Over twenty years ago, following the passage of the bipartisan Personal Responsibility and Work Opportunity Reconciliation Act and devolution of social welfare policymaking authority to state governments, Lawrence Mead (1997) noted how paternalism was a unique, defining feature of contemporary welfare reform. Receiving means-tested government benefits was no longer seen as an unconditional entitlement, but a contract between the government and benefit recipient with clearly defined rights and responsibilities. Low-income families could receive benefits, but they must abide by certain requirements, such as participating with child support agencies, working or participating in work-related activities, and ensuring dependent children are attending school.

While adding requirements to means-tested programs was in part a way to reduce welfare caseloads and costs (important political concerns in the 1990s) (cite), Mead notes that it cannot alone explain the underlying ideology behind welfare reforms in the 1990s (p. 8). There was also a belief underpinning the period’s paternalism that means-tested public policies should “use the benefits on which people depend as a lever to ensure compliance” (p. 5). By connecting benefit receipt to the furtherance of benign goals, responsibilities, and tasks (e.g. getting a job and providing for one’s children), social policy could act as a hands-on, preemptive policing presence in disadvantaged communities. In this sense, welfare reform not only aimed to reduce the size of government or welfare rolls. It was also a coordinated effort to improve the lives of low-income Americans by holding out the carrot of benefits in the same hand as the stick of requirements, oversight, and sanctions.

The most significant outcome of 1990s welfare reform was the Temporary Assistance for Needy Families (TANF) program. Arising out of the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), TANF is a block grant program that allows states to use federal funds (and federally mandated state funds) in ways “reasonably calculated” to combat welfare dependency, support families and children, and prevent out-of-wedlock pregnancies. TANF limits the length of time program participants can receive federally funded cash benefits and mandates states enforce certain child support and work requirements. States also have the authority to go beyond federal requirements and impose their own activity requirements, time limits, and sanctions for noncompliance (Giannarelli et al. 2017).

While many states added requirements and restrictions to their cash assistance programs before the creation of TANF (CITE), the PRWORA gave each state wide latitude over its TANF program and institutionalized the reform efforts of preceding years. Since its passage, the nature and scope of means-tested cash assistance have changed in important ways. For one, fewer people receive TANF now than in the late 1990s. As Figure 1 shows, the number of families receiving TANF in an average month, decreased dramatically in the years following the passage of the PRWORA. In 2013, 1.7 million families received TANF assistance in the average month, a decrease of about 43% from 1998. The decrease in the number of families receiving TANF occurred alongside a reduction in the share of the caseload affected by activity requirements and the federal time limit on receiving federally funded benefits. Figure 1 shows that as the total TANF caseload decreased, the number of “child-only” families receiving TANF increased slightly. These families are composed of a dependent child and caretaker who either chooses not to be included in the assistance unit or is barred from being included in the assistance unit.[[1]](#footnote-1) If a caretaker is not included in the unit and the state deems the child to still be eligible for TANF assistance, benefits are calculated based on the needs of the child or children. The resulting “child-only” family is not subject to the five year limit on federally funded TANF benefits and many states do not require the excluded caretaker to meet activity requirements (Giannarelli et al. 2017; Falk 2017).[[2]](#footnote-2)



In the years following the passage of the PRWORA, states also developed new methods for calculating TANF eligibility and benefits. While many states adopted their own distinct formulas and tests, on average, eligibility and benefit computation became less generous over the period. Between 1996[[3]](#footnote-3) and 2016, the maximum amount a family of three could earn and be eligible for TANF decreased by 12%, and the maximum benefit for a family of three without any income decreased by 26%.[[4]](#footnote-4) In other words, compared to the families receiving benefits twenty years ago, current families must earn less in order to be eligible for a smaller TANF benefit.

Declining caseloads and states’ increasing frugality alludes to an overall decline in cash assistance spending. Figure 2 shows nationwide aggregate spending on “basic assistance,” cash benefits provided through a state’s TANF program that are only offered on the condition of recipients participating in certain activity, child support, and other requirements. Reported basic assistance expenditures declined annually from 1998 to 2002, before increasing annually from 2003 to 2005. After a period of further decreases through 2008, expenditures ticked up during the Great Recession but began to decrease again in 2011. While basic assistance expenditures increased in certain periods—largely during economic downturns—there is a clear trend over the period toward less basic assistance spending. Without adjusting for inflation, reported expenditures on basic assistance decreased by 37% between 1998 and 2013.



The sizable decrease in aggregate cash assistance spending presents an interesting dilemma when viewed from the perspective of the proponents of “New Paternalism” (cite). On the one hand, a key goal of the PRWORA and other contemporary welfare reform efforts was to use low-income families connection to means-tested welfare programs to improve their behavior. In terms of TANF, it is through receipt of basic assistance that a family is subject to state and federal time limits and activity, child support, and school attendance requirements. Yet, the national story of basic assistance over the past twenty years is one of retrenchment, a severing of governments’ links to low-income families.

With fewer people connected to the requirements of states’ TANF programs, it could be inferred that paternalism is no longer relevant—that the shift away from cash assistance programs with federally mandated requirements for recipients demonstrates that the states have decided to pursue less paternalistic welfare policies. Yet recent efforts to impose stricter requirements on recipients of in-kind benefit programs like SNAP, Medicaid, and federal housing assistance suggest that that is not the case (cite). Instead, as we argue below, the changing nature of TANF spending suggests that the United States has entered a post-PRWORA welfare system where cash assistance occupies a marginal role and the focus of both spending and paternalistic administrative policies is on non-cash aid. “Welfare as we knew it” involved using poor people’s connection to cash assistance to improve their behavior– now we have to use SNAP, Medicaid, and housing assistance to control them.

The trends outlined above have been noticed but not explained (CITE). Since TANF is a devolved program whereby states possess a broad mandate, an analysis of the shift away from basic assistance sending must occur at the state level. Using TANF financial data published by the Department of Health and Human Services’ Administration for Children and Families (ACF), we address two research questions: First, how did states use the devolution of policymaking authority to reshape welfare spending? And given the broad shift away from basic assistance spending, what programs or types of benefits have picked up the fiscal slack? Second, are their state-level political, economic, or demographic characteristics that correlate with states’ basic assistance spending? In other words, if states have differed in the extent to which they have shifted away from basic assistance toward other areas of TANF spending, is it possible to get a sense of what sets states apart? Is it possible to describe what characteristics post-PRWORA states share?

**PREVIEW CONCLUSIONS**

**Background**

TANF provides a capped black grant to each state and the discretion to create its own cash-assistance welfare program. The TANF block grants are neither adjusted for inflation nor, with a few minor exceptions, changes in need within states.[[5]](#footnote-5) The PRWORA apportioned states’ block grants based on the amount of federal spending received by a state for AFDC and other low-income public assistance programs between FY 1992 and 1995; they range in size from $21.8 million in Wyoming to $3.7 billion in California (Falk 2015). In addition to the federal block grant, the other main source of TANF funding is Maintenance of Effort (MOE) funds, which are provided by the states. MOE expenditures are set at 75% of states’ FY 1994 contributions to AFDC and other low-income public assistance programs and can increase to 80% if a state fails to achieve federal goals for TANF recipients to participate in state-organized work activities (ibid).

The PRWORA empowered states to design their TANF programs. In a particularly broad delegation of authority, states are permitted to spend federal and MOE funds in any manner “reasonably calculated” to realize one of TANF's four statutory goals: 1) Provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives; 2) End the dependence of needy parents on government benefits by promoting job preparation, work, and marriage; 3) Prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and 4) Encourage the formation and maintenance of two-parent families (Falk 2014). TANF’s broad statutory goals allow states to fund a variety of programs and policy areas with TANF funds. States are not required to use the money for basic assistance to needy families (i.e. monthly cash payments), but can use the funds to finance a wide variety of programs, such as child care assistance that aids low-income caretakers find full-time employment or refundable tax credits that increase incomes for working families.

