found dramatic poverty reductions between the early 1990s and 2016 when using the Supplemental Poverty Measure.

Rachidi’s figure shows a sharp decline in poverty using the SPM, giving credence to her claim that child poverty was cut in half, but determining the relative importance of expansions in safety net programs vs. welfare reform is important. While the OPM misses the impact of many of the expansions in the safety net, it does give an indication of the possible impact of welfare reform because TANF is provided as cash (and thus counted) and because it would reflect changes in earnings if TANF led to significant increases in employment. Whereas the child poverty rate using the SPM has shown a sharp decline, the child poverty rate using the OPM has not and indeed after 2000 (even before welfare reform was fully implemented) began a steady rise for

about 15 years. If “welfare reform” were the primary factor reducing child poverty rates, why haven’t we seen more of a decline in the OPM?

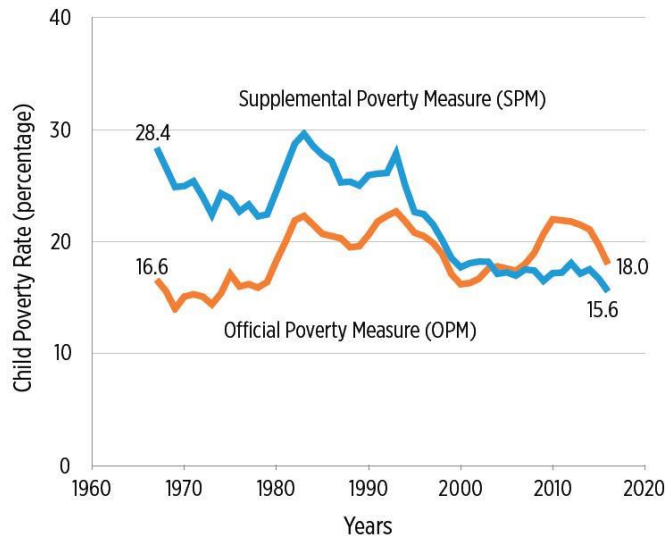


FIGURE 2-11 OPM and SPM child poverty rates, 1967–2016.
 NOTE: The SPM poverty measure is anchored in 2012 living standards and adjusted back to 1967 using the Consumer Price Index. Income data are not adjusted for underreporting.
 SOURCE: Original analyses commissioned by the committee from Christopher Wimer (2017, October).

Taking a Closer Look. Means-tested safety net programs can affect poverty in two ways. By providing “income” (including noncash income), they can affect poverty directly, and by modifying behavior, e.g., encouraging more parents to work, increasing earnings.

Direct Effects. The most recent poverty data using the SPM show that refundable tax credits and noncash benefits have a substantial direct effect in reducing the number of poor children, whereas TANF does not.¹⁰ In 2019, the number of children lifted out of poverty using the SPM by various means-tested programs was as follows:

Refundable Tax Credits:	4,015,000
SNAP:	994,000
Housing Assistance:	763,000
School Lunch:	661,000

VS.

TANF:	160,000
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This should not come as a surprise. Whereas spending on refundable tax credits, SNAP, and other non-cash programs has grown significantly over the last 25 years, spending on TANF has declined from over \$30 billion in 1996 to less than \$7 billion in 2019 (in 2019 dollars).

A similar picture emerges when looking at changes in the number of children lifted out of deep poverty by AFDC in 1995 (2.9 million) vs. the number TANF lifted out of deep poverty in 2017 (260,000).¹¹

TANF Lifts Many Fewer Children out of Deep Poverty Than AFDC Did

TANF (2017)

Lifted 11% of children who otherwise would have been in deep poverty

260,000
children

AFDC (1995)

Lifted 54% of children who otherwise would have been in deep poverty

2,933,000
children

Note: TANF = Temporary Assistance for Needy Families, AFDC = Aid to Families with Dependent Children, Deep poverty = income less than 50 percent of the poverty line. Calculations use the federal government's Supplemental Poverty Measure (SPM) and 2019 SPM poverty line adjusted for inflation.

Source: CBPP analysis of SPM data from Columbia Center on Poverty and Social Policy (1995) and US Census Bureau (2017, accessed via IPUMS-CPS). Data correct for underreporting of income from SNAP, SSI, and TANF/AFDC with Department of Health and Human Services/Urban Institute Transfer Income Model (TRIM).

