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A Matter of Effectiveness: Understanding the Relationship between
Temporary Assistance for Needy Families (TANF) Funding and Self-Sufficiency

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a thesis submitted to the Faculty of Emory College of Arts and Sciences
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Abstract

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This paper seeks to analyze current welfare programs and evaluate the associated welfare and poverty outcomes. It assumes that the choices that states make, both monetary and non-monetary benefit initiatives, regarding their block grant funding are likely to have important consequences that affect how poverty is addressed and poverty alleviation policies are implemented. Through examining the factors that directly contribute to poverty, this paper hypothesizes that TANF programs that seek to make work pay—ultimately make it more profitable for a TANF recipient to work than to live off of welfare—are more likely to decrease the instance of poverty in US states. By comparing the policy packages implemented in each state to the changes in the number of people below the poverty line in each state, this study found that work support spending does not significantly impact the poverty rate, but the work support variable was shown to have significantly impacted the unemployment rate, both alone and when combined with TANF generosity dimensions. This indicates that the capacity for employment of the impoverished is not an isolated issue in welfare spending and that, because increased jobs are not reducing poverty, there may be a lack of quality work opportunities available for recipients of work support funding.

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Introduction

This paper will analyze current welfare programs and evaluate associated welfare policy outcomes related poverty in the American states. It will examine the factors that directly contribute to poverty in order to assess which TANF programs are most likely to effectively reduce poverty. The variation in TANF programs, as well as significant variation in poverty rates, suggest a plausible connection between each state's approach to addressing welfare and poverty outcomes. The choices that states make regarding their TANF block grant funding are likely to have important consequences that affect how poverty is addressed and poverty alleviation policies are implemented. While monetary benefits include the aforementioned basic assistance cash benefit reductions that have been trending since 2001, non-monetary benefit initiatives include exemptions for single-parent heads that are above a certain age, caring for an ill or incapacitated person, working in an unsubsidized job, caring for a child of a certain age, or in a specific month of pregnancy. States exercise significant control over the degree of generosity or restrictiveness of their TANF requirements.

The Evolution of Temporary Assistance for Needy Families (TANF)

Before former President Bill Clinton's 1996 welfare reform, families deemed impoverished in the US received entitlements in the form of benefits from several social welfare programs. These entitlement programs included Aid to Families with Dependent Children (AFDC) cash benefits, food stamps, and Medicaid. As conservatism in the US grew in the late 1980s, the general notion of collective responsibility that formed the foundation of these entitlements faded. A new national theory of personal responsibility, individual behavior, and a decrease in government size became pervasive. This shift in public opinion, in combination with the highly criticized welfare state and associated policies, left Bill Clinton with little choice but to reform welfare in a direction that aligned with the temperament of the country. In order to frame the new welfare benefits program in a manner that was palatable for the new conservative center, entitlements for AFDC were eliminated, benefits were designed to be temporary, and states were given increased discretion in spending. The role of the new welfare system was not intended to fund a US welfare state, but rather to help employ the impoverished and move families to self-sufficiency.

Temporary Assistance for Needy Families (TANF) was implemented as Clinton's welfare benefits program to replace AFDC benefits under the umbrella of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). In his book *Ending Welfare as We Know it*, R. Kent Weaver explains "rising rates of out-of-wedlock births and family breakup" led to an increased number of AFDC benefit recipients, but federal funding did not maintain proportionality (Weaver 2000, 55). It was difficult to remove recipients from the rolls once they began to receive benefits, and not only were benefits inadequate, but they were also inconsistent across states and spawned backlash from conservatives who thought recipients were being incentivized to avoid work (Weaver 2000, 56). Previous attempts to reform welfare from within the AFDC framework included increasing incentives for recipients to work by reducing the benefit decrease that was contingent upon income. These efforts were ultimately deemed unsuccessful as caseloads continued to rise (Sawhill, Weaver, Haskins, and Kane 2002).

Title I of PRWORA established that TANF would replace AFDC under federal law. TANF is funded through block grants to states and was intended to provide flexibility to the states in designing their welfare programs (Weaver 2000, 107). PRWORA also included a provision that assured there is no individual or family entitlement to assistance under any state program (PRWORA 1996, Sec. 103), thus providing states with unprecedented freedom to design their welfare policy packages. While then-President Bill Clinton did originally advocate for certain state flexibility, the expanded state discretion allowable under block grants and the lack of entitlements gave states extreme discretion in limiting the availability of benefits and declaring eligibility periods that were shorter than the federal time limit.

The reforms to AFDC that accompanied TANF enable states to limit availability and generosity of benefits. The federal government distributes block grants under TANF that total $16.5 billion per year, and requires the states "to maintain a certain level of *state* spending [Maintenance of Effort (MOE) funds]… based on a state's level of spending for AFDC and related programs prior to its conversion to TANF in 1996" (Schott, Pavetti and Finch 2012). This block grant system allows for individual states to ultimately choose where to focus their TANF funding, thus yielding extreme variability in combinations of policies and policy restrictiveness. According to the Center on Budget and Policy Priorities (CBPP), the number of states that spend less than 25 percent of their TANF and MOE funding on basic assistance more than doubled between 2001 and 2011. In this time period, the number of states spending under 10 percent of their TANF and MOE funding on work-related activities rose from 15 to 23 percent. In the spending category of childcare, certain states spent over 40 percent of their funding, while 21 states spent under 10 percent in this area (Schott, Pavetti, and Finch 2012).

This extreme variability is attributable to the federal government's loose guidelines for TANF spending and minimal regulatory measures. The federal government requires that spending fall into one of the four official federal TANF goals: to assist needy families so children can be cared for in their own homes or the home of relatives; to reduce the dependency of needy parents by promoting job preparation, work, and marriage; to prevent out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and to encourage the formation and maintenance of two-parent families (Schott, Pavetti, and Finch 2012). This broad framework also highlights the lack of precision within TANF's goals. While the intended welfare program outcomes are explicit, the actual programs meant to achieve TANF objectives are left unspecified. States vary in their choices regarding how to most efficiently address poverty, but there is a difference between choosing to address a TANF goal with a unique or innovative program, and manipulating the block grant system to use federal funds to fill social welfare gaps at the state level.

States defend their choices to decrease spending in certain areas, often in an attempt to receive the benefits associated with statistically decreasing caseloads. States are able to remove TANF recipients from the rolls if they fail to comply with employment regulations. They also have the ability to place time limits on exemptions, declare the threshold for maximum earnings an applicant can retain and still be eligible for a benefit, decide the stringency of income eligibility test for applicants, choose the maximum value of assets recipients may have, decide how often recipients can receive the maximum welfare payments, and decide the incentives and limits for many other dimensions of welfare benefits.

