

# Policy Analysis

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## ***Welfare Reform That Works Explaining the Welfare Caseload Decline, 1996–2000***

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### **Executive Summary**

Perhaps the single biggest success of welfare reform has been the significant reduction in caseloads. Since passage of the Personal Responsibility and Work Opportunity Act of 1996, the number of people receiving federal cash welfare payments has dropped by roughly 58 percent. Moreover, that reduction in caseload has been accomplished without causing undue hardship for former welfare recipients. Indeed, poverty rates, including the childhood poverty rate, have declined along with welfare caseloads.

However, the reason for the caseload decline continues to be the subject of heated debate. Some observers suggest that the success in moving individuals off welfare has little to do with welfare reform itself but results from the economic boom of the late 1990s. Others suggest that state experimentation

and policies, including sanctions and benefit levels, are the primary reason for declining rolls.

Different states have pursued different policies and achieved different degrees of success in reducing welfare rolls. Previous academic studies have suggested that the variation in policies has a significant impact on the level of reduction in welfare receipt. This study builds on that previous work by conducting a regression analysis of caseload reduction between 1996 and 2000 on a state-by-state basis. The study looks at a number of factors, including economic growth, sanctions, and benefit levels, and concludes that economic growth had little impact on reducing welfare rolls. Instead, states with the strongest sanctions and lowest benefit levels had the most success in reducing their caseloads.

**Welfare reform has been effective at reducing dependence on welfare, reducing poverty, and lowering the rate of out-of-wedlock births.**

## **Introduction**

Five and a half years ago President Clinton signed landmark welfare reform legislation into law. While previous attempts at reform resulted in only cosmetic changes, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 has had a meaningful and lasting impact on the federal welfare regime. PRWORA ended the entitlement status of Aid to Families with Dependent Children and replaced it with a time-limited assistance and work requirement program called Temporary Assistance to Needy Families. Most important, however, PROWRA gave states more leeway to structure their welfare administrations.

Under PROWRA, states receive federal block grant allocations totaling \$16.5 billion a year until September 30, 2002. That allocation allows states to use TANF funding in any manner reasonably calculated to accomplish the purposes of TANF so long as the states maintain historical levels of spending agreed to in "maintenance of effort" plans. To continue receiving their full federal TANF allocations, states must also conform to specific requirements regarding current recipients' work participation rates and length of time on the rolls.<sup>1</sup>

Although PROWRA passed by wide margins in the House and Senate in 1996, it was still politically controversial. Then-senate minority leader Tom Daschle (D-S.D.) opposed the bill, calling the work requirements "extremist." Likewise, House Minority Leader Richard Gephardt (D-Mo.) voted against the bill, citing an Urban Institute study that predicted that welfare reform would force more than 1 million children into poverty. Sen. Daniel Patrick Moynihan (D-N.Y.) was even more strident. He proclaimed that the new law "was the most brutal act of social policy since reconstruction." He predicted: "Those involved will take this disgrace to their graves."<sup>2</sup>

Contrary to those alarming predictions, welfare reform went more smoothly than critics expected. A great deal of evidence has

demonstrated that welfare reform has been effective at reducing dependence on welfare, reducing poverty, and lowering the rate of out-of-wedlock births:

- By 1999 overall poverty and child poverty had substantially declined. Some 4.2 million fewer people, including 2.3 million children, live in poverty today than did in 1996.<sup>3</sup>
- Hunger among children has been reduced by almost 50 percent since the passage of welfare reform.<sup>4</sup>
- By 2001 welfare caseloads had been reduced by 58 percent since welfare reform was enacted.<sup>5</sup>
- During the past six years, there has been a reduction in the rate of increase in out-of-wedlock childbearing.<sup>6</sup>

Even some opponents of PROWRA have acknowledged the success of welfare reform. Wendell Primus, a deputy assistant secretary in the Department of Health and Human Services, who resigned in protest after President Clinton signed the reform bill, remarked last year, "In many ways welfare reform is working better than I thought it would." He added, "The sky is not falling anymore. Whatever we have been doing during the past five years we ought to keep doing."<sup>7</sup>