**OTHER BACKGROUND?**

**State Spending**

For this analysis, we group TANF expenditures into ten spending categories.[[6]](#footnote-6) Figure 3 presents those ten categories into three broad types of spending: Other, Aid that is not basic assistance, and basic assistance. In FY 1998, 55% of the average state’s total TANF expenditures were spent on basic assistance, with 19.7% spent on aid that is not basic assistance, such as child care, marriage and pregnancy programs, and refundable tax credits, and 26.4% on other spending, such as administrative costs and transfers to other programs.[[7]](#footnote-7) In the following years, average percentage of total TANF spending dedicated to basic assistance decreases and there is a broad shift toward aid in other forms. By FY 2013, basic assistance and aid that is not basic assistance comprise, respectively, 23.6% and 43.2% of total TANF spending, with other spending picking up the remaining 34.6%.



The shift toward in-kind benefits, such as child care, and services, such as marriage and pregnancy programs and work-related activities and supports occurred alongside the already discussed decrease in basic assistance spending. However, while Figures 2 and 3 outline the national decrease in basic assistance spending, aggregate descriptions miss complex trends occurring at the state-level. For one, the reduction in aggregate basic assistance spending was not driven by the actions of a few states. The distribution of states shifted downward and remained relatively uniform over the period (Figure 4[[8]](#footnote-8)). The standard deviations of annual proportional basic assistance spending did not follow any clear trend, varying between 10.1% (in FY 2008) and 13.8% in (FY 1999). As shown in Figure 4, states with especially high levels of basic assistance spending also took part in the overall downward shift in spending. None of the states that spent the greatest portions of their grants on basic assistance between FY 2008 and 2013 spent more than the 75th percentile of proportional basic assistance expenditures in FY 1998 (62.6%), and Maine was the only state to exceed the median level of basic assistance spending in FY 1998 (53.1%).



Although the overall variation of the distribution remained largely constant as states decreased basic assistance spending, the relative place of states within the distribution was not static. As states decreased basic assistance spending, the relative rank order of states was reshuffled, with relatively higher spending states becoming relatively lower spending states and vice versa (Figure 7). For instance, of the ten states that spent the greatest portion of total TANF funds on basic assistance in FY 1998, only three – Alaska, California, and Hawaii – remained among the ten highest spending states in FY 2013. Illinois, another high-spending state in FY 1998, shifted enough spending from basic assistance toward other policy areas to be among the ten lowest spending states in FY 2013. Similarly, states that spent relatively less on basic assistance in FY 1998 shifted their spending relative to their peers. Indiana and Oklahoma were the only states to be among the ten lowest spending states in both FY 1998 and FY 2013. On the other hand, Virginia’s relatively small decrease in proportional basic assistance spending meant it was among the ten lowest spending states in FY 1998 and the ten highest spending states in FY 2013.



**Explaining State Assistance Decisions**

The above descriptive analysis complicates

As the descriptive analysis showed, state decisions about TANF spending are complex. States did not decrease basic assistance expenditures in lock-step. Rather, they simultaneously participated in the aggregate decrease in basic assistance expenditures and altered their spending in distinctive ways. To better understand the variation in states’ proportional basic assistance spending, this section examines state-level factors that may have shaped the degree to which states decreased basic assistance spending. Using a fixed effects regression model that controls for unobserved variation between states and across time, the section demonstrates significant relationships between states’ basic assistance expenditures and a variety of factors, including the size and racial composition of states’ caseloads and state governments’ progressivism.

The regression analysis is grounded upon four hypotheses concerning states’ allocations of basic assistance expenditures: 1) states with more racially and ethnically diverse basic assistance caseloads spend proportionally less on basic assistance; 2) states with more powerful and progressive democratic parties spend proportionally more on basic assistance; 3) states with more favorable economic conditions spend proportionally less on basic assistance expenditures; and 4) states’ basic assistance expenditures are sensitive to TANF-specific factors, such as caseload levels and work participation rates.

*Race and Ethnicity*

Two reinforcing strands in the literature on race and social policy are especially significant when considering the potential relationships between race, ethnicity and states’ basic assistance expenditures. The first concerns the role of racial prejudices toward African Americans in shaping public attitudes of welfare recipients. Studies such as Gilens (1996) note the significant effects of white stereotypes of African American mothers on welfare on white Americans’ support for welfare assistance. Drawing on national survey data and a randomized experiment, Gilens finds that white Americans that have significantly more negative attitudes toward African American are more likely to oppose welfare programs. Such attitudes translate to opinions of welfare policy, with “racial considerations” serving as “the single most important factor shaping whites’ views of welfare” (p. 601).

The other strand of the literature concerns the importance of race in shaping welfare policy outcomes. Several studies have examined the correlations between race and the restrictiveness of states’ TANF policies. Soss et al. (2001) note significant positive relationships between the proportion of African Americans receiving TANF benefits in a state and the probability of a state adopting strong sanctions, stricter time limits on benefit receipt, and a limit on the number of children that can be included in the benefit group (i.e., a “family cap”). They also find significant positive relationships between the proportion of Latinos receiving TANF benefits in a state and the probability of a state adopting stricter time limits on TANF benefits and a family cap on benefits.

In another study, Fellowes and Rowe (2004) largely echo the conclusions of Soss et al. (2001). They find that, on average, an increase from one standard deviation below the mean percentage of African Americans receiving TANF benefits to one standard deviation above the mean percentage results in significantly stricter TANF benefit eligibility criteria, stricter work requirements, and lower basic assistance benefits. They also find that the percentage of Latinos receiving TANF benefits is consequential, with an increase from one standard deviation below the mean percentage of Latinos in a state receiving TANF benefits to one standard deviation above the mean percentage resulting in significantly less flexible work requirements but less strict TANF benefit eligibility criteria.

In terms of my analysis, I hypothesize that states with greater proportions of African Americans or Hispanics in their TANF caseload spend less on proportional basic assistance expenditures. I operationalize these hypotheses via the variables *african\_americans* and *hispanics.* The former measures the percentage of individuals receiving basic assistance benefits in a state who identify as African American or Black, while the latter measures the percentage of individuals receiving basic assistance benefits in a state who identify as non-white and Hispanic.

*Partisan Control of State Government*

Although the PRWORA was signed into law by President Clinton, partisanship and ideology are often considered crucial factors in structuring the scope and generosity of states’ TANF policies, with conservatives generally critical of cash welfare benefits and liberals more supportive of welfare assistance (Rom 1999). The findings of Soss et al. (2001) support the intuitive relationship between TANF policy and ideology. On average, the authors find that a state is 31% more likely to adopt strong sanctions for non-compliant TANF recipients if the state government is one standard deviation more conservative than the mean state rather than one standard deviation more liberal. Similarly, a state is 9% more likely to adopt strong sanctions, tougher work requirements, narrower time limits, and a family cap if the state government is one standard deviation more conservative than the mean state rather than one standard deviation more liberal.

*Liberalism* scores are used to measure state political ideology. Originally developed by Berry et al. (1998), *liberalism* captures the liberal ideology of a state government in a calendar year from 0 (most conservative) to 100 (most liberal), weighted by the powers of the democratic and republican parties in the upper and lower branches of the state legislature and ideology of the governor. The authors originally measured the ideologies of the political parties and governor using interest group ratings, but in Berry et al. (2010) the authors present a slightly different measure of ideology that uses Poole’s (1998) common space coordinates of Congressional roll call votes. Although they correlate strongly, Berry et al. (2010) conclude that the updated measure of ideology is more precise than the original, and it is therefore employed for *liberalism*.