This devolution of power to the states undermined Clinton's original advocacy for strong federal-state relations in the policy area of welfare. Clinton sought a strong federal presence in welfare policy in order to provide his administration with some accountability for citizen tax dollars and to fulfill the constitutional guarantee to protect vulnerable children. A brutal legislative battle left TANF with far fewer required federal regulations than originally intended. The political climate during Clinton's attempt to reform welfare was shaped by the controversy and negative perceptions of recipients that surrounded the overall failure of AFDC benefits that many claimed fostered dependency on the federal government, left families destitute, or was anti-family (Sawhill, Weaver, Haskins, and Kane 2002). This climate accompanied the rise of conservatism and President Reagan's influence in America. In his book *Age of Fracture,* Daniel Rodgers explains that American notions of national consensus, government-managed markets, and the obligations of citizens to contribute to their nation withered in favor of market-based solutions, individual responsibility, and general fracture in the community (Rodgers 2011). When Clinton entered office, he faced a general public that demanded reform and a liberal constituent base for which Clinton was their only choice.

In the bill Clinton proposed as part of his 1997 fiscal budget, recipients of welfare benefits must have obtained work in two years and cash benefits end after five. Clinton's bill also asserted minor mothers must live at home and go to school, child support must be legally enforceable, and children must be protected by State backing in case of economic downturn. Clinton's original proposal was too liberal for Republicans in the House and Senate to even consider. The floor was opened to other welfare reform proposals, as Clinton would have to make something work in order for him to fulfill his campaign promise. Clinton vetoed a Senate Bill proposed as part of the Seven Year Balanced Budget Reconciliation Act of 1995 in December 1995 and the stand alone provision, H.R. 4 in January 1996 (Committee of Ways and Means 1996, 3).

Representatives E. Clay Shaw, Jr. (FL-R), Jim Talent (MO-R), and Steve LaTourette (OH-R) sponsored the Family Self-Sufficiency Act (H.R. 4) in January of 1995. H.R. 4 was a conservative act meant to reduce illegitimacy and teen pregnancy by decreasing cash welfare and related programs. The House passed the bill (234-199) on March 3, 1995 and the Senate passed it (87-12) on September 19, 1995. Clinton vetoed the bill for doing "too little to move people from welfare to work."

In the wake of many failed attempts to reform welfare and the consequent growing impatience of the nation, the House Committee of Ways and Means met in a hearing to discuss welfare reform for two days, May 22 and 23, 1996, in order to finally track the welfare reform attempts and create a final bill because the current system "causes more problems then it solves" (Committee of Ways and Means 3). In her written statement for the hearing, Assistant Secretary for Children and Families, Dr. Mary Jo Bane explains that the National Governors Association (NGA) proposed modifications to the H.R. 4 bill that Clinton vetoed (Committee of Ways and Means 1996, 16-17). The NGA proposal sought to add $4 billion for childcare, increase child support enforcement, create a separate funding stream for bonuses, and modify work requirements like state discretion on flexibility in hours (for example for part-time work for mothers with pre-school aged children). The NGA proposal also included certain provisions from the Senate passed bill: exemptions from time limit, state discretion on family cap, and requirements that teen mothers live at home and stay in school, and eliminate the nutrition block grant for children, as the program must be able to respond to economic changes and sustain national nutrition standards (Committee of Ways and Means 1996, 17). This is an example of where Clinton believed power had to remain somewhat centralized in the federal government because welfare remained the prime venue through which he could further the constitutional guarantee to promote general welfare in the US. The NGA provisions also sought to eliminate immigrant provisions and provide additional contingency funds based on state caseload.

Though Clinton supported many of the NGA modifications, his original goals reflected even more reform (Committee of Ways and Means 1996, 17-18). Clinton opposed several specific provisions in the NGA's proposal, as well. Bane cites the ability of states to transfer up to 30% of their TANF block grant to other programs, the lack of a provision that ensures the safety and health of children, the lack of a provision that requires some objective criteria through which states must deliver fair and equitable benefits, block grants in child welfare, food stamp block grants—as they would weaken national standards, and the cutoff from food stamps for those who cannot find a job after four months as elements of welfare reform that would only weaken the quality of assistance and leave the most vulnerable even more marginalized (Committee of Ways and Means 1996, 17-18).

In May 1996, Clinton clearly had significant reservations about the Republican version of the welfare reform bill and the NGA proposal, and thus supported a different bill altogether, the Castle-Tanner version, as his foundational bill. According to Bane, the Clinton administration supported the Castle-Tanner bipartisan compromise bill, as it assured recipients would be treated more "fairly and equitably" than H.R. 4 or the NGA bill (Committee of Ways and Means 1996, 18). This version would provide an additional $3 billion to promote work activities, maintain health and safety protection for children, allow for the expansion of contingency funding under poor economic conditions, strengthen maintenance-of-effort requirements, seek to address the recurring implementation problem, require personal responsibility plans for AFDC recipients, include a modest attempt to stave off "out-of-wedlock teen pregnancies," and maintain a safety net for the most vulnerable children. Senator Benjamin Cardin (MD-D), Representatives Lewis Payne (VA-D), Eva Clayton (NC-D), Steny Hoyer (MD-D), Vic Fazio (CA-D) and many others spoke in favor of the Castle-Tanner bill even on the day of the vote for the majority proposal (Welfare and Medicaid Reform Act 1996). Many Democrats criticized Shaw's bill for failing to provide adequate funds for "serious work requirements," and shredding the safety net meant to protect children (Welfare and Medicaid Reform Act 1996). Clinton signed this bill, though many legislators of his own party did not support it. Rising conservatism in the nation, and the weakening effect this had on the liberal coalition's voice, highlighted the importance of timing and its influence on the legislation. When Democratic Leadership Council (DLC) Democrats pressured Clinton to accept welfare on almost any terms, Republicans were able to exploit that opportunity and fight for "almost any" provisions they sought.

Under TANF, the requirement for recipients of program assistance to be employed within two years is subject to state discretion, with the federal regulation only demanding that the steps taken are "reasonable" (PRWORA 1996, Sec. 402). The ambiguous nature of the "reasonable" standard has enabled wide variation across the states both in their policy choices, as well as in their implementation strategies. In describing the methods of legislation formulation as a technical process, James Anderson explains that "laws and rules must be written skillfully and specifically, because once they are in effect, those who seek to bend the rules will find loopholes in the technicalities or language" (Anderson 2011, 113). The ban on individual entitlements specifically asserts that the provision may not be interpreted in any way other than a ban on individual entitlements in every state. The vagueness of federal block grants to states is also intentional, assures considerable state discretion, and reflects a strong conservative influence and the pen of the authors, Republican House Representative Shaw, Jr. and his party.