However, a number of opponents of welfare reform still stubbornly refuse to acknowledge its progress, crediting instead the booming economy. Donna Shalala, who as secretary of Health and Human Services urged President Clinton to veto the welfare reform bill, said, "What happened on welfare reform was this combination of an economic boom and a political push to get people off the welfare rolls."<sup>8</sup> Others who argue that the economy deserves most of the credit for the decline in caseloads, including Marian Wright Edelman of the Children's Defense Fund, expressed concern about what would happen during the most recent economic slowdown.<sup>9</sup>

Their arguments in favor of an "economics" explanation of welfare caseload changes do not hold up to empirical scrutiny. While

the strength of the economy does have an effect on the number of people receiving welfare, other economic expansions did not generate welfare caseload declines of similar magnitude. For instance, the economy expanded by 10.63 percent between 1993 and 1996, but the number of individuals receiving welfare declined by only 8.8 percent. Moreover, the economic expansion that took place during the 1980s failed to reduce the total number of individuals receiving AFDC.<sup>10</sup> Finally, welfare caseloads dramatically increased during the economic boom that took place during the mid to late 1960s largely because benefits became more generous.<sup>11</sup>

## Existing Research

What, if not the booming economy, is responsible for the decline in welfare caseloads? A great deal of research has been carried out to analyze this question. In 1999 the Council of Economic Advisers analyzed the decline in welfare caseloads and concluded that the economy was responsible for 10 percent of the decline in registrants between 1996 and 1998. The authors argued that welfare reforms were responsible for approximately one-third of the decline and the remainder was the consequence of other, unnamed factors.<sup>12</sup>

In 1999 the Heritage Foundation released a more detailed study on welfare caseload declines. The authors used multivariate regression analysis to analyze the percentage decline in welfare caseloads in each of the 50 states plus the District of Columbia. They found that there were substantial differences among the states in their policies toward welfare recipients who were not performing mandated work activities. In some states, recipients would lose their entire TANF check at the first instance of nonperformance. In other states, however, recipients could be assured of keeping almost their entire benefit check regardless of their conduct.<sup>13</sup>

The Heritage analysts found that the strength of state sanctioning policies had a major impact on the magnitude of state welfare caseload declines. In general, the larger

caseload reductions occurred in states with more stringent sanctions, and more modest declines took place in states with weaker sanctioning policies. The Heritage study also found that immediate work requirements also led to declines in the number of individuals receiving welfare. Interestingly, however, the authors found that the strength of the economy, as measured by each state's average unemployment rate, did not have a statistically significant impact on caseload declines.<sup>14</sup>

In the summer of 2001 the Manhattan Institute released a study by June O'Neill and M. Anne Hill titled "Gaining Ground? Measuring the Impact on Welfare and Work." That study differed from many of the others because the authors attempted to explain welfare caseload declines using survey data rather than whole-population data. O'Neill and Hill found that the implementation of the TANF program had a negative and statistically significant effect on the probability that a single woman would receive welfare benefits. They also found that the state waivers that preceded TANF had negative effects on welfare participation as well. The authors concluded that welfare reform is responsible for more than half of the decline in the welfare population since 1996.<sup>15</sup>

However, O'Neill and Hill neglected to consider other factors that likely played a role in the caseload declines. For instance, they did not consider the effect of the relative strength of state sanctions on the number of welfare recipients. In addition, while the authors held benefit levels constant in their regression analysis, they did not elaborate on their findings. They also did not state whether they considered only benefits available through TANF or included benefits available to welfare recipients from other programs including the Women, Infants, and Children program, food stamps, and Medicare.

A final study that provides useful insights about welfare caseloads is William A. Niskanen's 1996 *Cato Journal* article "Welfare and the Culture of Poverty." Niskanen used 1992 data to examine the specific impact of welfare benefits on a variety of social pathologies. Holding a variety of demographic, cultural, and

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**The strength of state sanctions may be the most reliable predictor of welfare caseload declines at the state level.**

economic factors constant, he found that increases in AFDC benefits led to statistically significant increases in the numbers of welfare recipients, people in poverty, births to single mothers, abortions, and violent crimes.<sup>16</sup> That article is useful to this analysis because it provides evidence that higher levels of benefits lead to higher welfare caseloads.