Quantifying partisan control of state government via a measure of state government ideology controls for changes in party strength and ideology across states and time. Unlike other measures of partisanship, such as party control of state legislatures and governorships, state government ideology does not mask ideological differences between political parties in different states or shifts in political ideology over time. Instead, it incorporates these political differences and evolutions alongside swings in electoral power, creating a nuanced and flexible measure of partisanship.

We hypothesize that states with higher *liberalism* scores will spend proportionally more on basic assistance. Progressive shifts in party ideology and electoral victories by progressive parties ought to be commensurate with increased basic assistance spending, reflecting support for social welfare spending in liberal parties.

*Economic Conditions*

State-level economic factors may also influence basic assistance expenditures, so it is important to control for economic conditions across states and over time. The PRWORA was enacted in an era of low unemployment, tight labor markets, and rising wages for lower-skilled workers (Blank 2002). In an extensive literature review of TANF and AFDC research in the years following the passage of the PRWORA, Blank (2002) finds five econometric studies that argue for an elasticity of state unemployment rates to caseloads of between 5 and 7 percent. Since caseloads are directly related to basic assistance spending (fewer people receiving benefits allows states to spend the funds elsewhere), the studies conducted in the years following the PRWORA’s passage imply that state economic conditions should bear some impact on basic assistance spending. Qualitative evidence from the economic recession one decade later also supports the need to control for state-level economic conditions. Thirty states saw increases in the number of basic assistance recipients following the beginning of the economic downturn in December 2007 (Zedlewski and Golden 2010). As economic conditions deteriorated, more low-income families became eligible and sought cash assistance, with likely consequences for basic assistance expenditures.

States with higher unemployment rates can also be expected to spend more on basic assistance. *Unemployment* measures a state’s annual unemployment rate among the civilian non-institutional population. While the unemployment rate is a common metric of a state’s economic vitality (Blank 2002), we also include each state’s real per capita personal income in thousands of 2013 dollars controlling for regional variations in purchasing power. Per capita incomeis expected to be inversely related to states’ basic assistance spending. Need explanation for *pcpi\_regional* here. Unemployment rates and incomes are likely to be strongly and inversely correlated, but for the population who receives TANF, they may not move in tandem. Moving from welfare to work increases earned income but decreases assistance benefits. As such, controlling for states’ unemployment rates alone may not adequately control for states’ economic conditions, especially as they pertain to the low-income families most likely to receive basic assistance.

In addition to the hypothesized relationships between *unemployment* and per capita income and basic assistance spending, economic conditions may also affect TANF spending by exerting fiscal pressures on states. *Fiscal\_stability* measures a state’s ending annual fiscal balance and budget stabilization fund (i.e., “rainy day fund”) as a percentage of its annual expenditures. In their studies of TANF programs in California, Washington, Michigan, Florida, and Texas, Hahn et. al (2012) note how budget deficits following the Great Recession forced many states to reshape TANF spending. TANF’s broad spending discretion allows states to shift TANF funds away from basic assistance toward other policy areas previously funded by non-TANF dollars, allowing the latter to be used elsewhere. California, for instance, reduced basic assistance benefits by 8% in 2011 alongside other reductions in job training and child care funding, freeing $800 million in MOE expenditures for higher education programs. Hahn et. al (2012) find evidence of a similar shifts in Michigan and Washington. In all cases, the authors found that states were utilizing TANF’s broadly-defined goals to fund programs obliquely related to TANF with TANF dollars in response to fiscal pressures. As an advocate for low-income families put it when discussing the policy areas being funded by TANF, “no one is pretending that it is for a TANF purpose.”

The hypothesized effect of *fiscal\_stability* on basic assistance spending is the opposite of the other economic variables included in the model, *unemployment* and *pcpi\_regional*. As economic conditions worsened, states experienced contradictory pressures. On the one hand, fewer jobs and lower incomes might have lead states to increase basic assistance spending in order to support their residents. At the same time, worsening economic conditions reduce state revenues and strain budgets, leading to less basic assistance spending as TANF spending is reallocated to free non-TANF funds for other uses.

*Programmatic Factors*

Finally, TANF-specific factors are expected to correlate with states’ basic assistance expenditures. Since the passage of the PRWORA in 1996, as already discussed above, the number of individuals receiving TANF nationally has declined dramatically, with only a comparatively small increase following the 2008 financial crisis and the Great Recession.

While caseload changes are in part, as argued above, a function of economic conditions, they cannot be fully accounted for by economic explanations (Blank 2002). States are not passive actors when it comes to basic assistance eligibility and benefit levels; they control income thresholds, time limits, family cap policies, and work participation requirements – all factors which may impact caseload sizes. It is difficult to untangle the specific impact of these policies on caseload sizes and even harder to discern their relationship to basic assistance expenditures given the circularity of program policies and spending. Nevertheless, given the significant decrease in caseloads between 1998 and 2013, and its similarity to the trend in basic assistance expenditures in Figure 5, it is important to incorporate a broad control for changing caseloads in the model. Hence, *caseload*, the annual percentage change in a state’s average monthly TANF or SSP-MOE recipient caseload is included in the analysis.

In addition to accounting for changing caseloads, it is important examine whether work participation requirements influence basic assistance spending. The PRWORA mandated that 50% of all families and 90% of two-parent families receiving TANF assistance in a state be “engaged in work” in a fiscal year in order to avoid a reduction in the state’s block grant. Before FY 2007, a state could reduce its required work participation rate by the percentage decrease in its TANF caseload from FY 1995 levels. Since, as Figure 6 shows, caseloads declined dramatically in the years immediately following the passage of the PRWORA, states easily met this requirement.[[9]](#footnote-9) However, the Deficit Reduction Act of 2005 made it more demanding for states to reduce their work participation rates by changing the fiscal year for calculating reductions in caseloads from FY 1995 to FY 2005. [[10]](#footnote-10)

Since 1999 states have also been able to reduce the percentage of their caseload that must meet work requirements by spending more on MOE than mandated by federal statute. But, in addition to caseload reduction credits and excess MOE spending, states can reduce their work participation rate requirement by altering the composition of their TANF caseloads. For instance, a state can reduce the number of unemployed or difficult to employ recipients in the caseload by imposing stricter work requirements or eligibility criteria. The resulting caseload is more likely to meet the work participation requirement, but also is likely to be smaller and have higher average earned incomes, resulting in lower basic assistance expenditures.

A state can also reduce the work participation requirement by increasing the number of employed TANF recipients in the caseload. Some states have taken this approach and offer transitional benefits to TANF recipients who are ineligible due to increased earnings. For example, until October 2015, Michigan granted $10 to former TANF recipients for 6 months after becoming ineligible due to increased earnings if they continued to meet their work requirements (Urban Institute 2018). Likewise, in 2016 Missouri gave one-parent families working 30 hours per week after leaving TANF $50 for six months and New Jersey granted former recipients $200 for 24 months if they continued to work 20 hours per week (Giannarelli et al. 2017). The benefits allowed states to claim more employed recipients in order to satisfy the work participation rate, with the tangential effect of increasing basic assistance spending.

Since changes in the composition of the caseload in response to the work participation requirement have theoretically ambiguous effects on basic assistance spending, the influence of the work participation requirement on basic spending requires empirical testing. We evaluate the role of the work participation requirement in the model with *wpr,* a dummy variable that takes the value of one if a state did not meet its work participation rate and zero if it did.

