President Bill Clinton signed into law the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in 1996. The PRWORA altered several features of U.S. social policy, including, most notably, replacing the primary cash assistance welfare program Aid for Families with Dependent Children (AFDC) with Temporary Assistance for Needy Families (TANF). Established by the 1935 Social Security Act as Aid for Dependent Children, AFDC originally sought to assist states in aiding deprived dependent children. The program’s scope expanded in the following decades as the federal government began to assist states in supporting the caretaker relatives of needy children (1950), unemployed parents and their children (1961), and the spouse of an unemployed or disabled parent (1962) (U.S. Department of Health and Human Services – Office of the Assistant Secretary for Planning and Evaluation 1998). By 1962, the broadened scope of the program required a change in name and Aid for Dependent Children became Aid for Families with Dependent Children.

The states and federal government shared the costs of AFDC’s administration and benefits. The federal government reimbursed states for 50% of administrative costs and between 50% and 83% of benefits, depending on the state’s per-capita income. Under AFDC, federal matching funds were not capped and states had wide flexibility over eligibility and benefit calculations. Thus, the amount of federal funds received by a state was a function of a given state’s policy decisions, varying between states and across time (Falk 2015).

As AFDC evolved from a depression-era source of support for poor children to a social safety net program for poor and unemployed families, the number of families receiving benefits increased at an exponential rate, peaking at 5.05 million cases in the average month of fiscal year 1994 (U.S. Department of Health and Human Services – Office of Family Assistance 2004). Amid the fiscal pressures of an expanding caseload and calls for a new approach to welfare that would emphasize work rather than entitlements, the 1996 PRWORA repealed AFDC and instituted TANF. In contrast to AFDC’s matching grant financing system, TANF provides each state annually with a fixed share of $16.1 billion, unadjusted for inflation.

In addition to the federal block grants, the PROWRA mandates that states contribute their own dollars toward TANF. These Maintenance of Effort (MOE) funds are set at 75% of states’ fiscal year 1994 contributions to AFDC and other low-income public assistance programs and can increase to 80% if a state fails to move enough of its TANF recipients into work activities (Falk 2015).

and a broad mandate to spend the funds in a 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).

With few restrictions, states are able to spend federal and state funds as they see fit in so far as they can be

Under the PRWORA states enjoy wide-ranging authority to shape their own TANF programs using federal and state funds. In addition to the federal TANF grant states receive each year from the federal government, states are required by the PRWORA to spend a certain amount of their own money, Maintenance of Effort (MOE) funds, on social welfare programs. The PRWORA’s broad

TANF’s broad spending mandate has led

**This is where you need to describe what states can spend their money on. A little lit review?**

The broad spending authority states enjoy under TANF prompts two fundamental questions. First, how have states spent TANF funds over the course of the program’s existence? Have states kept expenditures at similar levels over time or have they used their authority under TANF to reshape their welfare spending? If changes have occurred, are there broad expenditure trends among states or do most states follow distinctive trajectories? Second, why do states spend TANF funds in particular ways? What factors—e.g. the partisan affiliation of governors and legislatures, economic growth, fiscal pressures, or changing demographics—account for any observed variation in states’ TANF expenditure decisions?

This paper aims to address both the descriptive and explanatory questions prompted by the creation of TANF. Using TANF financial data published by the Department of Health and Human Service’s Administration for Children and Families (ACF), we detail the evolution of states’ TANF spending between fiscal years 1998 and 2013. While similar descriptive analyses have been conducted (cf. Schott et al. 2015), we believe our approach to addressing the challenges in the data stemming from how states reported their TANF spending adds a level of precision to our analysis unachieved in prior studies. Through a cross-category comparison of states’ TANF expenditures and careful examination of four categories of spending, we demonstrate that the makeup of TANF spending changed dramatically between fiscal years 1998 and 2013 at the hands of increased spending on, among other areas, marriage and pregnancy programs, other non-assistance expenditures, and refundable tax credit programs, and decreased spending on basic assistance.