Historically, benefit levels have been a politically salient issue. In his 1984 book *Losing Ground*, Charles Murray convincingly argued that increases in welfare benefits, which were legislated during the Great Society period, were largely responsible for the welfare caseload expansion that took place during the mid to late 1960s. According to Murray, before the increase in benefits, a woman facing an unplanned pregnancy had three basic choices. She could give the child up for adoption, get married, or fend for herself. However, when welfare benefits were increased, staying on welfare suddenly became an economically viable option for many unwed mothers.<sup>17</sup> Not surprisingly, welfare caseloads and the number of single-parent families soared.<sup>18</sup> Since the evidence suggests that high welfare benefits led to an increase in welfare caseloads during the 1960s, it seems reasonable that an analysis of benefit levels might help to explain the decline in caseloads during the 1990s.

Overall, previous and current research has identified three major factors that appear to affect fluctuations in welfare caseloads: the strength of sanctions, the performance of the economy, and the level of benefits. In order to determine the impact of each of those factors on welfare caseloads, I use state-level data to examine the effects of each of the foregoing determinants. A comparison of the states should prove fruitful because, during the past five years, states have experienced varying amounts of success in reducing their welfare caseloads. For instance, between August 1996 and August 2000, Wyoming reduced its welfare caseload by 91 percent. Conversely, Rhode Island reduced its caseload by a comparatively modest 22 percent over the same period. In addition, there are variations in the strength of state economies, the level of benefits states

offer, and the stringency of state sanctioning policies. Because different state policies have resulted in different outcomes, a proper analysis of these variables across the states should be able to identify the policies that are the most responsible for the substantial declines in welfare caseloads.

## **Findings**

Previous studies have indicated that the strength of state sanctions may be the most reliable predictor of welfare caseload declines at the state level. Even though the Heritage Foundation dealt with this issue extensively in its 1999 study, the topic is worth revisiting for several reasons. First, the Heritage study examined caseload declines up to June 1998,<sup>19</sup> and more data have been released since that time. Second, data from the U.S. Department of Health and Human Services and the U.S. General Accounting Office indicate that some states have changed their sanctioning policies.<sup>20</sup>

### **Sanctioning Policies**

There are three types of state sanctioning policies:

1. Full family sanctioning: Some states sanction the entire TANF check at the first instance of nonperformance of required work or other activities. This is the strongest sanction a state can apply.
2. Graduated sanctioning: States that do not sanction the entire TANF check at the first instance of nonperformance but will sanction the full TANF check after multiple infractions.
3. Partial sanctioning: Some states sanction only the adult portion of the TANF check, even after repeated infractions. This enables recipients to retain the bulk of their TANF benefits even if they fail to perform workfare or other required activities.<sup>21</sup>

The Appendix to this paper lists the sanctioning policies, the years they were in effect,

and the monthly TANF benefit for the 50 states and the District of Columbia. Table 1 gives the average decline in caseload under the three types of sanctioning policies, as well as variations of those three types.

The results indicate that states with full family sanctions have, on average, experienced larger caseload declines than states with graduated sanctions. In addition, states with partial sanctions have had the least success in lowering their caseloads. Surprisingly, some of the states that changed their sanctioning policies actually showed the largest average caseload declines. However, this particular finding should be discounted because of the small size of the sample.

An analysis of variance test was run to determine whether the differences in mean caseload decline between the categories are statistically significant. The results, shown in Table 2, indicate that the differences in mean caseload decline between the categories do in fact achieve conventional standards of statistical significance. All of these findings are consistent with previous research on this topic.