**Models of State Basic Assistance Spending**

Table 2 presents four regression models of states’ basic assistance expenditures as a percentage of total TANF expenditures.[[11]](#footnote-11) Each model includes state fixed effects that control for unobserved, state-specific effects that are constant across time. The independent variables are also lagged in every model to correspond to the period when states allocated their TANF block grants.Model 1 includes all independent variables except *caseload, unemployment,* and *pcpi\_regional.* As hypothesized, the model’s racial and ethnic coefficients are highly significant and negative: A state that experiences a 1% increase in African Americans in its TANF caseload spends, on average, .727% less on basic assistance in the following fiscal year. Likewise, a state with a 1% increase in Hispanics in its TANF caseload spends .539% less on basic assistance in the following fiscal year. Model 1 also illustrates a significant relationship in the expected direction between whether a state met its work participation rate requirement in the prior year and its basic assistance spending. On average, a state that did not meet its work participation rate requirement spent 3.419% less on basic assistance in the following fiscal year.

Although Model 1 displays a number of significant results, the low adjusted R2 value (.026) indicates that the model accounts for very little of the variation in states’ basic assistance expenditures. Models 2 and 3 improve upon Model 1 by adding *caseload, unemployment,* and *pcpi\_regional* as control variables. Model 2 accounts for the sizes of states’ TANF caseloads and demonstrates that, as hypothesized, states’ basic assistance spending is positively associated with the number of TANF cases. A percentage decrease in a state’s TANF caseload leads to a .091% average decrease in basic assistance spending in the next fiscal year. Yet, including *caseload* only modestly improves the explanatory power of the analysis as measured by the adjusted R2, which only increases from .026 in Model 1 to .041 in Model 2.

Model 3 incorporates the economic variables *unemployment* and *pcpi­\_regional.*  Both variables are highly significant and negative in the model, indicating – somewhat counterintuitively – that higher unemployment and higher incomes are associated with lower proportional basic assistance expenditures. Controlling for economic factors also has ramifications for the significance of other variables in the model: *fiscal\_stability* becomes significant and positive while *hispanics* becomes insignificant. Including *unemployment* and *pcpi\_regional* greatly increases the portion of the variation in states’ basic assistance expenditures accounted for by the analysis. Compared to Model 1, the adjusted R2 of Model 3 (.420) indicates that economic factors account for a sizable share of the variation in states’ spending.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Table 1 - Regression Output** | | | | |
|  | | | | |
|  | *Dependent variable:* | | | |
|  |  | | | |
|  | Basic Assistance Expenditures as a Percentage of Total TANF Expenditures | | | |
|  | Model 1 | Model 2 | Model 3 | Model 4 |
|  | | | | |
| african\_americans | -.727\*\*\* | -.723\*\*\* | -.416\*\*\* | -.249\*\*\* |
|  | (.102) | (.101) | (.080) | (.068) |
|  |  |  |  |  |
| hispanics | -.539\*\*\* | -.456\*\*\* | .033 | .134 |
|  | (.138) | (.139) | (.110) | (.093) |
|  |  |  |  |  |
| fiscal\_stability | -.043 | -.051 | .065\*\* | .001 |
|  | (.032) | (.032) | (.026) | (.023) |
|  |  |  |  |  |
| caseload |  | -.091\*\*\* | .081\*\*\* | .150\*\*\* |
|  |  | (.026) | (.022) | (.022) |
|  |  |  |  |  |
| liberalism | .017 | .032 | .022 | .029\*\* |
|  | (.021) | (.021) | (.017) | (.014) |
|  |  |  |  |  |
| wpr | -3.419\*\* | -3.108\*\* | 1.448 | 5.102\*\*\* |
|  | (1.506) | (1.497) | (1.191) | (1.064) |
|  |  |  |  |  |
| unemployment |  |  | -1.531\*\*\* | .643\* |
|  |  |  | (.169) | (.334) |
|  |  |  |  |  |
| pcpi\_regional (thousands) |  |  | -2.062\*\*\* | .153 |
|  |  |  | (.112) | (.175) |
|  |  |  |  |  |
|  | | | | |
| Time Fixed Effects | No | No | No | Yes |
|  | | | | |
| Observations | 777 | 777 | 777 | 777 |
| R2 | .094 | .109 | .463 | .634 |
| Adjusted R2 | .026 | .041 | .420 | .597 |
| F Statistic | 14.924\*\*\* (df = 5; 722) | 14.639\*\*\* (df = 6; 721) | 77.416\*\*\* (df = 8; 719) | 53.011\*\*\* (df = 23; 704) |
|  | | | | |
| *Note:* \*p<0.1; \*\*p<0.05; \*\*\*p<0.01 | | | | |

Model 4 introduces time fixed effects, thereby controlling for unobserved trends that are constant across states in any given fiscal year. There are two trends in basic assistance spending between FY 1998 and 2013: The aggregate decrease in basic assistance spending which every state participated in and the within-distribution divergence that resulted from states’ following distinctive paths within the national trend. With time fixed effects in place, Model 4 controls for the national-level forces that shaped basic assistance expenditures and allows for a nuanced analysis of state-level factors that caused state-level basic assistance spending to diverge within the national trend.

In Model 4, *african\_americans* remains highly significant and, as expected, negatively correlated with states’ basic assistance spending. On average, a state that experienced a 1% increase in the portion of its TANF caseload composed of African Americans spent .249% less on basic assistance in the following fiscal year. Such a finding corresponds to the conclusions of Gilens (1996), Fellowes and Rowe (2004), and Soss et al. (2001) and underlines the important role that race continues to play in shaping social policy outcomes.

In contrast to *african\_americans, hispanics* is neither significant nor in the hypothesized direction in the final model. The evolution of *hispanics* across the four models implies that its significance in Models 1 and 2 was the spurious result of either omitted variable bias stemming from correlations with economic factors or national-level demographic changes controlled for by the time fixed effects in Model 4. Regardless of the exact reason for its insignificance in the final model, *hispanics’* positive and insignificant coefficient is not unprecedented. As mentioned above, Fellowes and Rowe (2004) find significant inverse relationships between the percentage of Latinos receiving TANF benefits in a state and both the flexibility of work requirements and the strictness of TANF eligibility criteria. The analysis indicates that the effect of growing numbers of Hispanic welfare recipients on TANF policy outcomes is not straightforward. Unlike in the case of African Americans, where there is clear evidence that negative perceptions significantly affect TANF and other social welfare policy outcomes, the increasing number of Hispanics across the United States seems to bear a more nuanced, undetermined influence on TANF spending.

Turning to economic factors, Model 4 does not provide evidence in support of the hypothesis that states with higher budget shortfalls will reduce basic assistance spending in the forthcoming year to cover costs. Likewise, the final model does not support the hypothesis that state per capita personal income is negatively associated with basic assistance spending and only weakly implies that states’ unemployment rates are positively correlated with basic assistance expenditures. The dramatic shifts in the magnitude and significance of *pcpi\_regional* and *unemployment* relative to Model 3 are likely to reflect national-level changes in economic conditions. What appears in Model 3 as significant relationships between state-level economic variation and basic assistance spending variation are the spurious result of simultaneous aggregate movements in economic conditions and TANF spending, not potentially causal relationships at the state-by-state level.

Model 4 indicates that a state that experienced a 1% decline in its TANF caseload from the prior year spent, on average, .15% less on basic assistance in the following year. The increase in *caseload*’s magnitude as compared to Model 3 suggests that isolating the relationship between caseload change and basic assistance expenditures from the aggregate decreases in states’ TANF caseloads increases the direct correlation between decreasing caseloads and reduced basic assistance spending. In other words, even when aggregate trends in caseload sizes are accounted for, states that experienced greater decreases in caseload sizes spent a lower proportion of their TANF block grants on basic assistance – a finding that both corresponds to expectations and sheds light on the observed variation within the overall trend of lower basic assistance spending.