With the descriptive analysis in hand, we turn to a fixed effects regression model to examine what social, political, and economic factors account for the most striking change in states’ TANF expenditures over the period under review: the 31.4% reduction in mean basic assistance expenditures between fiscal years 1998 and 2013. Building upon four hypotheses concerning the influence of race and ethnicity, political ideology, economic conditions, and institutions and policy developments, we demonstrate that states’ basic assistance spending levels stem from a variety of factors. From the racial makeup of states’ caseloads to the progressivism of state governments, the changes in basic assistance spending since the passage of the PRWORA cannot be ascribed to a single source, but rather a confluence state and national forces.

**II**

From fiscal year 1997 to 2014, states reported federal and MOE TANF spending to the Department of Health and Human Services (HHS) via the ACF-196 form. The Office of Family Assistance (OFA), an office within the HHS’ Administration for Children and Families (ACF), oversees the reporting of states’ TANF expenditures and publishes annual TANF financial reports on their website.[[1]](#footnote-1) 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 fiscal year 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 used 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 in place, many states struggled to pair new uses for TANF dollars with available reporting categories and consequently reported increases in the broadly-defined “Other” 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 in place between fiscal year 1997 and 2014, “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 in prior year expenditure reports. If a state discovered an error in a prior year’s expenditure 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 presence of negative expenditure values in the published expenditure data is 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, we 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, the aggregate categories are composed of similar ACF-196 reporting categories, effectively zeroing out cases where different states report similar spending in distinct categories.

In order to mitigate the effects of corrections for errors in prior year expenditure reports, we assume that most adjustments were for errors in the previous year’s expenditure report and create three-year moving averages of the data.[[2]](#footnote-2) The three-year moving averages reduce the prevalence of proportional expenditure values above one or below zero—the ostensible instances of states’ correcting prior years’ expenditures in the current 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 reporting prior expenditures in the current year. 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. Moreover, even if more years are included in the moving average, it is still possible for the earliest year within the average to include corrections for the next earliest year. Hence, we believe using three-year averages is the best technique available for retaining the valuable insights contained in the longitudinal data while also cleaning, to the extent possible, the errors introduced by the states’ reporting procedure.

**III**

After synthesizing the original reporting categories into broader umbrella categories and creating three-year moving averages, our dataset includes TANF expenditures across ten categories for every state and the District of Columbia from fiscal year 1998 to 2013 expressed as percentages of total TANF expenditures.[[3]](#footnote-3) Figure 1 presents annual mean expenditures by category. In fiscal year 1998, 85.8% of states’ expenditures occurred in four categories—basic assistance, child care, work-related activities and supports, and administration and systems—with 55.0% of total spending reported as basic assistance. But by fiscal year 2013, amid the growth of new areas of spending and a significant reduction in proportional basic assistance expenditures, the same four categories constituted 60.0% of total expenditures and none of the ten categories possessed less than a 2% share of total TANF expenditures.



Note: Percentages may not add up to 100% due to the removal of outlier values (i.e. proportional expenditure values that remained above 100% or below 0% after calculating moving averages).

As Figure 1 illustrates, the significant changes in the proportional makeup of total TANF spending stemmed, in large part, from increased expenditures in spending areas that occupied a small share of expenditures in the years immediately following the passage of the PRWORA. Between fiscal years 1998 and 2013, the share of total TANF spending constituted by marriage and pregnancy programs, expenditures under prior law, diversion benefits, and refundable tax credits increased from .04% to 19.6%, with marriage and pregnancy program expenditures constituting the largest share of the increase (36.6%). As shown in greater detail in Figure 2, the significant increase in marriage and pregnancy program expenditures largely stemmed from a few states’ spending decisions.[[4]](#footnote-4) Between fiscal years 1998 and 2005, median marriage and pregnancy program expenditures did not exceed .8% of total TANF spending, while states such as New Jersey and Louisiana reported sizable increases in proportional expenditures. By fiscal year 2005, New Jersey and Louisiana spent, respectively, 34.0% and 25.3% of their total TANF funds on marriage and pregnancy prevention programs. While median proportional expenditures increased after 2005, outlier states continued to increase mean expenditures. From fiscal year 2010 to 2013, as median expenditures experienced annual fluctuations, Arkansas, Louisiana, and New Jersey increased reported expenditures from their already relatively high levels. By fiscal year 2013, each of the three states reported spending over 40% of their total TANF funds on marriage and pregnancy prevention programs, with Arkansas spending 58.8%.