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Behavioral Effects. Assessing the behavioral effects of welfare reform, particularly its effects on work and earnings, is more difficult, but the overwhelming evidence from a range of studies is that the central elements of welfare reform, particularly TANF's work requirements, suggest that the impacts on poverty are small – nothing remotely close to cutting child poverty in half. Indeed, the NAS report cited by Rachidi reached this very conclusion, stating:

...evidence was insufficient to identify mandatory work policies that would reliably reduce child poverty. It appears that work requirements are at least as likely to increase as to decrease poverty.¹²

A full discussion of welfare reform's impact on child poverty is beyond the scope of this response, but there is clearly nothing in Rachidi's article to justify a claim like, "Welfare reform cut child poverty in half."

Winship: "A small number of studies attempt to tease out the effects of welfare reform on employment from other factors such as the expansion of the earned income tax credit and the 1990s economic expansion. They generally found that welfare reform had an important independent effect. For instance, Hanming Fang and Michael Keane attempt to explain the 11.3 percentage point increase in the employment rate of single mothers between 1993 and 2002. They found that while the earned income tax credit expansion and falling unemployment were the most important factors, work requirements and time limits together accounted for 27 percent of the rise. That amounts to their increasing employment by 3.1 points, or a 4.5 percent increase."

PC Response: Many of those who support a child allowance approach cite evidence suggesting that it would have little impact on employment and lead to a substantial reduction in poverty. Winship summarizes the main studies used for this assessment, but is skeptical about the certainty of the findings:

Advocates for a child allowance have justified their position primarily by citing one of four sources – a National Academies of Sciences, Engineering, and Medicine (NAS) report from 2019 that modeled the likely impact on child poverty of creating a child allowance, a 2012 literature review by the Congressional Budget Office (CBO), studies of the recent introduction of a child allowance in Canada, and a 2018 review by economist Ioana Marinescu.

...These sources are all serious attempts to answer difficult empirical questions, but they hardly make the case that a child allowance in the US would be all upside or refute the concern that it would significantly increase the number of children raised by nonworking single parents. Moreover, plenty of other evidence suggests cause for concern.

Winship's Double Standard. Winship is skeptical of the conclusions reached by the NAS committee and others, noting that the interpretation of research can be “complicated” and the application to policy challenging:

But most social science research literatures are complicated, internally contradictory, and imperfectly applicable to specific policy questions. Certainty about how a policy innovation will turn out is the mark of an ideologue, of someone who has little experience conducting a comprehensive literature review about much of anything in social science.

...The correct interpretation of the evidence available is that it is ambiguous; different people with different priors can point to this or that study if they are intent on asserting a claim about the impacts of a novel program, but strong statements are not justifiable based on a comprehensive assessment of the literature.

Winship is right – we don't really know what the impact of a child allowance would be on employment, poverty, and other outcomes, because it has never been tested in the U.S. (though some experiments are now underway). Nevertheless, the estimates by the NAS are the best available evidence and derived by leading academic experts in the field.

When it comes to welfare reform, Winship *rarely* shows much caution in making causal claims. Instead, he asserts with certainty that, in the words of one of his articles, “Welfare Reform Reduced Poverty and No One Can Contest It.”¹³ Notably, many of his claims appear in magazines like *Forbes* and *National Review*, rather than peer-reviewed academic journals like those the NAS used to derive their estimates. More troubling, he is confident enough about his own interpretation of this research to advocate TANF-like policy reforms for other programs:

Policymakers should reject child allowances in favor of other policies to reduce child poverty that would build on the lessons of welfare reform...

To support his case that welfare reform was a success, Winship points to a “small number of studies” that attempt to disentangle the effects of welfare reform on employment from other factors. He ignores the fact that the literature about the possible effects of welfare reform is even more “complicated, internally contradictory, and imperfectly applicable to specific policy questions.” In fact, the NAS committee explicitly rejected policy proposals related to welfare reform and work requirements because the research in this area was inconclusive, stating:

...evidence was insufficient to identify mandatory work policies that would reliably reduce child poverty. It appears that work requirements are at least as likely to increase as to decrease poverty. The dearth of evidence on mandatory work policies also reflects an underinvestment over the past two decades in methodologically strong evaluations of the impacts of alternative work programs.