As mentioned, this paper will analyze current welfare programs and evaluate associated welfare policy outcomes related to poverty in the American states. An analysis of the policies each state has implemented between 1998 and 2008 will examine the key determinants of state approaches to social welfare policy and further examine how—if at all—variations in state policy choices are related to variations in poverty outcomes. A separate analysis of the factors that contribute to poverty has allowed me to construct a hypothesis that identifies the combination of welfare programs I believe will likely have the most significant impact on actual poverty outcomes. The paper's final analysis will compare the generosity of each state's policy packages to poverty outcomes in each state. I will use a panel regression model with fixed effects to test the hypothesis by comparing the policy packages implemented in each state to changes in the number of people below the poverty line in each state. This analysis will seek to determine which policies have the strongest effects on reducing poverty.

The current measure of TANF's success is based upon the decline in welfare caseloads (Sawhill and Haskins 2002, 111). While this measurement technically indicates the decline in needy family reliance on the public assistance, it fails to acknowledge actual need and the quality of life for poor families whose assistance has been reduced or eliminated. The CBPP attributes the trend that "TANF caseloads [are] going down while poverty is going up" to "a much smaller share of poor families receiv[ing] cash assistance from TANF than they did prior to welfare reform" (Chart Book 2012). Block grants have given states discretion in welfare spending, but this discretion has clearly failed to yield the intended result of decreasing poverty. Instead, reform has eliminated recipients from the rolls regardless of their continued poverty status if they fail to meet the eligibility, time limits, or employment standards of their particular state.

Targeted welfare programs and other policies meant to address the impoverished are failing to reach their intended audiences and realize their intended goals. Sawhill and Haskins (2002) assert that only a quarter of minimum wage earners live in poor families, time limits counterintuitively discourage work, and food stamps are administered in such a way that less than half the families leaving welfare receive their entitled benefits. Similarly, child care programs do not fully meet a working mothers' need for care, as only 12% of children potentially eligible for child care block grant funding actually receive benefits, and education and training programs must be better integrated with employers and the community (Sawhill and

Haskins 2002, 110-114). TANF block grants and funding may be able to be directed toward specific programs that have demonstrated tangible positive outcomes for needy families if the research is done to identify said outcomes.

Redistribution of TANF funding may be able to provide increased educational opportunities for disadvantaged children, create contributing citizens, reduce crime, and significantly weaken the cycle of poverty. This research must be done because the current block grant system employed under TANF provides flexibility in spending that appeals to states, yet enables the inconsistent and potentially ineffective allocation of funding. In order to influence, and more specifically, mandate, spending in certain areas and programs, there must be evidence of proven tangible benefits. This paper seeks to determine the generosity level and benefit breakdown of the TANF welfare policy package that most effectively reduces actual poverty.

Theory: Poverty Framework

America is the wealthiest nation in the world, but has one of the highest rates of poverty in the Western world. Mark Rank attributes this paradox to a widespread misunderstanding of the "nature, causes, and solutions to poverty" in America (Rank 2005, 17). Galbraith explains that this misunderstanding has been perpetuated by the American tendency to define poverty as a culmination of individual failings in order to match America's preferred policy solutions that focus on personal responsibility (1986, 36). The way a political issue is framed is critical to how the issue is formally addressed (Schneider and Ingram 1997), so Rank and Galbraith's notion that we are defining poverty based on how we seek to address is deeply problematic.

As discussed, Rodgers explains in his book *Age of Fracture* that American notions of national consensus, government-managed markets, and collective national responsibility withered in favor of market-based solutions, individual responsibility, and general fracture

(2011). The neoliberal ideologies that began to permeate the American political spectrum in the 1990s blurred conservative and liberal ideological lines. People began to focus on "the American dream" as achievable for any individual who put in the work. The issue of poverty was slowly reframed (O'Connor 2002). The public asserted that the cause of poverty was a result of individual failure, and thus the solution must address individual failings (Mithaug 1996, 17).

Both conservatives and liberals in America have conceptualized poverty within a framework of individual blame and personal responsibility. Rank (2005) calls the conservative neoliberal interpretation of poverty the "old paradigm," and indicates the need for a reframing of the issue. Though conservatives and liberals appear to have embraced the personal accountability approach to addressing poverty, the details of their policies differ. The conservative version of the old paradigm is characterized by poorly designed social welfare programs that perpetuate destructive behavior (Murray 1984, 9). Charles Murray explained this welfare paradigm as one in which it was profitable for welfare recipients to engage in destructive behavior like out-of-wedlock childbearing in order to maintain the short-term welfare benefits (Grogger and Karoly 2005, 18). The liberal version of the old paradigm focuses on the lack of individual skills, training, and education found among the impoverished (Schiller 2004). According to Bradley Schiller, this version emphasizes the inadequate human capital of the poor and blames impoverishment largely on demographic attributes of the impoverished (Schiller 2004).

In both cases, the preferred policies discount the need for collective responsibility. Cash assistance as a tool for addressing poverty has steeply declined in popularity since the 1970s, in large part because of the ability of states to allocate federal funds to other categories of assistance under the TANF block grant system (Schott, Pavetti, and Finch 2012). Welfare supports have transformed from primarily cash assistance to supports meant to aid the transition of the poor into the workforce. Variation in ideological factors, political cultures, economic histories, and even physical environments between states has led to extreme variation in state policies. Proponents of the old paradigm argue that states are motivated to reduce cash assistance because, while it may lead to immediate basic benefits, it fails to promote sustained removal from the welfare rolls. This reasoning serves to rationalize both the conservative and liberal old paradigm approaches to poverty, though the policy implications differ. The argument is rooted in the idea that effective assistance is allocated more directly to programs that seek to move recipients into the workforce. Old paradigm proponents neglect, however, the damages associated with the dramatic weakening of the welfare safety net. While moving recipients into the workforce is imperative to achieve sustained removal from the rolls, deterioration of the cash assistance safety net often leaves recipients in desperate situations as the economy fluctuates (Trisi and Pavetti 2012). When recipients fail to have their basic needs provided for by a welfare safety net, they lose the flexibility to attain the training and skills necessary for sustaining skilled employment (Shipler 2004, 138).