### Regression Analysis

Previous analysis has shown that other factors, including benefit levels and the strength of the economy, can also affect fluctuations in welfare caseloads. A multivariate regression

analysis was used to determine the combined impact of sanctions, benefits, and the economy on the decline of state welfare caseloads. The regression analysis makes it possible to sort out the effects of each individual variable by holding constant the effects of all other variables. The specific details of the regression analysis are as follows:

- The dependent variable is Caseload Decline. Caseload Decline measures the percentage decline in each state's welfare caseload between August 1996 and August 2000.<sup>22</sup>
- The first independent variable, Income Growth, measures the real growth of state per capita personal income between 1996 and 2000. This is designed to capture the relative strength of each state's economy.<sup>23</sup>
- The second independent variable, Benefits, measures the annual level of TANF cash benefits available in each state in 2000 as a percentage of per capita personal income.<sup>24</sup>
- The next independent variables measure the presence of sanctions for those receiving welfare. StrongSanction measures the number of years between August 1996 and August 2000 that a state had a full family sanction in force.

**States with full family sanctions have, on average, experienced larger caseload declines than states with graduated sanctions.**

**Table 1**  
**Average Welfare Caseload Decline**

Type of Sanction	Decline
Full family sanction for 4 years (12 states)	60.85%
Graduated sanction for 4 years (20 states)	52.17%
Partial sanctions for 4 years (13 states)	40.56%
Full family sanctions for 2 years, partial sanctions for 2 years (2 states)	43.62%
Full family sanctions for 2 years, graduated sanctions for 2 years (2 states)	65.75%
Graduated sanctions for 3 years, partial sanctions for 1 year (1 state)	36.32%
Overall average	51.36%

Sources: Data on sanctioning policies are from U.S. Department of Health and Human Services, "State Implementation of Major Changes to Welfare Policies 1992-1998," <http://aspe.hhs.gov/hsp/Waiver-Policies99/W3JOBSsnet.htm>; U.S. General Accounting Office, "Welfare Reform: State Sanction Policies and Number of Families Affected," March 2000, pp. 44-47; and State Policy Documentation Project, "Summary of State Sanction Policies," [www.spdp.org/tanf/sanctions.htm](http://www.spdp.org/tanf/sanctions.htm). Data on caseloads are from Administration for Children and Families, [www.acf.dhhs.gov/news/stats/caseload.htm](http://www.acf.dhhs.gov/news/stats/caseload.htm).

**States with partial sanctions have had the least success in lowering their caseloads.**

**Table 2**  
**Analysis of Variance Test on Caseload Decline**

	Sum of Squares	df	Mean Square	F	Sig.
Between groups	3521.559	6	586.927	3.029	.014
Within groups	8496.518	44	193.103		
Total	12018.078	50			

MediumSanction measures the number of years between August 1996 and August 2000 that a state had a graduated sanction in force.<sup>25</sup>

that its caseload decline is more than 2.7 percentage points greater than that of a state with a partial sanction. Both of these findings are statistically significant.

The regression results are given in Table 3.

**Interpreting the Results**

The regression results indicate that each state's ability to sanction welfare recipients not performing mandated work activities plays the most important role in determining how much welfare caseloads decline. This finding is consistent with the foregoing analysis. For each year that a state has a full family sanction in place, the regression model shows that the decline in its welfare caseload will be more than 5 percentage points greater than the decline in a state with a partial sanction. Similarly, for each year a state has a graduated sanction in place, the regression model shows

These results are again broadly consistent with the results of the Heritage Foundation's 1999 study, which examined caseload fluctuations for a year and a half and demonstrated that more stringent sanctions resulted in larger caseload declines. The results of this regression also strengthen Heritage's original finding in two important ways. First, this study shows that the relationship between sanctions and caseload declines is not a short-term phenomenon. Examination of caseload declines for four years demonstrates that the relationship between caseload declines and sanctions is stable over a longer time period. Second, this study is able to take into account the fact that some states changed their sanctioning policies in 1998 and 1999, which adds strength to the analysis.

**Table 3**  
**Regression Results on State Welfare Caseload Decline**

Variable	Unstandardized Coefficients	Std. Error
Constant	37.976	8.548
StrongSanction	5.230	1.507
MediumSanction	2.857	.983
Benefits	-.480	.298
Income Growth	1.166	.500

Adjusted R Square = .291    Standard Error of Estimate = 13.0530

Figure 1 shows the impact of sanctions. It shows how the various sanctioning policies influence the percentage decline in state welfare caseloads in a hypothetical state with average real income growth (9.18 percent) and average TANF benefits as a percentage of state per capita personal income (16.81 percent). Figure 1 also indicates that the caseload will decline 61.54 percent in four years under a strong sanction, 52.04 percent under a medium sanction, and 40.62 percent under a weak sanction.