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The role of outlier states in shaping the aggregate makeup of TANF spending is echoed in Figure 3, which displays annual boxplots of refundable tax credit expenditures. Between fiscal years 1998 and 2013, median expenditures on refundable tax credits never exceeded 0%. In addition, besides in fiscal year 2003 when the third quartile of refundable tax credit expenditures equaled 0.2%, 75% of states did not report any refundable tax credit expenditures between fiscal years 1998 and 2005. Over the same period, however, states such as New York, Kansas, and Minnesota consistently increased the portion of their TANF funds allocated toward refundable tax credits. After fiscal year 2005, as more states began to fund refundable tax credit programs with their TANF block grants, outlier states continued to increase their expenditures. By fiscal year 2013, New York, Kansas, Minnesota, and Nebraska each allocated more than 25% of total TANF spending to refundable tax credit programs.

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In addition to the significant proportional increases in spending areas, such as marriage and pregnancy programs and refundable tax credits, that occupied less than .1% of total TANF spending in fiscal year 1998, spending areas that constituted large portions of total TANF spending in the years immediately following the passage of the PRWORA also changed significantly over the period under review. The share of total TANF spending constituted by the other non-assistance expenditure category, for instance, increased from 11.0% in fiscal year 1998 to 18.4% in fiscal year 2013. Figure 4 demonstrates that the proportional increase in aggregate other non-assistance expenditures was not solely the result of a few outlier states. As outlier states such as Colorado, Georgia, and South Carolina began to steadily increase the share of their TANF spending dedicated to other non-assistance after fiscal year 2005, median expenditures experienced a similar increase, rising from 7.8% in 2005 to 13.4% in 2013.



The rise of new types of TANF spending and increases in established areas of TANF spending were largely offset by a significant decrease in proportional basic assistance expenditures. Between fiscal years 1998 and 2013, the percentage of aggregate TANF funds spent on basic assistance decreased from 55.0% to 23.6%. As Figure 5 illustrates, this decrease in proportional expenditures was not driven from the decisions of a few outlier states. In fact, the reduction in median basic assistance expenditures mirrored the reduction in mean basic assistance expenditures, decreasing from 53.1% to 22.0% between fiscal years 1998 and 2013.

The boxplots in Figure 5 illustrate the extent of the decrease in basic assistance expenditures. In the years immediately following the passage of the PRWORA, median basic assistance spending decreased at an average rate of 6.4% per year before levelling off in fiscal year 2002. Over the same period, outlier states such as New Mexico and Hawaii decreased proportional basic assistance expenditures, while Idaho, an outlier below the distribution from fiscal years 1998 to 2001, further decreased proportional basic assistance expenditures. After a levelling off and slight uptick in median proportional expenditures between fiscal years 2002 and 2004, the period from fiscal year 2005 to 2010 saw further decreases in basic assistance spending with median expenditures falling from 34.8% to 23.1%.

As median basic expenditures experienced a second significant decrease after fiscal year 2005, a few states –Maine, California, Alaska, and South Dakota – acted against the overall trend and increased or retained spending at outlier-levels above the distribution. Although each state’s proportional basic assistance spending was high for the respective year, it paled in comparison to historic expenditure levels. None of the four outlier states between fiscal years 2008 and 2013 spent more than the 75th percentile of proportional basic assistance expenditures in fiscal year 1998 (62.6%) and Maine was the only state to exceed the median level of basic assistance spending in fiscal year 1998 (53.1%).

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**IV**

The preceding descriptive analysis highlights crucial trends in the allocation of states’ TANF expenditures. Since the passage of the PRWORA, states have largely shifted the distribution of TANF funds away from basic assistance toward other spending areas, including refundable tax credits, child care, and marriage and pregnancy programs. As the boxplots in Figures 2-5 demonstrate, however, changes in aggregate spending mask wide variations in expenditure patterns between states. Even proportional basic assistance spending, which has followed a general decreasing trend over time, shows wide variation across states. In fiscal year 2013, basic assistance spending ranged from composing 5.8% of total TANF spending in Arizona to 55.1% in Maine.