As discussed above, the influence of the work participation requirement on basic assistance spending is theoretically ambiguous. States can reduce the requirement’s burden by either increasing the number of employed recipients through greater basic assistance spending or decreasing the number of unemployed recipients, with the tangential effect of lower basic assistance expenditures. However, as illustrated in Model 4, the empirical relationship between the work participation requirement and basic assistance spending is not ambiguous: States that did not meet their work participation rate spent, on average, 5.102% more on basic assistance in the following year. The highly significant coefficient rejects the hypothesis that, all else equal, states sought to remove unemployed recipients from their caseloads in response to not meeting the work participation rate requirement.

Similar to *caseload* and *wpr,* the introduction of time fixed effects in Model 4 increases the magnitude of *liberalism*, suggesting that national changes in political ideology and aggregate changes in other state-level variables served as negative confounders in earlier models. As hypothesized, *liberalism* is positive and significant in Model 4, implying that more progressive state governments allocate a larger proportion of TANF funds to basic assistance. This finding corresponds to the hypothesis concerning the expected relationship between progressivism and basic assistance spending and the well-established relationship between political ideology and social welfare spending more broadly.

Finally, although masked in Table 1 for readability, the coefficients on the time fixed effects in Model 4 are presented below in Table 2. The coefficients are all highly significant and of a large magnitude. Holding constant the eight state-level independent variables specified in Model 4, states spent, on average, 34.8% less on proportional basic assistance in FY 2013 than 1998. The coefficients in Table 2 correspond to the aggregate decrease in basic assistance illustrated in Figure 5 and underline the fact that state-level divergence occurred within a nationwide reduction in basic assistance spending.



**Discussion and Conclusions**

States utilized PRWORA’s devolution of spending authority and TANF’s broad statutory goals to reduce spending on direct cash assistance for needy families. In the place of basic assistance, states increased funding for refundable tax credit programs, marriage and pregnancy programs, child care, diversion benefits, and other policy areas. Although states took different paths in creating TANF programs, the reduction in basic assistance spending was a national trend which every state took part in. However, the states did not move in lock-step. The amount a state spent on basic assistance in FY 1998 has little bearing on the amount it spent on basic assistance in FY 2013.

We identified and tested four hypotheses regarding state spending on basic assistance. The results indicate that the number of African Americans in a state’s TANF caseload, caseload change, the liberalism of a state’s government, and whether a state met its work participation requirement are important factors that helped to explain the variation within the national trend of decreasing basic assistance expenditures. Although these findings are helpful in understanding why states took different paths within the national trend of decreasing basic assistance expenditures, they are unable to explain the national-level trend itself, pointing to the need for further research into the broader forces that aggregately shaped basic assistance spending. The magnitude and significance of the time fixed effects coefficients in Table 3 underline the fact that the reduction in basic assistance spending was a national-level trend that requires a national-level analysis. The creation of TANF paved the way for significant changes in the ways low-income families receive benefits.

**Appendix on Data**

From FY 1997 to 2014, states reported federal TANF block grant and MOE spending to the Department of Health and Human Services (HHS). The Office of Family Assistance (OFA), an office within the ACF, oversees the reporting of states’ TANF expenditures and publishes annual TANF financial reports on their website.[[12]](#footnote-12) The published data from the ACF-196 includes federal and state expenditure levels for each state and the District of Columbia across nineteen spending categories. The reporting categories available to states on the ACF-196 did not change between FY 1997 and 2014, providing consistency in the published expenditure data.

The use of the same reporting form and categories caters to researchers interested in TANF expenditure data, but two problems with the structure of the ACF-196 complicate accurate analysis. First, the form contained broad reporting categories that were too inflexible to accurately trace changes in states’ spending over time or compare similar types of spending in different states. Without precise reporting categories, many states struggled to pair new uses for TANF dollars with available reporting categories and consequently reported spending increases in the broadly-defined other non-assistance and assistance under prior law categories (Johnson 2013; Derr et al. 2009). In other cases, the ACF-196 form’s reporting categories lacked clear boundaries, leading states to report similar expenditures in different categories. As the Director of the OFA noted in regard to the ACF-196 reporting system, “a state may report TANF spending for pre-school under ‘Prevention of Out-of-Wedlock Pregnancies’ or ‘Other’ and possibly even ‘Child Care,’ although the instructions specifically exclude such expenditures under child care” (ibid).

In addition to broadly-defined expenditure categories, accurate analysis of the TANF expenditure data is complicated by how states reported errors. If a state discovered an error in a prior year’s report, the margin of error was subtracted or added to the respective reporting category on the current year’s ACF-196, indistinguishably blurring actual and corrected spending. The negative expenditure values in the published expenditure data are obvious evidence of this accounting method, but such cases are only the ostensible corrections where the margin of error exceeded the actual expenditures in the current year. Any value in the expenditure data can include an upward or downward correction for an error in a prior year’s report. Thus, in the words of the Director of the OFA, it is “impossible to determine the actual TANF expenditures that occur in a fiscal year” (ibid).

The flaws in the TANF expenditure data are not completely surmountable. It is impossible to know exactly where and when states misreported expenditures or corrected a prior year’s expenditure report in a later year’s report. Nevertheless, the problems can be mitigated. In order to alleviate the effects of non-mutually exclusive categories, I aggregate the nineteen distinct expenditure categories in the published data into ten using, with a few minor exceptions, the categories already developed by Schott et al. (2015). As can be seen in Table A.1 in the Appendix, the aggregate categories are composed of similar ACF-196 reporting categories, reducing the probability that similar types of spending are treated as distinct in the analysis.

In order to mitigate the effects of corrections for errors in prior year expenditure reports, I create three-year moving averages of the data.[[13]](#footnote-13) The three-year moving averages reduce the short-term variation in spending and prevalence of proportional expenditure values above one or below zero—the ostensible instances of states’ correcting prior years’ expenditures in the current fiscal year—from seventy-nine to fifty-six. Thus, while an improvement upon the original data, three-year moving averages do not clean all the cases of prior year corrections. Nevertheless, there is a balance to strike between clean and interesting data. Including more years in the average would capture more cases of prior year corrections, but it would also obscure actual changes in spending and inhibit longitudinal analysis.

After synthesizing the original reporting categories into aggregate categories and creating three-year moving averages, my dataset includes TANF expenditures across ten categories for every state and the District of Columbia from FY 1998 to 2013 expressed as percentages of total TANF expenditures.[[14]](#footnote-14)

**Appendix Tables**

|  |  |
| --- | --- |
| **Table A.1 - ACF-196 Expenditure Categories and Corresponding Aggregate Categories** | |
| ACF-196 Reporting Categories | Aggregate Categories |
| Basic Assistance | Basic Assistance |
| Child Care (assistance)  Child Care (non-assistance)  Child Care Development Fund (CCDF) | Child Care |
| Transportation and Supportive Services (assistance)  Work Related Activities and Expenses (non-assistance)  Transportation (non-assistance)  Individual Development Accounts (IDAs) | Work-Related Activities and Supports |
| Assistance Under Prior Law  Non-Assistance Under Prior Law | Expenditures Under Prior Law |
| Refundable Earned Income Tax Credit (non-assistance)  Other Refundable Tax Credits (non-assistance) | Refundable Tax Credits |
| Non-Recurrent Short-Term Benefits | Diversion Benefits |
| Prevention of Out of Wedlock Pregnancies (non-assistance)  Two-Parent Family Formation and Maintenance | Marriage and Pregnancy |
| Other (non-assistance) | Other Non-Assistance |
| Administration (non-assistance)  Systems (non-assistance) | Administration and Systems |
| Social Services Block Grant (SSBG) | Social Services Block Grant (SSBG) |