While the old paradigm allows for flexibility within its framework—so the US welfare system is constantly being reformed and analyzed—Rank contends that alterations within an unsound framework will not change the system enough to significantly improve the plight of the impoverished (2005, 26). Rank calls the approach to welfare that reflects "a fuller appreciation of the meaning of poverty" and addresses the structural components of poverty in a more holistic way the "new paradigm." Rank, Yoon, and Hirschl (2003) identify these structural components as the "the lack of sufficient jobs in the economy to raise families out of poverty or near poverty…the high rates of U.S. poverty as a result of the ineffectiveness of the social safety net; and the systemic nature of poverty as indicated by the life course risk of impoverishment experienced by a majority of Americans." The new paradigm is based on this claim that poverty can be attributed to the US' lack of jobs, ineffective safety net, and the almost inescapable cycle of poverty. The cycle of poverty stems from a history of discrimination and policies that include economic factors like inequitable distribution of resources; political factors like governance influenced by profit; social factors like social exclusion based on gender, class, ethnicity and destructive societal norms; and environmental factors like propensity for human diseases (McCaston and Rewald 2005).

The new paradigm is contingent on the acceptance that poverty in the US is structural, not the result of individual behavior, and there is a lack of opportunities in America to sustain a livelihood for all (2005, 26). Rank contends that acknowledging this distinction will change the way Americans conceptualize and consequently behave toward poverty and the impoverished (2005, 26). The lack of education and skills that characterize the poor is systematically keeping them away from real and viable opportunities (Rank, 2005, 26). Increasing numbers of workers are employed in low-paying jobs, part-time jobs, and jobs without benefits, and there are far fewer safety net or supplemental resources in the US than in other Western industrialized countries (Smeeding 2006, 75).

Rank does not claim that America's conceptual approach to poverty and welfare is the only factor that significantly affects the impoverished. He attributes substantial decreases in US poverty to broad economic performance, but contextualizes this success as the result of factors that ground the new paradigm. Rank argues that strong economic performance expands the economy and thus makes more opportunities available for citizens (Rank 2005, 31). Patterson strengthens Ranks claim that increased economic activity decreases poverty by explaining that expanded Social Security in the 1960s and 1970s led to decreased poverty rates among the elderly, where shrinking children's programs over the past 25 years has led to increased poverty rates among children (2000).

For Rank, the new paradigm must focus on expanding available opportunities and refrain from blaming individuals. Rank (2005) recommends addressing poverty within the new paradigm by assuring work pays, providing access to social goods like health care and good education, and encouraging individual asset building through policy (46). His theory corroborates Amartya Sen's conceptualization of poverty as the "deprivation of basic capabilities" (1999, 87). For both Rank and Sen, those in poverty are experiencing the condition of poverty, and that condition is stressful and sometimes desperate. Their conception that there is a "distinction between the condition of poverty and the poor themselves" is central to a true understanding of the new paradigm (Rank 2005, 48) Rank argues that "poverty represents a state of extreme economic and social deprivation" and the set of experiences associated with this condition often begets continued poverty and continued experience with deprivation (Rank 2005, 48). He explains the impoverished as people who are experiencing the condition, and essentially argues that the experiences associated with the condition of poverty must be ameliorated in order to elevate the impoverished (Rank 2005, 48).

Where Rank (2005) sees the condition of poverty as "undeserved and unwarranted," and completely attributable to "the lack of economic opportunities and social supports," found in the US (39), there may be a balance between the old and new paradigms that demands elements of broader institutional support, as well as reasonable standards of accountability. The legitimate need to address structural deficiencies and inequalities does not mitigate the obligation for individuals to assume a realistic degree of personal responsibility and to act constructively.

If Rank is correct, that structural barriers are a major determinant of poverty, then the most effective allocation of TANF funds will likely require a diverse array of policies that encourage individual participation and address structural deficiencies. It will likely reward positive behavior, like sustaining employment, and impose some punitive measures in the egregious absence of such positive individual behavior. The most successful programs will likely limit structural barriers to increase capabilities and opportunities, as well as motivate and require constructive individual decision-making and behavior.

Theory: Underlying Factors of the "New Paradigm"

While poverty is found among different races, regions, and family structures, single parent families and families with heads who cohabitate while non-married are most likely to fall into the depths of poverty. Children who have experienced their parents divorcing are disadvantaged in several areas that are crucial to economic and social success through no fault of their own. Studies indicate those with divorced parents are more likely to be under the poverty threshold, and less likely to experience academic success, display appropriate conduct, maintain psychological well-being, attain positive self-esteem, and cultivate encouraging peer relations (Amato 2005, 77). In cohabiting households, children are still unlikely to have the same opportunities for success that children with married parents have because cohabiting parents often have less education, less income, poorer relationship quality, and more mental health problems. Once children of non-married couples become adults, they are more likely to have lower levels of socioeconomic attainment, increased non-marital births, lower levels of psychological well-being, and lower marriage quality (Amato 2005, 78). These factors interact to create certain structural barriers to self-sufficiency that some argue must be considered in order to fundamentally address poverty.

The problems that single-parent families face often correlate with the broader environmental challenges of the impoverished. Families below the poverty line tend to face high levels of stress due to economic pressure as well as the high rates of crime frequently found in poor neighborhoods (Magnunson and Votruba-Drzal 2009, 33). These pressures in turn lead to psychological distress, among both parents and their children, which instigates depressive and hostile feelings (Magnunson and Votruba-Drzal 2009, 155). Parents in poor families often have severely limited employment options, resulting in large part from their lesser education, and face demanding schedules as they work at multiple, less rewarding jobs. They often cannot make time to attend parent-teacher meetings or help their children with homework without risk of losing their jobs (Shipler 2004, 233). Lack of encouragement and antagonistic attitudes in the household, in combination with little parental investment in children, incites low self-esteem and less opportunity for success, thus continuing the cycle of poverty.

It is important to consider the effects childhood poverty may have on the future achievement of the impoverished in order to contextualize their challenges and experiences. Magnunson and Votruba-Drzal (2009) express that poor children are often disadvantaged by behavioral problems and high levels of psychological distress due to a higher incidence of stressful life events (33). This distress often leads to a higher incidence of both outward aggression as well as internal depression and anxiety amongst impoverished children (2009, 34). Gary Becker (1995) identifies the resource problem found amongst poor children, as parents simply have fewer resources like time and money to invest in their children and their education (5). Poverty has a very significant impact on an individual's education, and the associated future opportunities for each impoverished person as well as his or her children. Without examples in the community worth emulating, poor children are one third as likely to graduate from high school as those above the poverty line (Magnunson and Votruba-Drzal 2009, 33). Persistent and deep poverty is most detrimental to children's achievement (Magnunson and Votruba-Drzal 2009, 32-33), and this is the poverty that often befalls minorities and those who live in hazardous situations.