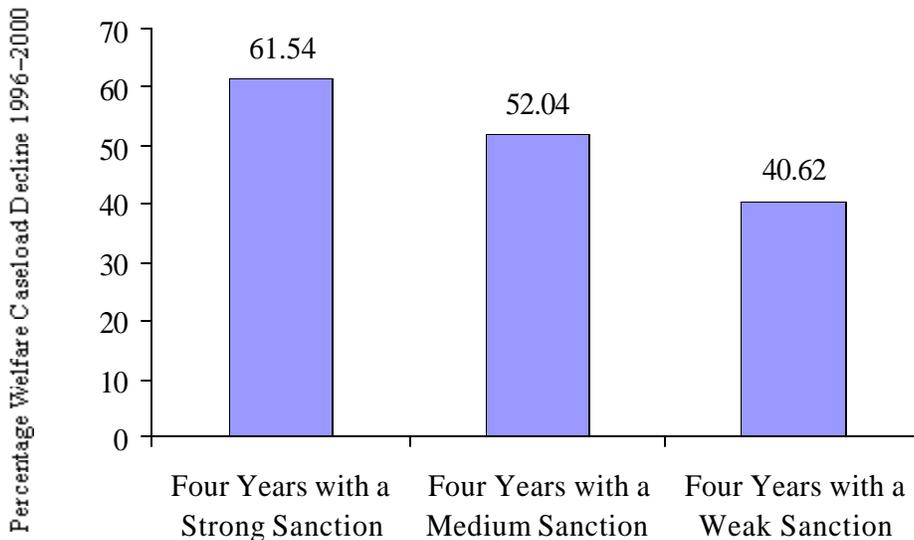
Sanctions are not the only variable that has an impact on welfare caseload declines. The economy also has an effect, though its impact is considerably less. The regression model estimates that, for each percentage point increase in real per capita personal income between 1996 and 2000, welfare caseloads declined by an additional 1.166 percentage points. Those results are generally consistent with the Council of Economic Advisers' study, which found that the economy was responsible for part of the decline in

welfare caseloads. Conversely, the results are at odds with the Heritage Foundation's findings that the economy had no statistically significant impact on caseload fluctuations. However, since most states experienced fairly similar rates of economic growth between 1996 and 2000, little of the actual variation in caseload declines can be attributed to the economy. In fact, the real per capita income growth rate for the state at the 25th percentile is only four percentage points less than the real per capita income growth rate for the state at the 75th percentile.

Figure 2 shows the impact of different rates of per capita personal income growth on welfare caseloads. The regression equation was used to show how fluctuations in personal income growth influence the percentage decline in the welfare caseload in a hypothetical state with a medium sanction and average TANF benefits. Caseloads in states with below-average economic growth (25th percentile, 7.00 percent) decline 49.50 percent; in states with average economic

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**Figure 1**  
**Estimated Welfare Caseload Declines in a State with Average Real Income Growth and an Average TANF Benefit**



**States that offered relatively low TANF benefits enjoyed more success in reducing their welfare caseloads.**

growth (50th percentile, 8.63 percent) they decline 51.40 percent; in states with above-average economic growth (75th percentile, 11.23 percent) they decline 54.43 percent.