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Table A.2 - Annual Mean Expenditures by Expenditure Category** | | | | | | | | | | |
| Fiscal year | Administration and Systems | Basic Assistance | Child Care | Other Non-Assistance | Marriage and Pregnancy | Prior Expenditures | Diversion Benefits | Transferred to SSBG | Refundable Tax Credits | Work-Related Activities and Supports |
| 1998 | 11.1% | 55.0% | 12.0% | 11.0% | 0.0% | 0.0% | 0.0% | 4.2% | 0.0% | 7.7% |
| 1999 | 10.9% | 45.2% | 16.8% | 10.6% | 0.6% | 1.5% | 0.2% | 5.4% | 0.3% | 10.0% |
| 2000 | 10.2% | 38.6% | 19.1% | 9.8% | 1.4% | 2.9% | 0.5% | 5.1% | 0.8% | 11.9% |
| 2001 | 10.0% | 35.5% | 18.7% | 9.9% | 2.6% | 4.3% | 0.8% | 4.1% | 1.2% | 13.8% |
| 2002 | 9.4% | 34.9% | 18.4% | 10.4% | 3.2% | 4.1% | 0.9% | 3.8% | 1.7% | 13.7% |
| 2003 | 8.8% | 35.2% | 18.4% | 10.7% | 3.5% | 4.3% | 0.9% | 3.7% | 1.9% | 12.9% |
| 2004 | 8.8% | 35.6% | 18.2% | 11.3% | 3.2% | 4.2% | 0.8% | 3.6% | 2.2% | 12.3% |
| 2005 | 8.8% | 34.6% | 18.5% | 12.0% | 3.2% | 4.3% | 0.9% | 3.7% | 2.3% | 12.2% |
| 2006 | 8.8% | 31.7% | 19.3% | 12.2% | 3.7% | 4.5% | 1.0% | 3.8% | 2.6% | 12.4% |
| 2007 | 8.8% | 28.0% | 19.7% | 13.0% | 5.0% | 4.8% | 1.3% | 3.9% | 3.2% | 12.5% |
| 2008 | 8.5% | 25.5% | 19.4% | 14.1% | 6.1% | 5.1% | 1.6% | 3.7% | 3.8% | 12.3% |
| 2009 | 8.0% | 25.0% | 17.9% | 14.7% | 6.6% | 4.9% | 2.3% | 3.4% | 4.5% | 12.7% |
| 2010 | 7.4% | 25.5% | 16.8% | 15.5% | 6.6% | 5.1% | 2.5% | 3.2% | 4.9% | 12.6% |
| 2011 | 7.3% | 25.6% | 16.4% | 16.6% | 6.6% | 5.0% | 2.5% | 3.1% | 5.3% | 12.5% |
| 2012 | 7.5% | 24.7% | 16.6% | 17.6% | 6.9% | 5.1% | 2.2% | 3.3% | 5.3% | 11.8% |
| 2013 | 7.9% | 23.6% | 17.0% | 18.4% | 7.2% | 4.8% | 2.1% | 3.4% | 5.5% | 11.5% |
| **Table A.3 - Annual Median Expenditures by Expenditure Category** | | | | | | | | | | |
| Fiscal year | Administration and Systems | Basic Assistance | Child Care | Other Non-Assistance | Marriage and Pregnancy | Prior Expenditures | Diversion Benefits | Transferred to SSBG | Refundable Tax Credits | Work-Related Activities and Supports |
| 1998 | 10.9% | 53.1% | 11.2% | 7.8% | 0.0% | 0.0% | 0.0% | 4.0% | 0.0% | 5.6% |
| 1999 | 10.3% | 45.1% | 16.0% | 7.6% | 0.0% | 0.0% | 0.0% | 5.5% | 0.0% | 9.3% |
| 2000 | 9.6% | 38.5% | 17.7% | 8.5% | 0.3% | 0.0% | 0.0% | 5.6% | 0.0% | 11.0% |
| 2001 | 9.4% | 33.8% | 18.5% | 5.9% | 0.7% | 0.0% | 0.0% | 4.6% | 0.0% | 12.5% |
| 2002 | 9.0% | 35.2% | 17.8% | 7.2% | 0.6% | 0.0% | 0.2% | 3.9% | 0.0% | 12.3% |
| 2003 | 8.6% | 35.1% | 17.9% | 7.3% | 0.6% | 0.0% | 0.1% | 3.6% | 0.0% | 12.0% |
| 2004 | 8.5% | 36.1% | 17.3% | 7.5% | 0.7% | 0.0% | 0.1% | 3.6% | 0.0% | 11.7% |
| 2005 | 8.5% | 34.8% | 16.3% | 7.8% | 0.8% | 0.5% | 0.2% | 3.4% | 0.0% | 11.7% |
| 2006 | 8.6% | 30.0% | 19.1% | 7.7% | 1.7% | 0.1% | 0.3% | 3.4% | 0.0% | 11.9% |
| 2007 | 8.3% | 28.2% | 18.4% | 9.0% | 2.2% | 0.3% | 0.6% | 3.9% | 0.0% | 11.5% |
| 2008 | 8.0% | 25.1% | 18.5% | 9.9% | 3.1% | 0.8% | 0.7% | 3.7% | 0.0% | 11.3% |
| 2009 | 7.6% | 24.4% | 15.3% | 9.3% | 2.4% | 0.8% | 1.7% | 3.4% | 0.0% | 11.0% |
| 2010 | 7.2% | 23.1% | 14.6% | 11.0% | 2.1% | 1.2% | 1.8% | 3.3% | 0.0% | 11.3% |
| 2011 | 7.0% | 22.6% | 13.7% | 12.3% | 1.7% | 1.1% | 1.5% | 3.5% | 0.0% | 10.8% |
| 2012 | 7.1% | 23.2% | 14.4% | 12.8% | 2.2% | 0.9% | 0.8% | 3.6% | 0.0% | 9.8% |
| 2013 | 7.5% | 22.0% | 12.8% | 13.4% | 1.5% | 0.1% | 0.6% | 3.8% | 0.0% | 9.0% |