The new paradigm describes a federal government that provides for education-based early-childhood development programs as essential elements for reducing poverty. American political philosopher John Rawls' underlying notion of fair play and reciprocity promotes work and involvement of every citizen in society. He argues that in order to discourage complacency with regard to structural barriers, this initiative must first be applied to low-income children in their early development (White 2005, 87). Rawls and other new paradigm enthusiasts recommend that the government support parental efforts because long lasting benefits, like the development of moral prowess, depend upon "intensive, education-based preschool programs" (Beem 2005, 160).

These policy theorists ultimately claim that unless disadvantaged children are provided with opportunities and reasonable means of escape from the broken communities in which they live, they will inevitably become America's disadvantaged adults, and the objects of future welfare criticism. Though current critics argue single mothers should not demand aid from the government, as they were not forced to have a child they are not competent to raise (Mead 2005, 187), it is important that we consider the fate of the child him or herself, as he or she is an innocent victim of circumstance (Beem 2005, 163). A child born into a poverty-ridden family, who has no control over his future, should not be disregarded because of his parent's failure or shortcomings.

In order for citizens to rise above poverty and achieve full participation in our society, they must be able to function in the labor force independently, and a level of academic competence is necessary, even once access to a job is assured. Losing purchasing power further immerses the impoverished into the cycle of poverty, thus decreasing their level of relevant functioning. For those with preexisting disadvantages like poor health or dependent relatives, attaining the foundation necessary to achieve basic levels of success is exceptionally difficult. Although challenging, success is not adequately measured solely through income, as this understanding discounts the external factors often associated with the environment of the impoverished. Sen (1993), like Rank, seeks to include consideration of these external factors into his approach to welfare reform. Instead of considering income as a measure of success, Sen encourages the identification of how effectively that income enables a specific person or family to achieve basic capabilities, like obtaining functional literacy and avoiding premature mortality (Sen 1993, 31). While it is outside the scope of this project to redefine the poverty measure, Sen's research lends support to the literature on shifting the discussion of poverty.

Scholar and poverty expert Alice O'Connor (2000) crystallizes this shift by explaining that poverty research must shadow the existing trends among the impoverished. She advises, "shifting the focus away from once-dominant themes of dependency and toward the reality of widespread 'working poverty.'" Simply removing the impoverished from the welfare rolls fails to address the core issue of lifting them from poverty in a sustainable way. It is likely that states that use a supportive work approach with their welfare policy package are more likely to reduce poverty than states using a more restrictive approach that is focused solely on reducing caseloads. The American public considers employment and its pursuit to be an essential element of social policy because it is believed to increase self-esteem, self-reliance, and the potential for long-term economic improvement for single mothers on welfare (Moffitt 2002, 79). Robert Moffitt's (2002) synthesis of the first five years of TANF policy implementation indicates employment rates among single mothers have risen, but their incomes are low (82).

When recipients are not significantly better-off working than on welfare, the motivation to work decreases. Moffitt (2002) further explains that welfare recipients who have experienced punitive welfare policy sanctions are less likely to have jobs, tend to be less educated, have fewer job skills, and experience poorer health conditions than unsanctioned recipients, thus exacerbating the problems of the most vulnerable members of society (82). Though Moffitt's synthesis recommends expanding policies aimed at job retention, skills enhancement, and job training, specification of the ideal areas for expenditure falls outside the scope of the article.

In order to keep welfare recipients employed, employment must enable more positive poverty outcomes for the impoverished than avoiding work enables. According to Sawhill and Haskins (2002), the programs that most effectively "make work pay" are minimum wage, the Earned Income Tax Credit (EITC), the child tax credit, income supplement programs conducted by states, food stamps, health insurance, child support enforcement, and child care (2002, 107). These programs all contribute to the work support system that has proven to increase "the value of federal work support benefits" (107). The work support system is further enhanced by the degree to which it is integrated with each state's workforce development system and infrastructure.

This concept of workforce welfare integration has and will continue to look different in each state that seeks to implement it because of differences in "governance structures, client populations, local politics, economic conditions, office procedures, program policies, and the personalities and skills of local agency managers" (Ragan 2003, 2). According to human services expert Mark Ragan (2003), each characteristic of a state's internal governance system impacts the strategies they will choose to streamline service delivery. Administrative strategies, like "reorganizing government agencies to consolidate program administration and functions," and operational strategies, like "developing common client intake, assessment, and case management processes," work together to develop workforce welfare integration (2).

The introduction of PRWORA funds that provide TANF block grants to states, as well as Welfare-to-Work (WtW) grant programs, has facilitated a close relationship between workforce development systems and welfare employment and training programs in many states. WtW funding is separate from general federal TANF grants, and is the only money "specifically designated for work-related activities for welfare recipients" (Nightingale and Brennan 1998). These grants are meant to bolster work-support assistance and help states and smaller communities meet PRWORA welfare reform and employment objectives (Nightingale and Brennan 1998).

Workforce development systems encompass a range of employment and training services that are meant to provide information about jobs, the labor market, career paths, education, and skills training to those who seek work (Pindus et al. 2000, 2). Pindus, Koralek, Martinson, and Trutko (2000) establish that the level of integration between workforce development systems and welfare programs is a function of the history of the state agencies and current policy objectives because agencies that have worked together on prior projects have often developed relationships and are cognizant of each other's goals (1). WtW grants are funded separately from TANF block grants and are meant to provide the most vulnerable with access to jobs with upward mobility (Pindus et al. 2000, 3). Most WtW programs receive the majority of their recipients from TANF agency referrals (Pindus et al. 2000, 3). The level of integration and resulting efficiency of implementation will significantly affect the effectiveness of the program, as well as its apparent success, because TANF recipients receive referrals to more diverse services, more comprehensive and intense services like customized training opportunities, decreased barriers to gaining access to services, the increased convenience of collocation, and improved case management (Pindus et al. 2000, 2). This factor, the degree of integration between workforce development systems and the welfare system, must be acknowledged and incorporated when analyzing the effectiveness of the TANF policy profiles. This is because while workforce welfare integration is not explicitly part of a state's TANF policy package, it can aid or minimize the expediency and efficiency with which welfare programs are implemented, and as a result, overall effectiveness.

Most studies that seek to examine welfare have focused on the outcomes of specific TANF policies and have analyzed the data in terms of their effect on "welfare receipt or use." This trend of relying on caseload numbers to indicate the success of TANF has become outdated because work has not been proven to pay. When the impoverished find work or fail to qualify for benefits due to a time limit or infraction, they may be removed from the welfare rolls. While this illustrates a positive image for TANF and its success, the people being taken off the rolls are often not better off than when they were on welfare. Though employment among the poor has risen proportionally since TANF has been implemented, the change, or lack thereof, in the poverty rate has not reflected the same success (Chart Book 2012).