And, what about Winship’s own words of caution?

Certainty about how a policy innovation will turn out is the mark of an ideologue, of someone who has little experience conducting a comprehensive literature review about much of anything in social science.

Winship is the one who is overconfident in his “certainty” about the impacts of policies he likes, despite having “little experience” conducting literature reviews about the effects of welfare policies, much less conducting rigorous research on the topic himself.

The Uncertainty of Econometric Studies of Welfare Reform. Winship highlights an econometric study by Hanming Fang and Michael Keane that attempts to disentangle the impacts of various factors that were responsible for an 11.3 percentage point increase in the employment rate of single mothers between 1993 and 2002. According to Winship’s summary:

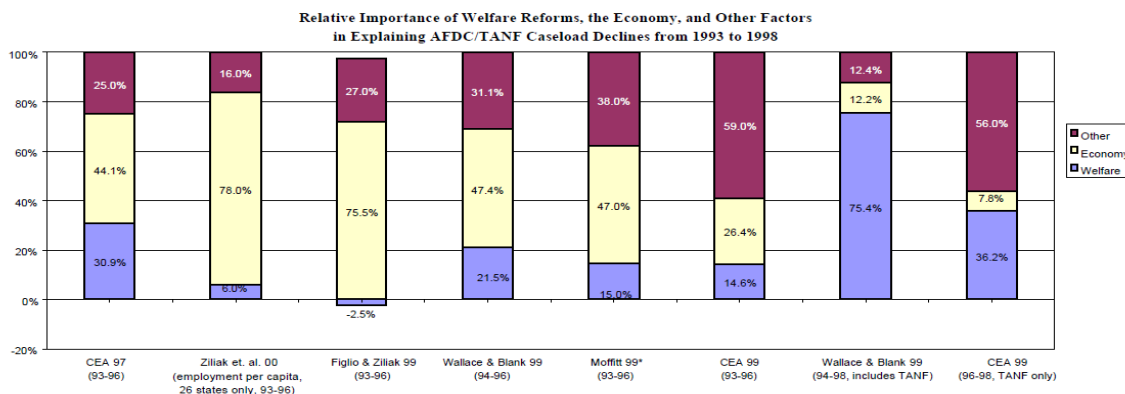
They found that while the earned income tax credit expansion and falling unemployment were the most important factors, work requirements and time limits together accounted for 27 percent of the rise. That amounts to their increasing employment by 3.1 points, or a 4.5 percent increase.

He seems to accept their findings without much question despite the fact that the findings are far from certain.

Note: During the time period of the study, there were about 10 million single mothers. A 3.1 percentage point increase in employment due to welfare reform would be about 300,000 single mothers. The number of single mother families losing TANF cash assistance was seven times greater – over 2.1 million.

Given the complexity of modeling welfare reform, it should come as no surprise that the estimates of its effects vary greatly. The findings are inconsistent due to different methods, data sets, and time periods. Stephen Bell of the Urban Institute summarized the results from eight studies that examined the relative importance of “welfare reform,” the economy, and other

factors in explaining the *caseload decline* in the 1990s.¹⁴ (Caseload decline was the most common outcome examined and provides the clearest example of the uncertainty in econometric studies.) The figure below presents the estimated impact of “welfare reform” on caseload decline ranged from -2.5 percent to 75.4 percent. The vast disparity in estimated effects suggests that econometric studies might not be as strong an evidence base as Winship seems to believe and why such studies are unlikely to influence the “welfare reform” debate today.



Should policymakers have confidence in the Fang/Keane findings cited by Winship? Here’s what the NAS committee had to say about the econometric and other research about welfare reform (not limited to the Fang/Keane study):

...it is problematic to draw conclusions about work mandates from this evidence, because impacts on families were generated by multiple features of the legislation, including mandatory work requirements as well as time limits, block grants, and in some cases earnings disregards. Researchers have been unable to identify the relative contributions of mandatory employment and other features to the outcomes that have been observed.

For a more detailed discussion of this topic, 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: <https://petergermanis.com/wp-content/uploads/2021/02/Econometric.pdf>.