The aim of the remaining pages is to leverage the variation in states’ proportional expenditures to better understand the most significant change in TANF spending since the passage of the PRWORA: states’ reduction in proportional basic assistance expenditures. Using four hypotheses concerning the relationships between states’ basic assistance expenditures and states' racial and ethnic diversity, political ideology and party strength, economic vitality, and public policies and institutions, we operationalize eight state-level factors into quantifiable independent variables. Using a fixed-effects regression model that controls for unobserved variation between states and across time, we conclude . . .

Our analysis is grounded upon four hypotheses concerning states’ allocations of basic assistance expenditures: 1) States with more racially and ethnically diverse basic assistance caseloads will have lower proportional basic assistance expenditures; 2) States with more powerful and progressive democratic parties will have higher proportional basic assistance expenditures; 3) States with more favorable economic conditions will spend less on basic assistance expenditures; and 4) States’ basic assistance expenditures will be sensitive to TANF-specific factors, such as caseload levels and work participation rates, as well as institutional factors, such as policymakers’ willingness to deviate from policy norms.

*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 have significantly more negative attitudes toward African American women on welfare than white women on welfare. 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 (p. 369).

Previous’ studies’ findings concerning the important role of race in shaping welfare policy opinions and outcomes necessitates accounting for race and ethnicity in our analysis of states’ basic assistance spending. We expect that states with higher percentages of African Americans and Hispanics in their TANF caseload will, on average, spend less on basic assistance. We 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 a Democratic president, partisanship and ideology are often considered crucial factors in structuring states’ TANF policies, with conservatives generally critical of cash welfare benefits and liberals more supportive of generous welfare assistance (Rom 1999). Soss et al. (2001) study of TANF policies supports this 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.

Following the general trend in the literature on partisanship and social policy, we expect that more liberal state governments will, on average, spend more on proportional basic assistance expenditures than conservative state governments—a hypothesis operationalized by the variable *liberalism.* 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.

*Economic Conditions*

In addition to race, ethnicity, and partisan affiliation, it is important to consider the effects of state-level economic factors on basic assistance expenditures. In general, we expect that states with stronger economies will, on average, spend less on basic assistance expenditures. A strong economy leads to less unemployment and higher wages, reducing citizens’ need for basic assistance benefits. However, economic factors may affect states’ expenditures in different ways, and we therefore include two estimators of a state’s economic vitality: *unemployment*, which measures a state’s annual unemployment rate among the civilian non-institutional population and *pcpi\_regional*, which captures a state’s annual per capita personal income controlling for inflation and regional price differences.

*TANF and Institutional Factors*

Finally, we also hypothesize that certain TANF-specific and institutional factors will correlate with states’ basic assistance expenditures. Regarding TANF policy, we hypothesize a negative relationship between the number of people receiving basic assistance in a state and the state’s basic assistance expenditures. Since the passage of the PRWORA in 1996, as Figure 6 illustrates, the number of individuals receiving TANF has declined dramatically, with only a small increase following the 2008 financial crisis and recession. The trend is reminiscent of the change in median basic assistance expenditures outlined in Figure 5. Therefore, we include *caseload*, which measures the average monthly recipients of TANF or SSP-MOE benefits in a state in thousands,as a potential explanatory variable in our model.



In addition to accounting for changing caseloads, it is important account for whether a state met its work participation requirement. The PRWORA mandates 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 its block grant. Before fiscal year 2007, a state could reduce its required work participation rate by the percentage decrease in its TANF caseload from fiscal year 1995 levels. Since, as evident in Figure 6, caseloads declined dramatically in the years immediately following the passage of the PRWORA, states easily met this requirement.[[5]](#footnote-5) The Deficit Reduction Act of 2005 made it more difficult for states to reduce their work participation rates by changing the fiscal year for calculating reductions in caseloads from fiscal year 1995 to fiscal year 2005. However, since 1999 states have also been able reduce the percentage of their caseload that must meet work requirements by spending more on MOE than mandated by federal statute.[[6]](#footnote-6)