Fang and Keane (2004) sought to gauge the effects of welfare policies on the number of caseloads and employment, but did not explore the effects on sustained levels of poverty. Grogger (2003) designed his study to identify the effects of time limits and EITC on use of welfare—again, not gauging policy effects on the actual poverty rate. Grogger (2003) examined "information on welfare utilization and labor market outcomes and information on family composition" in all 50 states in order to determine the effects of time limits and EITC on welfare use with the time period from 1978 to 1999 (395). He used data from the March CPS to obtain "key pieces of information required to estimate age-dependent effects of time limits" and used the family as his unit of observation (Grogger 2003, 395). He identified that state-level variation was apparent in the timing that different states initiated welfare, as well as the package of policy measures that constituted each state's TANF program (Grogger 2003, 397). Grogger's findings ultimately suggest that "EITC has been an important factor in reducing welfare use in recent years," and that "time limits appear to have substantial effects on welfare use," yet "no significant effect on income" (404). His study recognizes that states vary in their policy packages, but ultimately does not seek to connect these policies to poverty outcomes.

This discrepancy supports the notion that number of caseloads as a measurement of TANF effectiveness is flawed. Grogger and Michalopoulos (2003) explicitly state that many TANF programs include time limits that are offset by other programs seeking to increase eligibility (551). This interaction between the programs, however, is largely missing from the literature.

McKernan and Ratcliffe (2006) best approach the concept of policy interaction and acknowledge that one could find an overall reform effect of zero, when in fact specific policies have affected families' economic well-being, but in off-setting ways" (1). Where McKernan and Ratcliffe claim to "capture more objective and detailed measures of state policies by measuring policies individually (rather than in groups) and in continuous values, such as dollars, wherever possible" (2006, 3), they fail to adequately critique the Council of Economic Advisers (CEA) (1999) strictness of state policies measure that they reference.

In their 1999 study, the CEA attempted to control for state variation in TANF policies. It acknowledges that states decide their own maximum monthly benefit payments, minimum wage, work requirement time limits, eligibility requirements, work exemptions, and whether they choose to implement a family cap (CEA 1999). The CEA also seeks to account for work sanction policies with a scale of three indicator variables (CEA 1999). This study is useful in that it acknowledges the variation and possible effects of welfare policies that differ in terms of restrictiveness, but it focuses on outcomes in terms of welfare participation instead of the poverty rate, and only includes the period of years between 1993 and 1999 (CEA 1999). My study seeks to combine the interactive nature of McKernan and Ratcliffe's study with the careful discretion associated with the CEA's measure of stringency.

Increased integration between state and federal TANF goals has exhibited signs of increased program efficiency. Some states have proactively worked to improve state-level coordination with national program goals by reorganizing state-level agencies with parallel organizational mandates and requiring referral agreements between welfare agencies, community colleges, and WtW agencies (Pindus et al. 2000, 26). Pindus and colleagues explain four programmatic barriers to welfare recipients receiving employment-related services at the state and local level. The researchers included welfare recipients served by the Job Training Partnership/Workforce Investment Act (JTPA/WIA) system in their study, and collected data at site visits in Missouri, Ohio, Pennsylvania, Rhode Island, and South Carolina between May and August 1999 (Pindus et all, 1999, ix).

According to Pindus and her colleagues, the programmatic barriers to efficient implementation of workforce welfare integration programming they identified include inconsistency between federal welfare and state workforce program goals, inconsistency between federal and state concepts of coordination, inconsistency between federal and state performance standards, and declining welfare caseloads. Inconsistent goals become a problem because, where welfare agencies are often judged based upon their ability to employ (any job will do), local workforce development agencies often seek to invest in human capital and train clients for skilled jobs. Differing concepts of coordination act as a barrier because certain agencies may support co-location (welfare and workforce development services at the same location), where others seek to share staff, and others believe information sharing to constitute appropriate coordination. Conflicting performance standards can confuse integration because though certain agencies only receive money once clients are employed, their services may go to people who fail to become employed. This leaves the issue of who should pay for the training services unresolved. Finally, declining welfare caseloads can deter coordination because some caseworkers rely less on working with other agencies when they have the time and resources to provide more services themselves (Pindus et all 1999, x).

Addressing these four barriers through meaningful state integration and coordination of their workforce and welfare systems can greatly enhance efficiency. Program integration, or lack thereof, can significantly impede or enhance the opportunity for the impoverished to escape the cycle of poverty. While this integration is not necessarily a direct function of TANF policy, the vagueness of TANF's state requirements enables states to independently allocate federal funds and determine levels of integration.

State Policy Packages

When constructing their welfare policy profiles, states have immense flexibility and a range of policy choices that can impact poverty outcomes. Until 1983, analyses of welfare policies had largely focused on entire state packages as the unit of analysis instead of distinguishing between the packages' constituent policy elements. Though these broad policy analyses indicated variance between states, program design and implementation has become far more complex. In order to compare policy options across a spectrum, we must identify the proper policy elements to analyze the full array of state policy options.

Hinckley and Marquette's (1983) study sought to examine the methods that researchers had used to study state welfare policy, and they ultimately identified three distinct components of welfare: dollar variables, recipient service measures, and employment measures (Hinckley and Marquette 1983, 472-475) all contribute to variance in welfare "policy." These authors conceptualize the kaleidoscope theory of welfare policy, indicating that different elements of welfare can and do move in independent directions at different times. The authors ultimately seek to establish the existence of separate welfare components, rather than each state being defined by a single unified policy (469). Their dollar measure factor consists of variables like the total dollars spent on welfare per capita; the recipient services factor consists of variables like the number of recipients; and the employment measure factor consists of variables like the percent of total state employment (470-475). While their fluid model attempts to account for a unique welfare policy package in each state, and acknowledges the necessary nuance in shifting policies, commentary on the effectiveness of each element of welfare was outside the scope of the project. Hinckley and Marquette, however, relate the three policy dimensions in their analysis to the number of welfare recipients and to the number of employed. In contrast, this study will utilize the dollar, recipient, and employment dimension distinctions, but will seek to relate the policy dimensions to the number of people below the poverty line in order to avoid the misconception that caseloads and employment necessarily trend in the same direction.

An additional element of welfare policy that warrants attention is the state's approach to welfare—whether the state is generally generous or generally restrictive. State welfare policy cannot be compared on simply a state-to-state basis, and instead the specific program attributes, allocation of funds, and implementation strategies devoted to each of the three components in each state must be uniquely coded on a scale that ranges from punitive to generous. As mentioned, the CEA categorization that classifies each policy as lenient, intermediate, or stringent may lack some precision, but enables measurement that is conducive to comparative analysis. The effects of certain policies may be either exacerbated or diminished based on the relative stringency of other policies being implemented in the same state. Identifying those dynamics will improve our understanding of the relative importance of different policies.