Vague, Superficial, and Misguided Policy Proposals.

In the debate over child allowances, AEI’s response has mostly focused on the dangers of providing “no strings” cash welfare and of reversing the policies of the past.

Doar and Weidinger: “Monthly welfare benefits with no expectation of work would reduce employment and earnings, establish lifelong government dependency for millions of Americans, and increase unwed childbearing. Democratic lawmakers may be happy to

pave the way for UBI and finally reverse what Congress and Mr. Clinton did in 1996. It's a bad bargain for everyone else."

Rachidi: "Safety net reforms in the 1990s cut poverty in half for children in the United States. Policymakers and scholars should be more willing to acknowledge this reality and build upon our country's policy successes, not roll them back."

Winship: "Policymakers should reject child allowances in favor of other policies to reduce child poverty that would build on the lessons of welfare reform..."

There is no acknowledgement that the safety net has been frayed for the non-working poor; only more of the same, extending TANF's failures to other safety net programs. When policy proposals are advanced – important policy details and implementation issues are ignored entirely. The following are just a few examples.

* * *

Winship: "Policymakers ought to experiment with more work requirements and time limits in other safety-net programs, protecting the most vulnerable through exemptions while monitoring impacts on employment, income, and poverty. With work requirements and time limits in place, safety-net programs could be made more generous, since the risk of encouraging long-term dependency and otherwise incentivizing mobility-impeding behavior would be much lower."

PC Response: Experimentation is important. What Winship fails to appreciate is that this was the approach to welfare reform before the 1996 welfare reform law. Unfortunately, Congress enacted TANF without waiting for evidence about the impacts of key provisions and without building any meaningful accountability or monitoring to ensure that low-income families weren't harmed by unduly harsh "reforms." In short, TANF replaced an evidence-based model with a blank check with virtually no meaningful accountability.

Some History. 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.¹⁵ 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 reduced welfare dependency by increasing self-sufficiency or by simply pushing families off assistance (as suggested by the TANF experience).

Congress (and President Clinton) should have built on this framework in 1996. Instead, in creating TANF, they 1) replaced a safety net program with what is really a form of revenue sharing in many states; and 2) imposed a variety of dysfunctional requirements (especially work requirements) on the shrinking amount of funding used for basic assistance.

The Failed TANF Approach. Winship suggests more experimentation with work requirements and time limits in other safety net programs, but what he fails to realize is that despite extensive experimentation in the 1990s, the 1996 law itself was crafted without the benefit of evidence regarding these and other provisions. The experiments built the political support for the 1996 law, but there was little evidence to support the specific changes written into the law.

Work Requirements. With respect to TANF's work requirements, there was no evidence that: a 50 percent requirement was feasible or desirable; the 20- or 30-hour per week hourly requirements were appropriate; or the restrictions on countable work activities would result in more effective programming. As Gordon Berlin, president of MDRC – a firm with a long history in evaluating welfare-to-work programs – explains:

None of the welfare-to-work programs evaluated by MDRC to date – even the most effective ones – would have met the standards currently in place (that is, had states received no credit for caseload reductions), primarily because too few people participated in them for at least the minimum number of hours per week.¹⁶

Similarly, TANF's work-first orientation was based on a limited number of research studies, mostly short-term findings of programs that operated over 20 years ago. Subsequent research suggests that more effective models could not be implemented under TANF's structure, at least if states want credit for counting all hours of participation toward TANF's work rate.

Time Limits. With respect to TANF's time limit, there was no evidence to suggest 60 months was the optimal duration or that it should apply to all families with an adult receiving assistance. States were just beginning to experiment with time limits; the more prudent course of action would have been to let the experiments run their course and design a policy based on actual evidence.

The Block Grant. The welfare reform waivers of the 1990s had a cost neutrality provision, where funding for the experimental group was based on the experience of the counterfactual – the control group. There was no evidence that a block grant would be a better funding alternative for advancing the well-being of low-income families – only to reduce costs in the long-run. The block grant structure has proven to unresponsive to economic, demographic, and other factors that can affect the need for assistance; and the vast flexibility afforded states along with the ability to manipulate funding streams has allowed states to game federal requirements, most notably the work requirement.