|  |  |  |  |
| --- | --- | --- | --- |
| **Table A.4 - Regression Output of Three Data Cleaning Methods** | | | |
|  | | | |
|  | *Dependent variable:* | | |
|  |  | | |
|  | Basic Assistance Expenditures as a Percentage of Total Expenditures | | |
|  | Raw Proportions | Moving Averages of Proportions | Proportions of Moving Averages |
|  | (1) | (2) | (3) |
|  | | | |
| african\_americans | -.263\*\*\* | -.249\*\*\* | -.253\*\*\* |
|  | (.083) | (.068) | (.081) |
|  |  |  |  |
| hispanics | .141 | .134 | .180 |
|  | (.113) | (.093) | (.110) |
|  |  |  |  |
| fiscal\_stability | -.009 | .001 | -.003 |
|  | (.028) | (.023) | (.028) |
|  |  |  |  |
| caseload | .160\*\*\* | .150\*\*\* | .119\*\*\* |
|  | (.027) | (.022) | (.026) |
|  |  |  |  |
| liberalism | .020 | .029\*\* | .023 |
|  | (.018) | (.014) | (.017) |
|  |  |  |  |
| wpr | 4.397\*\*\* | 5.102\*\*\* | 4.929\*\*\* |
|  | (1.303) | (1.064) | (1.268) |
|  |  |  |  |
| unemployment | .737\* | .643\* | .667\* |
|  | (.408) | (.334) | (.397) |
|  |  |  |  |
| pcpi regional (thousands) | .011 | .153 | .094 |
|  | (.215) | (.175) | (.208) |
|  |  |  |  |
|  | | | |
| Time Fixed Effects | Yes | Yes | Yes |
|  | | | |
| Observations | 777 | 777 | 778 |
| R2 | .526 | .634 | .556 |
| Adjusted R2 | .477 | .597 | .510 |
| F Statistic | 33.923\*\*\* (df = 23; 704) | 53.011\*\*\* (df = 23; 704) | 38.328\*\*\* (df = 23; 705) |
|  | | | |
| *Note:* | \*p<0.1; \*\*p<0.05; \*\*\*p<0.01 | | |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Table A.5 - Descriptions of Independent Variables** | | |  | |  | |
| Variable Name | Description | Year | | Citation | | Notes |
| *african\_americans* | The percent of a state's adult TANF caseload who identity as Black or African American. | fiscal | | U.S. Department of Health and Human Services - Administration of Children and Families. "Characteristics and Financial Circumstances of TANF Recipients." https://www.acf.hhs.gov/ofa/resource-library/search. | | N.A. |
| *caseload* | Percentage change in a state's annual average monthly TANF and SSP-MOE assistance recipients. | calendar | | U.S. Department of Health and Human Services - Administration of Children and Families. "TANF Caseload Data." https://www.acf.hhs.gov/ofa/resource-library/search. | | N.A. |
| *hispanics* | The percent of a state's adult TANF caseloads who identity as Hispanic, regardless of race. | fiscal | | U.S. Department of Health and Human Services - Administration of Children and Families. "Characteristics and Financial Circumstances of TANF Recipients." https://www.acf.hhs.gov/ofa/resource-library/search. | | N.A. |
| *fiscal\_stability* | A state's total remaining budgetary balance -- ending balance plus "rainy day" funds -- as a percent of total expenditures. | fiscal | | National Association of State Budget Officers. *The Fiscal Survey of the States.* https://www.nasbo.org/mainsite/reports-data/fiscal-survey-of-states/fiscal-survey-archives. | | Budgetary data is collected from the appendices to the fall editions of *The* *Fiscal Survey of States*. |
| *liberalism* | GOVTIDEOs, t = (.25)[(POW:DEM:LOWs,t)(ID:DEM:LOWs,t) + (POW:REP:LOWs,t)(ID:REP:LOWs,t)] + (.25)[(POW:DEM:UPPs,t)(ID:DEM:UPPs,t) + (POW:REP:UPPs,t)(ID:REP:UPPs,t)] + (.50)[ID:GOVs,t]. Where *GOVTIDEO* is the government ideology of state *s* in year *t*; *POW:DEM:LOW*, *POW:REP:LOW, POW:DEM:UPP*, and *POW:REP:UPP* capture, respectively, the proportional control of the democratic and republican parties in the upper and lower legislative chambers in state *s* in year *t*; *ID:DEM:LOW, ID:REP:LOW, ID:DEM:UPP,* and *ID:REP:UPP* measure, respectively, the political ideologies of the democratic and republican parties in the upper and lower legislative chambers in state *s* in year *t*; and *ID:GOV* is the ideology of the governor in state *s* in year *t*. | calendar | | Berry, W. D., Fording, R. C., Ringquist, E. J., Hanson, R. L., and Klarner, C. E. 2010. Measuring Citizen and Government Ideology in the U.S. States: A Re-appraisal. *State Politics & Policy Quarterly.* 10(2), pp. 117-135. | | See the *inst6014\_nom* variable in the Correlates of State Policy Project Codebook (https://www.ippsr.msu.edu/public-policy/correlates-state-policy). |
| *pcpi\_regional* | A state's per capita personal income in thousands of 2013 dollars, controlling for price differences between the West, Midwest, South, and Northeast regions. | calendar | | U.S. Department of Commerce - Bureau of Economic Analysis. "SA1 - Personal Income Summary: Personal Income, Population, Per Capita Personal Income." https://www.bea.gov/itable/. | | Incomes are rescaled to 2013 price levels using the regional Consumer Price Index for all urban consumers (https://data.bls.gov/cgi-bin/surveymost?cu). |
| *unemployment* | A state's unemployment rate among its civilian noninstitutional population. | calendar | | U.S. Department of Labor - Bureau of Labor Statistics. "Statewide Data - Employment status of the civilian noninstitutional population, annual averages." https://www.bls.gov/lau/rdscnp16.htm#data | | N.A. |
| *wpr* | A dummy variable that takes the value of 1 if a state did not meet its all-family TANF and SSP-MOE adjusted work participation rate. | fiscal | | U.S. Department of Health and Human Services - Administration of Children and Families. "Work Participation Rates". https://www.acf.hhs.gov/ofa/resource-library/search. | | N.A. |

**References**

Berry, W. D., Fording, R. C., Ringquist, E. J., Hanson, R. L., and Klarner, C. E. 2010. Measuring Citizen and Government Ideology in the U.S. States: A Re-appraisal. *State Politics & Policy Quarterly.* 10(2), pp. 117-135.

Berry, W. D., Ringquist, E. J. Fording, R. C., and Hanson, R. L. 1998. Measuring Citizen and Government Ideology in the American States, 1960-93. *American Journal of Political Science.* 41, pp. 327-348.

Blank, R. 2002. Evaluating Welfare Reform in the United States. *Journal of Economic Literature.* 40, pp. 1105-1166.

Croissant, Y. and Millo, G. 2008. Panel Data Econometrics in R: The plm Package. *Journal of Statistical Software*. 27(2), pp. 1-43.

Cooper, K. and Stewart, K. 2013. *Does Money Affect Children’s Outcomes? A Systematic Review.* Joseph Rowntree Foundation.

Derr, M. K., Anderson, T., Pavetti, L., and *Scott*, E. 2009. *Understanding Two Categories of TANF Spending: “Other” and Authorized Under Prior Law.* Mathematic Policy research, Inc.

Falk, G. 2014. *Temporary Assistance for Needy Families (TANF): Welfare-to-Work Revisited.* Congressional Research Service.

Falk, G. 2015. *Temporary Assistance for Needy Families (TANF): Financing Issues.* Congressional Research Service.

Falk, G. 2016. *The Temporary Assistance for Needy Families (TANF) Block Grant: A Primer on TANF Financing and Federal Requirements.* Congressional Research Service.

Falk, G. 2017. *The Temporary Assistance for Needy Families (TANF) Block Grant: A Primer on TANF Financing and Federal Requirements.* Congressional Research Service.

Fellowes, M. C. and Rowe, G. 2004. Politics and the New American Welfare States. *American Journal of Political Science.* 48(2), pp. 362-373.

Giannarelli et al. 2017. *Welfare Rules Databook: State TANF Policies as of July 2016*. Washington DC: The Urban Institute.

Gilens, M. 1996. ‘Race Coding’ and White Opposition to Welfare. *America Political Science Review*. 90(3), pp. 593-604.

Hahn, H., Golden, O., and Stanczyk, A. 2012. *State Approaches to the TANF Block Grant: Welfare Is Not What You Think It Is*. Washington, DC: The Urban Institute.

Hlavac, M. 2018. stargazer: Well-Formatted Regression and Summary Statistics Tables. R package version 5.2.1. https://CRAN.R-project.org/package=stargazer.

Johnson, E. 2013. *TANF-ACF-IM-2013-03 (Proposed Revisions to TANF Financial Data Collection)*. U.S. Department of Health and Human Services – Office of Family Assistance.

National Association of State Budget Officers. *The Fiscal Survey of the States.* https://www.nasbo.org/mainsite/reports-data/fiscal-survey-of-states/fiscal-survey-archives.