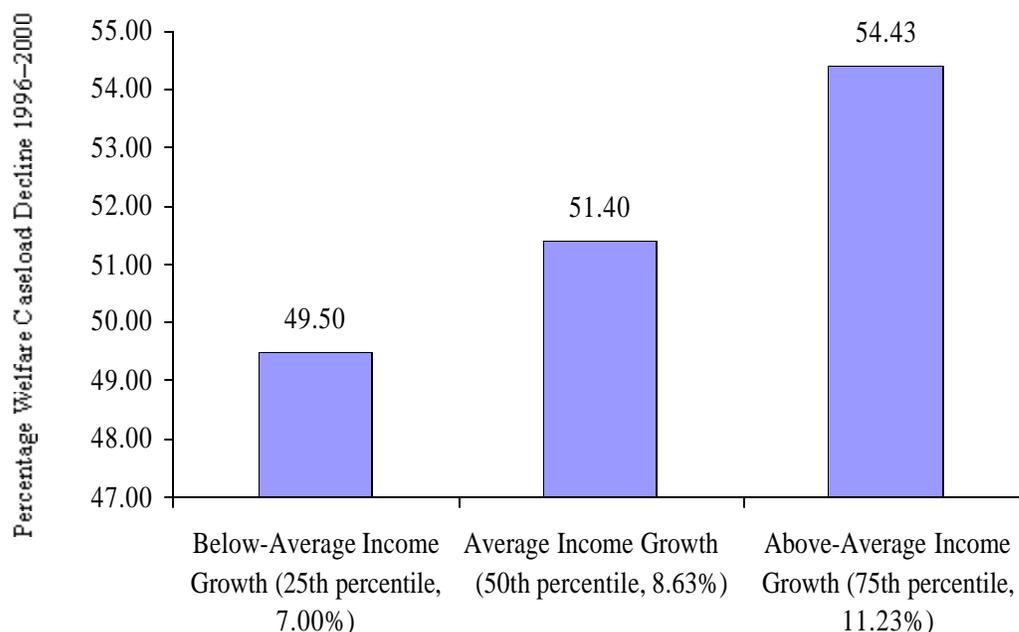
Figure 2 indicates that the economy had only a marginal impact on welfare caseload declines. The difference in caseload decline between a state with a strong economy and a state with a weak economy was less than five percentage points. Conversely, Figure 1 indicates that differences in sanctioning policy could lead to differences in caseload decline that exceeded 20 percentage points. That indicates that other factors besides the economy are largely responsible for the dramatic decline in welfare caseloads that has taken place over the past five years.

The final factor that the regression model considers is the level of TANF benefits. Although benefits did not have as strong an impact as sanctions, they had an impact nonetheless. The results indicate that states that offered relatively low TANF benefits enjoyed more success in reducing their wel-

fare caseloads. Specifically, if TANF benefits were reduced by 1 percent of state per capita personal income, the regression model estimates that welfare caseloads would decline by .480 percent. That finding approaches conventional standards of statistical significance. This result is consistent with expectations. High cash benefits increase the attractiveness of welfare and create a disincentive to leave the welfare rolls, even with the sanctions and work requirements of TANF. Conversely, low benefits increase the attractiveness of work relative to welfare and give welfare recipients a greater incentive to leave the welfare rolls.

Surprisingly, however, benefit levels have gone largely unexamined in the policy literature on caseload declines. Niskanen demonstrated that benefit levels have an effect on caseloads. Unfortunately, the Heritage Foundation and the Council of Economic Advisers all but ignored TANF benefit levels in their studies. O'Neill and Hill held benefit levels constant in their regression analysis,

**Figure 2**  
**Estimated Welfare Caseload Declines in a State with a Medium Sanction for Four Years and an Average TANF Benefit**



but they did not report their findings. Even though benefit levels have received little attention from policy analysts in recent years, they merit serious attention in future debates about welfare reform.

## Conclusion

Welfare reform was one of the leading public policy stories of the 1990s. Since Congress enacted welfare reform in 1996, the number of people who are receiving welfare has been cut by nearly 60 percent, and both poverty and hunger have declined.<sup>26</sup> That has attracted a great deal of attention, and many scholars have attempted to explain the cause of the large declines in welfare caseloads.

Some states experienced considerably larger caseload declines than others. As a result, many studies analyzing the success of welfare reform have paid close attention to program differentiation among the states. Those studies have presented a number of important insights about the reasons why welfare caseloads have declined so sharply in the aftermath of reform. However, shortcomings are evident in many of the studies.