Bottom-Line: In the nearly 25 years since welfare reform was enacted, there still is no evidence about the impact of TANF-like work requirements, time limits (whether TANF's five-year limit or shorter state-designed limits), or most other state policy choices. Why? Because TANF is a

blank check with no accountability. It is likely that some of these policies pushed many families deeper into poverty, as suggested by the U.S. Government Accountability Office (GAO):

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, most of the caseload decline – about 87 percent – resulted from fewer eligible families participating in the program, perhaps in response to TANF work requirements, time limits, and sanction and diversion policies.¹⁷ [Emphasis added.]

Winship professes to care about “monitoring impacts on employment, income, and poverty.” So, why was it a good idea to replace a waiver-based approach with a requirement for a strong evaluation with a blank check that has no meaningful monitoring requirements? Winship worries about “incentivizing mobility-impeding behavior,” but is unconcerned that TANF's flexibility has allowed states to supplant existing state expenditures and filling budget holes, rather than investing in programs to promote upward mobility

Experimentation Going Forward. Winship recommends that, “Policymakers ought to experiment with more work requirements and time limits in other safety-net programs, protecting the most vulnerable through exemptions while monitoring impacts on employment, income, and poverty.” I am a firm believer in experimentation, but the problem with Winship's suggestion is that there are NO policy details. There are dozens of questions that would have to be answered to implement such an approach. Just a short list of questions Winship and others at AEI might address if they really believe in evidence-based policymaking include:

- Which “other” safety net programs would be included?
- Would additional funding be available for program services? Work-related programs involve substantial additional costs to fund various activities, support services, and other related costs.
- Would states be held to a cost neutrality standard as under the AFDC waiver-based approach? If so, how would it be implemented – which programs would be included, what would be the time frame for assessing cost neutrality, what would be the treatment of excess costs or savings, etc.?
- What evaluation requirements would be associated with these experiments? Would experiments be based on random assignment or would alternative evaluation approaches be permitted? Who would pay for the evaluations? How long would they be? What outcomes would be captured?
- How large could the experiments be? Under the prior AFDC approach, states could implement their reforms statewide, even though the research sample was often limited to specific sites. This was a mistake, given the potential for unintended effects. It was a political response to pressure from governors.
- What limits would be placed on the scope of the experiments in terms of who can be included in the experiment and the extent of flexibility granted? Winship suggests that it would be important to protect “the most vulnerable through exemptions while monitoring impacts on employment, income, and poverty.”

- Who are “the most vulnerable”? What exemptions would be provided and on what basis and for which programs?
- Would there be limits on the severity of sanction, time limits, and other policies that might adversely affect families, or would anything be allowed, as under TANF?
- What would the policy response be if early impacts suggested negative effects on families?

The foregoing are just some of the many questions that would have to be addressed to implement an experimental approach to reform. Simply suggesting TANF has been a success and its key elements should be extended to other safety net programs is not helpful and if not done properly could seriously harm “the most vulnerable.” A concrete example of poorly conceived extension of work requirements was the Trump Administration’s encouragement of state work requirements in Medicaid. These can’t even be thought of as “experiments,” as none of the state proposals included credible evaluation plans. Without a better thought-out plan, this kind of misguided approach could be repeated again.

For many years I have advocated an experimental approach to welfare reform based on the AFDC waiver experience. That process could have been improved and extended to other programs so that as we built evidence of what works and what doesn’t, we would have the basis for making national reforms. Indeed, we should have been testing something like a child allowance many years ago, so we would have evidence to assess labor supply and other effects. Unfortunately, Winship and his colleagues at AEI have ignored welfare reform’s failures and seem unconcerned about the non-working poor; had they acknowledged and addressed TANF’s failures in a thoughtful way, we might be having a very different debate today.

Winship: “Work requirements and time limits would also strengthen the case for making it easier for eligible people to enroll in safety-net programs, rather than having to navigate an unduly complex system that sometimes goes to great lengths to make applying for benefits difficult. TANF, for instance, has become too difficult to access in some states. Policymakers could require states to meet a caseload adequacy requirement tied to a minimum ratio of TANF recipients to families with children in poverty.”