Based on Thomas Gais and R. Kent Weaver's categorical framework, approaches to welfare policy can be placed on a spectrum that ranges from punitive policies that seek to punish, and in practice simply eliminate cases from the docket, to generous policies that meaningfully foster family supports and investment in human capital. The authors differentiate the elements of welfare in the framework of the punitive versus generous dichotomy, but their breakdown simply categorizes the welfare initiative as either punitive or generous and fails to array them on an ordinal scale (Gais and Weaver 2002, 34). Identifying the differing impacts on poverty outcomes that are associated with distinctive degrees of stringency is necessary in order to further sharpen our understanding about where the most effective policy profile resides. With new flexibility states must recognize that TANF spending assessment and resulting priorities can be detrimental to decreasing actual poverty outcomes if the framework for spending decisions is over simplified. Gais and Weaver's review of the policy changes adopted in states by 2000 is valuable in its presentation of both the frequency with which certain policies are implemented, as well as whether those policies “enhance access to supports” or “restrict access to supports,” but does not offer a clear policy package recommendation.

Gais and Weaver’s decision to split policy changes adopted by states in 2000 into two groups: those that enhance access to supports, both services and cash benefits, and those that restrict benefits and supports (Gais and Weaver 2002, 35) bolsters the notion that there is significant variance in the welfare policies that states choose to implement. Both sets of policies are meant to address work, marriage, and childbearing objectives set by TANF, but the sets approach the problem with contrasting underlying assumptions regarding the factors that make policy effective. Gais and Weaver examine the choices states make regarding family caps, shorter time limits than those that TANF requires, immediate work activity requirements, stronger sanctions than those that TANF requires, and the generosity of work supplements for working families in order to measure variation in state policy.

Programs that enhance earned income, end work history requirements for two parents, and extend transitional Medicaid past 12 months increase the access welfare recipients have to benefits, and rely on the assumption that the impoverished require resources to become self-sufficient. Programs that require immediate work activity, reduce food stamps or Medicaid through sanctions, and adopt family caps rely on punishment to encourage the impoverished to comply with TANF requirements (Gais and Weaver 2002, 34). Those policies that Gais and Weaver identify as “generous” tend to embody the new paradigm in their adherence to the assumption that access to opportunities must be improved before the impoverished can be expected to self-sustain. Gais and Weaver’s study is useful for its initial classification of TANF policy changes into these dichotomous categories.

In 2002, Sawhill and Haskins presented a table detailing the general pros and cons of current welfare policy options that different states have implemented. The public largely favors an increase in the minimum wage because it would remove around a million people from poverty and low-wage workers would gain additional benefits as the wage scale shifted. However, as a result, businesses may hire fewer low-wage workers and costs would burden the private sector (Sawhill and Haskins 2002, 116). Adding an additional tier to the EITC and integrating it with the Child Tax Credit would encourage full-time work by making "work pay," simplify the tax system, and help mothers stay off the rolls; but it would also likely only produce benefits annually, and would not help those making under $10,000 a year (Sawhill and Haskins 2002, 116). Data on state EITC programs and other refundable state tax credits are relevant in examining current TANF policies because TANF spending in this area has increased significantly under the TANF block grant (Schott, Pavetti, and Finch 2012). TANF and MOE spending reported for refundable state tax credits was $1.6 billion in 2008, $2.1 billion in 2009, $2.8 billion in 2010, and dropped to $2.5 billion in 2011 (Schott, Pavetti, and Finch 2012). The increased spending on EITC displays a targeted focus on allocating money to the employed, thus leaving the most vulnerable untouched by EITC benefits. The most vulnerable in the US are difficult to reach through customary "make work pay" venues, thus illustrating a persistent problem for legislators seeking to legitimize the value of assistance.

In Montana's At-Home Infant Care (AHIC) initiative, the government held parents to certain standards through a parental care plan, thus encouraging the development of children with equal capacity for educational and psychological development (Beem 2005, 164). This policy displays the balance between providing resources, like subsidies for infants, and encouraging accountability, by establishing eligibility requirements. These requirements, however, attempt to account for the variation in parental approaches to work by providing eligibility for those who have worked 60 hours in one of three months prior to program participation, or 40 hours while attending post-secondary education or training. Increasing the capacity of children to develop both educationally and psychologically is likely to help to reduce the income gap between the first and fifth quintiles of workers, and consequently lift more families above the poverty line.

Again reflective of the balance between old and new paradigm policies, this program supports the notion that a state government demand for an elevated level of parenting must be met with a state commitment to aid and programs necessary for parents to competently develop children into contributing members of our society. Those who are employable are expected to work in return for aid from the government (Mead 2005, 175), but the promise of aid has not proven to lift the impoverished from poverty in a sustainable way. If the welfare state can avoid forcing low-wage work and inadequate supplemental earnings in favor of encouraging work preparation and eventual employment in more desirable conditions, it is likely that a higher proportion of the impoverished will be inclined to participate in good faith.

Social and political theorist Robert E. Goodin (1988) explains the reasons the government must ensure all citizens are relieved from the exploitation of worker dependency on discretionary sources of income (21), like minimum-wage jobs. If citizens are fully dependent upon low-wage jobs, their employers have control over the amount they earn, the hours they work, and the labor they perform, thus creating an environment prone to coercion.

To expect the disadvantaged to rely on the restrictive and discretionary nature of public or private charity severely limits their range of options and opportunities to escape the welfare cycle. Goodin (1988) contends that this notion should be countered by the promise of nondiscretionary benefits of welfare (172-173), but a complete disregard for discretion may undermine the policy objectives. A certain level of discretion may improve poverty outcomes by requiring that recipients be accountable for their actions, thus discouraging recipients from taking advantage of welfare benefits. If a recipient will lose a certain level of benefits if they fail to participate in a reasonable number of job training sessions, for example, that recipient would likely be more likely to comply with the requirement to attend job training sessions. This concept differs from both the purely punishment-based and purely incentive-based approaches to welfare because it would assure the standards of behavior and accountability are reasonable for people who are experiencing the condition of poverty or extreme poverty. As discussed, the standards that are reasonable for those experiencing this condition distinctly differ from the standards that can reasonably be applied to someone not experiencing the stressful and sometimes hostile condition of poverty.

Mead (2005) argues for a requirement that the impoverished enter work programs and find work without delay (175), but the associated lack of sufficient preparation promotes inequality in the job market in that those in poverty will never acquire the resources necessary to elevate their earnings and escape from poverty. A program in Oregon that mixed job training with job search raised earnings twice the amount that programs encouraging immediate work did (DeParle 2004, 328). This program policy relies on at least a partial acceptance of the concept of collective responsibility. By providing for those who would otherwise be desperate, and have no other reasonable alternative, the government would protect against "fundamentally coercive" market offers and a dependent impoverished population (Goodin 1988, 133, 180).