Prior analyses of welfare reform indicate that there are three factors that influence welfare caseload fluctuations: the strength of sanctions, the level of benefits, and the strength of the economy. However, all of the studies cited omit one or more of those factors from their analysis. In addition, since many

studies consider caseload declines over a limited period of time since the passage of reform, they are unable to distinguish between policies that cause short-term fluctuations and those that lead to long-term declines.

This study breaks new ground in two ways. First, the use of multivariate regression analysis makes it possible to simultaneously consider the impact of the economy, sanctions, and TANF benefits and to determine which of those factors has had the most impact. Second, although many other studies consider caseload declines for a short period of time after reform, this study tracks declines for four years. Using a longer time frame increases the certainty that the various factors are having a long-term impact on caseloads and are not simply causing a temporary decline.

The most important finding is that the strength of state sanctioning policies had the largest impact on caseload declines between 1996 and 2000. The other variables that are considered, the strength of the economy and TANF benefit levels, achieve statistical significance, but their impact on caseload declines is considerably less than the impact of sanctioning policies. To demonstrate, the regression model estimates that differences in sanctioning policies could result in a 20 percentage point difference in caseload declines. Conversely, holding other factors constant, the model estimates that the difference in caseload decline between a state with a strong economy and a state with a weak economy is only about five percentage points.

**Benefit levels merit serious attention in future debates about welfare reform.**

## Appendix: State Sanctioning Policies and TANF Benefits

State	Years with Full Family Sanction	Years with Graduated Sanction	Years with Partial Sanction	Monthly TANF Benefit
Alabama		1996–2000		\$164
Alaska			1996–2000	\$923
Arizona		1996–2000		\$347
Arkansas	1996–1998		1998–2000	\$204
California			1996–2000	\$565
Colorado		1996–2000		\$356
Connecticut		1996–2000		\$636
District of Columbia			1996–2000	\$379
Delaware		1996–2000		\$338
Florida	1996–2000			\$303
Georgia		1996–2000		\$280
Hawaii	1998–2000		1996–1998	\$570
Idaho	1996–2000			\$276
Illinois		1996–2000		\$377
Indiana			1996–2000	\$288
Iowa	1998–2000	1996–1998		\$426
Kansas	1996–2000			\$429
Kentucky		1996–2000		\$262
Louisiana		1996–2000		\$190
Maine			1996–2000	\$418
Maryland	1996–2000			\$388
Massachusetts		1996–2000		\$565
Michigan		1996–2000		\$459
Minnesota			1996–2000	\$532
Mississippi	1996–2000			\$120
Missouri			1996–2000	\$292
Montana			1996–2000	\$450
Nebraska	1996–2000			\$364
Nevada		1996–2000		\$348
New Hampshire			1996–2000	\$550
New Jersey		1996–2000		\$424
New Mexico		1996–2000		\$389
New York			1996–2000	\$577
North Carolina		1998–2000	1996–1998	\$272
North Dakota		1996–2000		\$490
Ohio	1996–2000			\$362
Oklahoma	1996–2000			\$292
Oregon		1996–2000		\$460
Pennsylvania		1996–2000		\$421
Rhode Island			1996–2000	\$554
South Carolina	1996–2000			\$201
South Dakota		1996–2000		\$430
Tennessee	1996–2000			\$185
Texas			1996–2000	\$188
Utah		1996–2000		\$426

State	Years with Full Family Sanction	Years with Graduated Sanction	Years with Partial Sanction	Monthly TANF Benefit
Vermont		1996–1999	2000	\$656
Virginia	1996–2000			\$354
Washington			1996–2000	\$546
West Virginia		1996–2000		\$253
Wisconsin	1996–2000			\$628
Wyoming	1998–2000	1996–1998		\$340

Sources: Data on sanctioning policies are from U.S. Department of Health and Human Services, “State Implementation of Major Changes to Welfare Policies 1992–1998,” [aspe.hhs.gov/hsp/Waiver-Policies99/W3JOBSsnct.htm](http://aspe.hhs.gov/hsp/Waiver-Policies99/W3JOBSsnct.htm); U.S. General Accounting Office, “Welfare Reform: State Sanction Policies and Number of Families Affected,” March 2000, pp. 44–47; and State Policy Documentation Project, “Summary of State Sanction Policies,” [www.spdp.org/tanf/sanctions.htm](http://www.spdp.org/tanf/sanctions.htm). Data on TANF benefits are from U.S. House of Representatives, Committee on Ways and Means, *2000 Green Book: Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means*, [aspe.hhs.gov/2000gb/sec7.txt](http://aspe.hhs.gov/2000gb/sec7.txt)

Note: The author wishes to thank the Fraser Institute, Vancouver, B.C., for its able assistance in compiling the data set.