PC Response: Winship’s suggestion that there be a caseload adequacy requirement runs counter to his long-standing argument that a key to welfare reform’s success was making receipt of TANF “less appealing,” stating “by making welfare less appealing vs work, reform could still have increased employment and thereby reduced poverty...”¹⁸ What Winship has never appreciated is the fact that the number motivated to find jobs *and* lifted out of poverty pales in comparison to the number of no longer receive assistance. As noted in the quotes above, the GAO and the CRS have both concluded that most of the caseload decline since 1996 has been due to fewer eligible families accessing benefits rather than a sharp decline in the number of eligible families. The latter would be a true mark of success.

Winship argues that “Work requirements and time limits would also strengthen the case for making it easier for eligible people to enroll in safety-net programs,” but ignores the fact that these two elements, combined with the block grant structure, are what have made it “too difficult

to access” benefits in many states. How would he increase access to benefits in TANF? Would he set limits on sanctions, time limits, work requirements, or make other modifications to the law and state flexibility? He doesn’t say.

Winship suggests that states could be required “to meet a caseload adequacy requirement tied to a minimum ratio of TANF recipients to families with children in poverty.” While the TANF-to-poverty ratio is a useful descriptive measure of access to TANF generally, it is not likely to be a practical measure to ensure accountability.

First, the TANF-to-poverty ratio is calculated by dividing the *average monthly* number of TANF cases (based on administrative data) by the *annual* number of families with children in poverty (based on survey data collected by the Census Bureau). Laura Meyer and Ife Floyd of the Center on Budget and Policy Priorities caution that there are reasons why this measure could be misleading:

These ratios should not be interpreted as the percentage of families with children in poverty served by TANF because the number of families on TANF is not a perfect subset of the number of families in poverty. A family above poverty could receive TANF benefits, for example: some families may be poor in the months they receive TANF but have higher incomes for the rest of the year; states may encourage work by continuing partial TANF benefits for certain families with earnings slightly above the poverty line; and in some households, large extended families may contain more than one eligible TANF case unit.¹⁹

These factors are likely to understate the share of poor families receiving TANF.

Second, TANF-to-poverty ratios are generally published with a lag because the poverty data are typically only available about nine months after the end of a calendar year. And, to compensate of sampling error at the state level, researchers often “use two-year averages for these calculations to improve reliability.” This means the data would not be available on a timely basis and even with a two-year average, the estimates would be subject to sampling error.

Third, a caseload adequacy measure could be gamed. For example, one way some states manipulate the TANF work participation rate is to make “token payments” to low-income families with a full-time worker. These payments range from \$1 to \$25 a month and artificially inflate a state’s work participation rate (and caseload) because nearly all the families have enough hours to count. If forced to meet a caseload adequacy measure, some states might adopt a similar strategy. (Note: CBPP’s estimates exclude these families and include others receiving solely state funded assistance not considered in the HHS caseload counts, but this requires special data collection and would have to be factored into any legislative proposal.)

Fourth, the TANF-to-poverty ratio only captures receipt of a benefit – not its adequacy or the conditions under which it is provided. For example, the maximum grant for a single parent with two children ranges from \$170 a month in Mississippi to \$1,086 in New Hampshire. A caseload adequacy measure wouldn’t make a distinction between these states based on caseload along.

Moreover, a single parent in Mississippi might have to participate in work activities for 130 hours per month to receive \$170. This is hardly reasonable.

Fifth, as with virtually all AEI policy proposals, there are absolutely no details. If Winship believes a caseload adequacy measure is needed, he should address the following questions: What is minimum TANF-to-poverty rate a state should achieve? What is the consequence for failure to meet the standard? If it's a penalty, what is the size of the penalty and does it change if there are repeated failures? Will it be adjusted based on the degree of noncompliance? Will there be reasonable cause provisions and, if so, what are they? Could a state avoid a penalty by entering into a corrective compliance plan?

Conclusion

Policy should be based on facts, and objective review of the evidence, and attention to policy details. AEI's failure to acknowledge the failures of the 1996 welfare reform and doubling-down on replicating that approach for other safety net programs should be enough to drive most serious researchers and policymakers crazy.

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>.

² Robert Doar, "Why the New York Times drives me crazy," May 30, 2019, available at: <http://www.aei.org/publication/why-the-new-york-times-drives-me-crazy/>.