Jordan, M. P. and Grossman, M. 2016. *The Correlates of State Policy Project v.1.11.* East Lansing, MI: Institute for Public Policy and Social Research (IPPSR).

Poole, K. T. 1998. Recovering an Issue Space from a Set of Issue Scales. *American Journal of Political Science*. 42, pp. 954–993.

Schott, L., Pavetti, L., and Floyd, I. 2015. *How States Use Federal and State Funds Under the TANF Block Grant*. Center on Budget and Policy Priorities.

Schulz, A. 2014. pBrackets: Plot Brackets. R package version 1.0. https://CRAN.R-project.org/package=pBrackets.

Slowikowski, K. 2017. ggrepel: Repulsive Text and Label Geoms for 'ggplot2'. R package version 0.7.0. https://CRAN.R-project.org/package=ggrepel.

Soss, J., Schram, S. F., Vartanian, T. P., and O’Brien, E. 2001. Setting the Terms of Relief: Explaining State Policy Choices in the Devolution Revolution. *American Journal of Political Science.* 45(2), pp. 378-395.

R Core Team. 2016. R: A language and environment for statistical computing. R Foundation for Statistical Computing, Vienna, Austria. https://www.R-project.org/.

Rom, M. C. 1999. Transforming State Health and Welfare Programs. In: Gray, V. and Jacobs, H. eds. *Politics in the Americans States.* Washington, D.C.: CQ Press.

The Urban Institute. 2018. *Welfare Rules Database Project*. [Online]. [Accessed 25 February 2018]. http://wrd.urban.org/wrd/WRDWelcome.cfm.

U.S. Department of Commerce - Bureau of Economic Analysis. "SA1 - Personal Income Summary: Personal Income, Population, Per Capita Personal Income." https://www.bea.gov/itable/.

U.S. Department of Health and Human Services – Office of Family Assistance. 2004. Caseload Data 1994 (AFDC Total). U.S. Department of Health and Human Services – Office of Family Assistance.

U.S. Department of Health and Human Services - Administration of Children and Families. "Characteristics and Financial Circumstances of TANF Recipients."  
https://www.acf.hhs.gov/ofa/programs/tanf/data-reports

U.S. Department of Health and Human Services - Administration of Children and Families. "TANF Caseload Data." https://www.acf.hhs.gov/ofa/programs/tanf/data-reports

U.S. Department of Health and Human Services - Administration of Children and Families. "Characteristics and Financial Circumstances of TANF Recipients."  
https://www.acf.hhs.gov/ofa/programs/tanf/data-reports

U.S. Department of Health and Human Services - Administration of Children and Families. "Work Participation Rates" https://www.acf.hhs.gov/ofa/programs/tanf/data-reports

U.S. Department of Labor - Bureau of Labor Statistics. "Statewide Data - Employment status of the civilian noninstitutional population, annual averages."  
https://www.bls.gov/lau/rdscnp16.htm#data

Walker, A. 2017. openxlsx: Read, Write and Edit XLSX Files. R package version 4.0.17. https://CRAN.R-project.org/package=openxlsx.

Wickham, H. 2016. gtable: Arrange 'Grobs' in Tables. R package version 0.2.0. https://CRAN.R-project.org/package=gtable.

Wickham, H. 2017. tidyverse: Easily Install and Load the'Tidyverse'. R package version 1.2.1. https://CRAN.R-project.org/package=tidyverse.

Wickham, H. and Bryan, J. 2017. readxl: Read Excel Files. R package version 1.0.0. https://CRAN.R-project.org/package=readxl.

Wickham, H. and Henry, L. 2017. tidyr: Easily Tidy Data with 'spread()' and 'gather()' Functions. R package version 0.7.2. https://CRAN.R-project.org/package=tidyr.

Zeileis, A. and Grothendieck, G. 2005. zoo: S3 Infrastructure for Regular and Irregular Time Series. *Journal of Statistical Software*. 14(6), pp. 1-27

Zedlewski, S. and Golden, O. 2010. *Next Steps for Temporary Assistance for Needy Families.* Washington DC: The Urban Institute.

1. Some states allow all or some nonparent caretakers to decide whether they would like to be included in the unit. In other states, nonparent caretakers are never included in the unit. SSI recipients, undocumented immigrants, and certain other types of recently arrived immigrants are not included in the assistance unit in any state. See Giannarelli et al. (2017) for more information. [↑](#footnote-ref-1)
2. See Table III.B.4 in Giannarelli et al. (2017) for more information on activity requirements for caretakers excluded from the unit. [↑](#footnote-ref-2)
3. Under Aid for Families with Dependent Children, the program that preceded, and was replaced by, TANF. [↑](#footnote-ref-3)
4. Both percentage changes use national mean amounts expressed in real dollars using the unadjusted CPI. See tables L3 and L5 in Giannarelli et al. (2017) for the nominal eligibility and benefit amounts. [↑](#footnote-ref-4)
5. The PRWORA apportioned $2 billion for a contingency fund to support states facing difficult economic conditions and, in order to further aid states during the 2009 recession, the American Recovery and Reinvestment Act allocated $5 billion for basic assistance, emergency assistance, and employment subsidies in FY 2009 and 2010. However, the federal block grant constitutes the vast majority of federal TANF funding and does not alter funding based on changes in need (Falk 2015). [↑](#footnote-ref-5)
6. See the appendix for the full list and description of categories. [↑](#footnote-ref-6)
7. The “Other” spending type includes expenditures justified under the AFDC program that preceded TANF, “Other” Nonassistance, transfers to the Social Services Block Grant Program, and costs related to administration and systems. For more information on these specific categories see Mathematica 2009 and the SSBG Annual Report 2013. [↑](#footnote-ref-7)
8. The boxplots in Figure 4 display annual median expenditures (marked by the thick black line) and the first and third quartiles (the upper and lower ends of the “box”). The lines protruding from the boxes equal the distance between the first or third quartile and the value furthest from the respective quartile that does not exceed 1.5 times the difference between the first and third quartiles. Expenditure values either greater or less than 1.5 times the difference between the first and third quartiles are marked as outliers. [↑](#footnote-ref-8)
9. There were only four instances of a state not meeting its work participation rate requirement before FY 2007. [↑](#footnote-ref-9)
10. The American Recovery and Reinvestment Act of 2009 suspended work participation standard requirements for FY 2009-2011. For more details on what constitutes being “engaged in work” and the changes to work requirement calculations see (Falk 2016, p. 12-16). [↑](#footnote-ref-10)
11. The TANF expenditure data is lagged back one year to correspond to the fiscal year in which the allocation decision was made. [↑](#footnote-ref-11)
12. https://www.acf.hhs.gov/ofa/programs/tanf/data-reports. [↑](#footnote-ref-12)
13. Three year-moving averages are calculated as the three-year averages of the proportional expenditures. See Table A.3 in the Appendix for regression output using the other moving average calculation, the proportions of the three-year averages. [↑](#footnote-ref-13)
14. Total TANF expenditures equal federal and state assistance expenditures plus federal and state non-assistance expenditures plus TANF funds transferred to the Social Services Block Grant and Child Care Development Fund. Expenditure values are not differentiated by the source of funding (i.e., federal or MOE) or classification of the spending (i.e., assistance or non-assistance). Understanding why some states fund certain programs with MOE funds while others fund a similar program with federal TANF funds is not the objective of this analysis. Assistance and non-assistance spending are aggregated in order to focus more closely on spending patterns. Separate assistance and non-assistance categories would create nearly redundant categories, inhibiting analysis of substantive changes in TANF spending. [↑](#footnote-ref-14)