In terms of our analysis, we expect that if a state does not meet its work participation rate in the previous fiscal year, it will be more likely to reduce basic assistance expenditures in the following fiscal year, because, in addition to caseload reduction credits and excess MOE spending, states can reduce their work participation rates by tightening eligibility criteria. If a state makes it more difficult to receive basic assistance benefits by, for instance, imposing stricter work requirements, the state reduces the number of unemployed or difficult to employ recipients in the caseload. The resulting caseload ought to not only be more likely to meet the work participation requirement, but also be smaller with higher average incomes, resulting in lower basic assistance expenditures. Thus, we have included in our model *wpr*, a dummy variable that takes the value of zero if a state met its work participation rate and one if it did not.

In addition to TANF-specific factors, we also hypothesize that institutional state characteristics will be important in explaining states’ basic assistance expenditures. One institutional aspect that has been noted in case studies as an important factor in shaping states’ expenditures is the fiscal stability of a state (Hahn et al. 2008). If a state under fiscal pressure reduces its spending on basic assistance, it can shift the funds to other areas, effectively freeing up state funds. We therefore hypothesize that states will respond to budgetary shortfalls by reducing basic assistance expenditures. As such, we include *fiscal\_stability* in our model, which measures a state’s ending annual fiscal balance and budget stabilization fund (i.e., “rainy day fund”) as a percentage of its annual expenditures.

**V**

With our hypotheses and posited explanatory variables in hand, we can now discuss our regression analysis of states’ basic assistance expenditures. Given the panel structure of our dataset – longitudinal data over sixteen years for fifty-one unique entities – a regression analysis requires careful analysis of the relationship between each state’s unobserved, time-invariant constant and the independent variables. Read up on fixed effects models and run Hausman test

Finally, the decision to allocate TANF funds in a given manner does not occur in the fiscal year in which the funds are spent. Consequently, it is necessary to lead forward the independent variables one year in order to correspond to the fiscal year of the allocation decision.

Table 1 presents four fixed effects regression models of states’ basic assistance expenditures as a percentage of total TANF expenditures.[[7]](#footnote-7) Each model includes state fixed effects that control for unobserved, state-specific effects that are constant across time. Model 4, the final model, introduces time fixed effects that account for unobserved, year-specific effects that are constant across states.

Model 1 includes all independent variables except *caseload, unemployment,* and *pcpi\_regional.* The model’s racial and ethnic coefficients are highly significant and negative: A 1% increase in the portion of African Americans in a state’s TANF caseload correlates with, on average, a .007% decrease in a state’s proportional basic assistance expenditures in the following fiscal year and a 1% increase in the portion of a state’s TANF caseload composed of Hispanics leads to, on average, a .005% decrease in a state’s basic assistance spending. In addition, Model 1 illustrates a significant relationship between whether a state met its work participation rate requirement in the prior year and its basic assistance spending. On average, states that did not meet their work participation rate requirement spent .034% less on basic assistance in the following year.

Model 1 displays a number of significant results that align with the hypotheses explicated above, but the low adjusted R2 value (.026) indicates that the model does not explain a considerable portion of the variation in states’ basic assistance expenditures. Models 2 and 3 attempt to improve upon Model 1 by adding *caseload, unemployment,* and *pcpi\_regional*. Model 2 accounts for the size of states’ TANF caseloads, illustrating that states’ basic assistance spending is positively associated with the number of TANF recipients in the caseload. The addition of 1,000 basic assistance recipients to a state’s TANF caseload leads, on average, to a .001% increase in basic assistance expenditures. Including *caseload* also improves upon the explanatory power of the analysis as measured by the adjusted R2, which increases from .026 in Model 1 to .206 in Model 2.

Model 3 builds upon Model 2 with the addition of the economic variables *unemployment* and *pcpi­\_regional.* Both variables are 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* and *liberalism* both become significant and positive and *hispanics* is no longer significant. In addition, the inclusion of *caseload, unemployment,* and *pcpi\_regional* greatly improves the portion of variation in states’ basic assistance expenditures accounted for by the analysis. Compared to Model 1, the adjusted R2 of Model 3 (.466) is an indication that caseloads and economic factors account for a sizable share of the variation in states’ spending.