³ Claire Cain Miller and Ernie Tedeschi, "Single Mothers Are Surging Into the Work Force," *The New York Times*, May 29, 2019, available at: <https://www.nytimes.com/2019/05/29/upshot/single-mothers-surge-employment.html>.

⁴ Other provisions that had the impact of increasing poverty are SNAP's work requirement (really time limit) for Able-Bodied Adults without Dependents (ABAWDs) and restrictions on immigrants receiving benefits.

⁵ See Robert Doar and Matt Weidinger, "Democrats' Stealth Plan to Enact Universal Basic Income," *Wall Street Journal*, March 2, 2021, available at: <https://www.wsj.com/articles/democrats-stealth-plan-to-enact-universal-basic-income-11614727507>;

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Angela Rachidi, "Welfare reform cut child poverty in half. What will President Biden's American Rescue Plan do?," March 12, 2021, available at: <https://www.aei.org/poverty-studies/welfare-reform-cut-child-poverty-in-half-what-will-president-bidens-american-rescue-plan-do/>;

and Scott Winship, *The Conservative Case Against Child Allowances*, American Enterprise Institute, March 2021, available at: <https://www.aei.org/wp-content/uploads/2021/03/The-conservative-case-against-child-allowances.pdf?x91208>.

⁶ 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>.

⁷ The Personal Responsibility Act of 1994. Draft. Title II, Section 201(b)(1), September 23, 1994.

⁸ Gene Falk, "Temporary Assistance for Needy Families," Congressional Research Service, March 27, 2018.

⁹ Laura Meyer and Ife Floyd, "Cash Assistance Should Reach Millions More Families to Lessen Hardship," Center on Budget and Policy Priorities, November 30, 2020, available at: <https://www.cbpp.org/research/family-income-support/cash-assistance-should-reach-millions-more-families-to-lessen#:~:text=In%202019%2C%20for%20every%20100%20families%20in%20poverty%2C%20just%2023,both%20poverty%20and%20caseloads%20declined>.

¹⁰ Liana Fox, *The Supplemental Poverty Measure: 2019* (Washington, DC: US Census Bureau), September 2020, available at: <https://www.census.gov/content/dam/Census/library/publications/2020/demo/p60-272.pdf>.

¹¹ Laura Meyer and Ife Floyd, "Cash Assistance Should Reach Millions More Families to Lessen Hardship," Center on Budget and Policy Priorities, November 30, 2020, available at: <https://www.cbpp.org/research/family-income-support/cash-assistance-should-reach-millions-more-families-to-lessen#:~:text=In%202019%2C%20for%20every%20100%20families%20in%20poverty%2C%20just%2023,both%20poverty%20and%20caseloads%20declined>.

¹² 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. 16, available at: <https://www.nap.edu/catalog/25246/a-roadmap-to-reducing-child-poverty>.

¹³ 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/>.

¹⁴ Stephen H. Bell, *Why are Welfare Caseloads Falling* (Washington, DC: The Urban Institute, March 2001), <http://www.urban.org/uploadedPDF/discussion01-02.pdf>.

¹⁵ The experience of the control group was 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.

¹⁶ Gordon L. Berlin, "What Works in Welfare Reform: Evidence and Lessons to Guide TANF Reauthorization," MDRC, June 2002, pp. 36-37, available at: http://www.mdrc.org/sites/default/files/TANFGuide_Full.pdf.

¹⁷ U.S. Government Accountability Office, *Temporary Assistance for Needy Families: 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>.

¹⁸ Cited in Peter Germanis, "Making Progress on TANF: A Response to Scott Winship," August 27, 2016, p. 2, available at: <https://petergermanis.com/wp-content/uploads/2021/02/Making-Progress.pdf>.

¹⁹ Laura Meyer and Ife Floyd, "Cash Assistance Should Reach Millions More Families to Lessen Hardship," Center on Budget and Policy Priorities, November 30, 2020, available at: <https://www.cbpp.org/research/family-income-support/cash-assistance-should-reach-millions-more-families-to-lessen#:~:text=In%202019%2C%20for%20every%20100%20families%20in%20poverty%2C%20just%202023,both%20poverty%20and%20caseloads%20declined>.