## Notes

1. Lisa Oliphant, "Four Years of Welfare Reform: A Progress Report," *Cato Institute Policy Analysis* no. 378, August 22, 2000, p. 2.
2. "Welfare As They Know It," Editorial, *Wall Street Journal*, August 29, 2001, p. A14.
3. U.S. Bureau of the Census, *Poverty in the United States 1999*, Current Population Reports Series P60-210 (Washington: U.S. Government Printing Office, 2000), p. B2.
4. Margaret Andrews et al., "Household Food Security in the United States, 1999," U.S. Department of Agriculture, Economic Research Service, 2000, p. 3.
5. Data on caseloads obtained from Administration for Children and Families, [www.acf.dhhs.gov/news/stats/aug-dec.htm](http://www.acf.dhhs.gov/news/stats/aug-dec.htm).
6. Stephanie Ventura and Christine Bachrach, "Nonmarital Childbearing in the United States 1940-1999," *National Vital Statistics Reports* 48, no. 16 (October 18, 2000): 1-2.
7. Quoted in Blaine Harden, "Two Parent Families Rise after Change in Welfare Laws," *New York Times*, August 12, 2001.
8. "Welfare As They Know It."
9. *Ibid.*
10. In 1983, 10.9 million individuals were receiving AFDC; by 1989, 12.1 million individuals were receiving AFDC. That is a caseload increase of 11 percent. U.S. Bureau of the Census, *Statistical Abstract of the United States: 1992* (Washington: Government Printing Office, 1992).
11. "Welfare As They Know It."
12. Council of Economic Advisers, "The Effects of Welfare Policy and the Economic Expansion on Welfare Caseloads: An Update," August 3, 1999, executive summary, p. 1.
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14. *Ibid.*, p. 6.
15. June O'Neill and M. Anne Hill, "Gaining Ground: Measuring the Impact of Welfare Reform on Welfare and Work," *Manhattan Institute Civic Report* 17, July 17, 2001.
16. William Niskanen, "Welfare and the Culture of Poverty," *Cato Journal* 16, no. 1 (Spring-Summer 1996).
17. Charles Murray, *Losing Ground* (New York: Basic Books, 1984), pp. 154-66.
18. *Ibid.*, pp. 244, 263
19. Rector and Youssef, p. 1.
20. U.S. Department of Health and Human Services, "State Implementation of Major Changes to Welfare Policies 1992-1998," <http://aspe.hhs.gov/hsp/Waiver-Policies99/W3JOBSSnct.htm>; and U.S. General Accounting Office, "Welfare Reform: State Sanction Policies and Number of Families Affected," March 2000, pp. 44-47.
21. The names of the categories of sanctions are taken from *ibid.*
22. Caseload data that are exactly four years apart are used to ensure that regional seasonal variation in caseloads does not bias the findings
23. Data are from Bureau for Economic Analysis, <http://www.bea.doc.gov>.
24. Data on monthly TANF benefits are from U.S. House of Representatives, Committee on Ways and Means, *2000 Green Book: Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means*, <http://aspe.hhs.gov/2000gb/sec7.txt>. This variable is in the form of a ratio to account for the differences in the cost of living between states.
25. Data on sanctioning policies are from U.S. Department of Health and Human Services; U.S. General Accounting Office; and State Policy Documentation Project, "Summary of State Sanction Policies," [www.spdp.org/tanf/sanctions.htm](http://www.spdp.org/tanf/sanctions.htm).
26. However, many of the people who have left the welfare rolls are still dependent on various transfer programs; the challenge of transition to self-sufficiency has not yet been met. See Oliphant.

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