Model 4, the final model in the analysis, introduces time fixed effects, thereby controlling for unobserved effects that are constant across states in each year. Adding year constants to the model increases the adjusted R2 to .583 and changes the sign and significance of a number of coefficients. The percentage of African Americans and Hispanics, respectively, in a state’s TANF caseload are both significantly associated with basic assistance expenditures, albeit in different directions. On average, states that experienced a 1% increase in the portion of their TANF caseload composed of African Americans spent .003% less on basic assistance in the following fiscal year while a state that saw a 1% increase in the portion of Hispanics in its TANF caseload spent .002% more on basic assistance in the next fiscal year.

The introduction of time fixed effects in Model 4 does not impact the significance or size of *caseload*, although the magnitude of the relationship between a state’s caseload size and basic assistance expenditures is reduced from .0004 in Model 3 to .0002. Likewise, *liberalism* is positive and significant in Model 4, indicating that, on average, states with more liberal governments in the prior year spent more on basic assistance in the next fiscal year. The work participation rate dummy variable, *wpr*, is also positive and significant in Model 4. In contrast to Model 1, Model 4 demonstrates that after controlling for time fixed effects, caseload size, and economic factors *wpr* is positively associated with basic assistance expenditures*.* On average, states that did not meet their work participation rate allocated .053% more to basic assistance in the following fiscal year.

Finally, the introduction of time fixed effects in Model 4 reshapes the relationships between economic factors and basic assistance expenditures posited in Model 3. In contrast to the inverse relationship posited in Model 3, *unemployment* is positively associated with basic assistance expenditures in Model 4. With year constants in place, a state that faces a 1% increase in its unemployment rate will, on average, spend .007% more on basic assistance in the next fiscal year. Likewise, introducing time fixed effects in Model 4 impacts the relationship between per capita income, as measured by *pcpi\_regional,* and basic assistance expenditures, rendering the coefficient insignificant and imperceptible.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **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 | -.007\*\*\* | -.004\*\*\* | -.003\*\*\* | -.003\*\*\* |
|  | (.001) | (.001) | (.001) | (.001) |
|  |  |  |  |  |
| hispanics | -.005\*\*\* | -.004\*\*\* | .001 | .002\* |
|  | (.001) | (.001) | (.001) | (.001) |
|  |  |  |  |  |
| fiscal\_stability | -.0004 | -.0004 | .0004\* | .0001 |
|  | (.0003) | (.0003) | (.0003) | (.0002) |
|  |  |  |  |  |
| caseload (thousands) |  | .001\*\*\* | .0004\*\*\* | .0002\*\*\* |
|  |  | (.0001) | (.00004) | (.00004) |
|  |  |  |  |  |
| liberalism | .0002 | .0002 | .0003\*\* | .0004\*\*\* |
|  | (.0002) | (.0002) | (.0002) | (.0001) |
|  |  |  |  |  |
| wpr | -.034\*\* | -.018 | .017 | .053\*\*\* |
|  | (.015) | (.014) | (.011) | (.011) |
|  |  |  |  |  |
| unemployment |  |  | -.012\*\*\* | .007\* |
|  |  |  | (.002) | (.003) |
|  |  |  |  |  |
| pcpi\_regional |  |  | -.00002\*\*\* | 0.00000 |
|  |  |  | (0.00000) | (0.00000) |
|  |  |  |  |  |
|  | | | | |
| Time Fixed Effects | No | No | No | Yes |
|  | | | | |
| Observations | 777 | 777 | 777 | 777 |
| R2 | .094 | .263 | .505 | .622 |
| Adjusted R2 | .026 | .206 | .466 | .583 |
| F Statistic | 14.924\*\*\* (df = 5; 722) | 42.795\*\*\* (df = 6; 721) | 91.639\*\*\* (df = 8; 719) | 50.386\*\*\* (df = 23; 704) |
|  | | | | |
| Note: | \*p<0.1; \*\*p<0.05; \*\*\*p<0.01 | | | |

**VI**

The four models in Table 1 present a number of significant conclusions about states’ basic assistance spending, many of which correspond to the four hypotheses explicated above. First, as Model 4 demonstrates, race and ethnicity are crucial factors in explaining the variation in states’ basic assistance expenditures. As hypothesized, the proportion of African Americans in a state’s caseload is inversely related to a state’s basic assistance spending, a finding consistent with the conclusions of Gilens (1996), Fellowes and Rowe (2004), and Soss et al. (2001). While the proportion of a state’s TANF caseload composed of Hispanics is also significant in Model 4, it is not in the hypothesized direction. The four models in Table 1 illustrate an interesting evolution of the *hispanics* coefficient – an evolution that does not occur with *african\_americans.* In Models 1 and 2, before the introduction of economic variables or time fixed effects, *hispanics* is significant and, as hypothesized, inversely related to basic assistance expenditures. However, with the introduction of economic variables in Model 3, *hispanics* becomes insignificant, indicating that much of the variation captured by the coefficient in Models 1 and 2... .

Turning to our second hypothesis, the positive coefficient of *liberalism* in Model 4 indicates that more progressive state governments are more willing to allocates funds to basic assistance. However, the direct relationship between progressive ideology and basic assistance spending, which corresponds to our hypothesis and social policy literature more broadly, is not large in magnitude. Taking into account race, economic factors, time fixed effects, and institutional factors, progressivism does not bear as sizable a relation to basic assistance spending as the proportion of African Americans or Hispanics in a state’s caseload, whether a state met its work participation rate, or a state’s unemployment rate. Therefore, while political ideology is certainly important in explaining states’ TANF expenditures, it is only one, fairly small factor in a broader story.

Third, we hypothesized that

Fourth and finally, we hypothesized that TANF-specific and institutional factors are important in understanding states’ basic assistance expenditures. As expected, *caseload* is an important explanatory variable in the analysis, being significantly and directly associated with states’ basic assistance expenditures in Models 2-4 and adding a sizable degree of explanatory power to the analysis, as measured by the adjusted R2. Nevertheless, once all variables and time fixed effects are included, *caseload* does not bear an outsized impact on states’ basic assistance expenditures relative to other factors. Although the coefficients’ magnitudes cannot be easily compared, the fact that *caseload* is but one of six significant relationships posited in Model 4 demonstrates that the simultaneous, symbiotic decreases in caseloads and basic assistance expenditures between fiscal years 1998 and 2013 are not explanatorily exhaustive. Caseload decreases, while important, cannot fully describe the variation in states’ basic assistance expenditures.

In addition to the size of states’ TANF caseloads, we also hypothesized that states that did not meet their work participation rate requirement would spend less on basic assistance in the following fiscal year. Model 4 demonstrates that *wpr* significantly correlates with states’ expenditures but in the positive direction. States that fell short of their work participation requirement responded by increasing basic assistance expenditures by .053% in the following fiscal year. Such a finding runs contrary to our argument that states would tighten eligibility criteria to increase the probability of meeting the work participation requirement and consequently end up spending less on basic assistance. Instead of tightening eligibility criteria, states may have responded by granting small sums of money to TANF recipients who found employment and have, for all intents and purposes, exited the program. The payments would allow the state to increase the portion of its caseload employed in work-related activities and, while nominal, increase the portion of the state’s TANF funds allocated to basic assistance.[[8]](#footnote-8) Another possible explanation of the positive coefficient on *wpr* is that states viewed basic assistance spending as a means to increase employment opportunities. The additional financial assistance provided by increased basic assistance spending could provide recipients with the necessary funds to capitalize a business, purchase needed work equipment, or pay for child care, increasing the probability of finding employment.

Lastly, Model 4 illustrates that the institutional variable *fiscal\_stability* is insignificant, providing no evidence in support of our hypothesis that states with budget shortfalls will shift funds from basic assistance to other areas in order to free up non-TANF funds for other purposes. The coefficient is positive and significant in Model 3, indicating, as hypothesized, that states with larger budget surpluses spend more on basic assistance in the following fiscal year, but the relationship disappears with the introduction of time fixed effects. Therefore, the correlation between the variables in Model 3 appears to be a product of cross-state decreases in both basic assistance spending and budget surpluses, not a potentially causal effect.

Ultimately, our findings demonstrate the complex relationships that underlie states’ allocations of federal block grants. While we do find support for the argument that more innovative states will utilize the opportunities presented by the diffusion of power from the federal government to the states, we also find a number of other significant relationships between state-level factors and states’ expenditures, some of which raise concerns. Race and ethnicity continue to shape welfare policy in significant, detrimental ways. States with more diverse caseloads, on average, spend less on basic assistance expenditures, reducing benefits available to groups that already suffer from a tight web of inequalities. Political ideology is significant too, creating further divides in welfare generosity across state lines. Such factors are perhaps unsurprising given the United States’ history of racial politics and sharp ideological divides over social spending, but they are nonetheless important to remember. Diffusing funds and authority to states does not necessarily lead to more rational, responsive expenditures but rather to allocations that are shaped by each state’s political, ideological, and racial characteristics.

**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 Expenditures |
| 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 | Pregnancy and Marriage | 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 | Pregnancy and Marriage | 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% |

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| --- | --- | --- | --- |
| **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 | -.003\*\*\* | -.003\*\*\* | -.003\*\*\* |
|  | (.001) | (.001) | (.001) |
|  |  |  |  |
| hispanics | .002 | .002\* | .001 |
|  | (.001) | (.001) | (.001) |
|  |  |  |  |
| fiscal\_stability | -.00004 | .0001 | .0001 |
|  | (.0003) | (.0002) | (.0002) |
|  |  |  |  |
| caseload (thousands) | .0002\*\*\* | .0002\*\*\* | .0002\*\*\* |
|  | (.00005) | (.00004) | (.00004) |
|  |  |  |  |
| liberalism | .0004\*\* | .0004\*\*\* | .0005\*\*\* |
|  | (.0002) | (.0001) | (.0001) |
|  |  |  |  |
| wpr | .046\*\*\* | .053\*\*\* | .050\*\*\* |
|  | (.013) | (.011) | (.011) |
|  |  |  |  |
| unemployment | .008\* | .007\* | .007\*\* |
|  | (.004) | (.003) | (.003) |
|  |  |  |  |
| pcpi\_regional | -0.00000 | 0.00000 | 0.00000 |
|  | (0.00000) | (0.00000) | (0.00000) |
|  |  |  |  |
|  | | | |
| Time Fixed Effects | Yes | Yes | Yes |
|  | | | |
| Observations | 777 | 777 | 781 |
| R2 | .513 | .622 | .617 |
| Adjusted R2 | .463 | .583 | .578 |
| F Statistic | 32.179\*\*\* (df = 23; 704) | 50.386\*\*\* (df = 23; 704) | 49.595\*\*\* (df = 23; 708) |
|  | | | |
| 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* | A state's annual average monthly TANF or SSP-MOE assistance recipients in thousands. | 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 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. | |

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1. https://www.acf.hhs.gov/ofa/programs/tanf/data-reports. [↑](#footnote-ref-1)
2. Three year-moving averages are calculated as the three-year averages of the proportional expenditures. See Table A.3 for regression output using the other moving average calculation, the proportions of the three-year averages, is provided in Table A.3. [↑](#footnote-ref-2)
3. 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-3)
4. The boxplots in Figures 2-5 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-4)
5. There were only four instances of a state not meeting its work participation rate requirement before fiscal year 2007. [↑](#footnote-ref-5)
6. The American Recovery and Reinvestment Act of 2009 suspended work participation standard requirements for fiscal years 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-6)
7. All coefficients, except those of *caseload* and *wpr,* are expressed as elasticities (e.g., a one percent change in the independent variables correlates, on average, with a X percentage change in a state’s basic assistance expenditures). The variable *caseload* is measured in thousands of benefit recipients and *wpr* is a dummy variable. [↑](#footnote-ref-7)
8. Cite WRD and Massachusetts program. [↑](#footnote-ref-8)