Rawls explains that we cannot distinguish whether inequalities in income and wellbeing result from decreased capability or lack of effort (White 2005, 85). This confused conceptualization of characterizing the poor has contributed to a confused approach to addressing poverty. Where the idea that inequalities in income and wellbeing result from decreased capability supports a human capital-building and structural theory of poverty, and aligned policy initiatives, the idea that inequalities in income and wellbeing result from lack of effort supports a more punitive set of policy initiatives.

Sawhill and Haskins (2002) contend that encouraging states to strengthen policies that meaningfully foster family supports and investment in human capital would optimistically reduce dependency and increase TANF recipient engagement with work programs, but there is no guarantee states would utilize increased funding to expand work supports due to the program's excessively loose structure (117). The authors note that expanding the work support system would be costly, but do not compare the pros and cons of any individual program in a substantive way. As explained, much of research on TANF policies have measured success by caseload fluctuation, and there is a shortage of literature comparing the costs of specific welfare programs to the benefits of reduced dependency and room for experimentation. Theoretically, the cost of an effective welfare program may be offset by the increased number of employed recipients and decreased state dependents. Until further research is done to directly associate specific welfare programs to poverty outcomes, policymakers will be unable to propose and support welfare programs that have proven to be cost-effective.

Sawhill and Haskins (2002) argue that encouraging states to provide community service jobs would help employ the most vulnerable members of society and make a work requirement more reasonable (119). Unfortunately, this would be difficult to administer, could displace low-wage workers who already have such jobs, and would be expensive to implement (119). Strong integration and coordination of governing bodies between the national and state governments, as well as between state and local organizations is required and unrealistic. The piece missing from Sawhill and Haskin's explanation of the outcomes associated with different welfare programs is the analysis of actual poverty outcomes and an evaluation of realized program effectiveness.

Hypothesis

Based on the TANF policy literature and an analysis of factors affecting poverty, individual success, and productivity, this study hypothesizes that states that institute work and work supports are more likely to reduce their state poverty rate than are states that implement a more punitive policy package. As described, work is believed to increase self-esteem, self-reliance, and the potential for long-term economic improvement by many Americans, so any welfare policy that effectively decreases poverty for an extended period of time will likely have to foster increased self-sufficiency among recipients. The framework of "making work pay" will guide the following hypotheses for this project.

A work-oriented policy package in this study indicates a significant state investment in human capital, a dedication to workforce development, and a commitment to requiring and rewarding the positive behaviors associated with job training, work support, and successful employment. A more restrictive package would likely include time limits that are shorter than the national maximum, stricter eligibility standards, and punitive sanctions. I expect that states are most likely to decrease poverty rates if the generosity of those programs that fall into the category of "making work pay" (basic assistance; work-related activities and supports; refundable tax credits for low-income working families) is not outweighed by the punitive qualities of those programs deemed "restrictive."

Research Design

In order to test effects of a work-oriented policy package on the poverty outcomes in each of the 50 states and the District of Columbia for each year between and including 1998 and 2008, this study will model the effects of two welfare policy dimensions on these outcomes: expenditure and generosity.

To estimate the effects these two dimensions of TANF policies have on poverty outcomes, unemployment, and family and individual welfare caseloads, this project will use a panel data analysis that includes fixed effects. The panel data allows for a cross-sectional time-series data analysis that, in this study, will include the state year variables. This approach analysis allows for exploration of the relationship between state policy outcomes and welfare generosity or spending over time. Fixed effects are meant to control for the factors that may influence the relationship between states and generosity or spending, but are not subject to variation over time (Torres-Reyna 2007, 9). Each state has a unique set of factors that are not subject to variation over time, and are not correlated with other state characteristics (Torres-Reyna 2007, 9).

Dependent Variables (Poverty Rate, Unemployment, and Caseloads)

As discussed, the current measure of TANF's success is based upon the decline in welfare caseloads, as decreasing caseloads was the official goal of many conservative policymakers and those committed to decreasing dependency. This approach to measuring TANF success, however, fails to acknowledge actual need and quality of life for poor families. Analysis of TANF indicates success when caseloads decline, even if poverty rates rise in the measured time period. This misunderstanding is possible because states are able to direct funds and modify eligibility requirements specifically to decrease caseloads and avoid sanctions for not meeting federal standards. Fund redirection and eligibility alterations, however, do not necessarily decrease the actual poverty rate. In order for the effect of TANF policies on the poor to be accurately measured, the measure must account for the actual poor.

The Census Bureau defines poverty in America by comparing a family's resources to a predetermined poverty threshold. The poverty threshold was designed in the 1960s and was based upon the Department of Agriculture's Economy Food Plan. Mollie Orshansky multiplied the economical food budget by three because research of the time indicated low-income families spent about a third of their budgets on food. The threshold differed based upon the family's size, age composition, farm/no farm status, and sex of the family's head (Meyer and Wallace 36). Each family's official money income is compared to this threshold, and families that fall below the line are considered impoverished.

In order to measure poverty outcomes, this study will use the Census Bureau's measure of poverty from its Housing and Household Economic Statistics Division. Though this measure of poverty will be central to this study's interpretation of the effect of TANF policy packages on poverty, this study will also include the effects of each policy combination model on the unemployment rate and TANF caseloads. It is useful to compare the effects of policy combinations on TANF caseloads, as this is the standard measure of TANF success. If the data supports that the effect of work-oriented policies on poverty rates or unemployment is different from its effect on TANF usage, then this may support the notion that measuring TANF success by caseload reduction is outdated. This study will operationalize the standard measure of TANF success with the total recipients of TANF and total number of families receiving TANF measures from The Administration for Children and Families department in HHS.

HHS collects TANF Caseload Reduction Reports to allow states to secure caseload reduction credits. This reaffirms the idea that federal TANF goals rely heavily on reducing caseloads, especially because the initial impetus for reform was a large welfare state and a growing conservative US center that sought to reduce dependency and decrease the involvement of the federal government. If caseload reduction alone is the barometer by which TANF success is meant to be measured, the program has been fairly successful up to this point. The tension lay in that decreased caseloads have not been accompanied by decreased poverty. Evaluating TANF success based on caseload reduction may not accurately reflect TANF's goals of increasing self-sufficiency. TANF's programmatic vagueness, coupled with extreme state flexibility, has enabled high variation in state policy choices, and ultimately overall inconsistency in nationwide TANF program mechanisms and outcomes.

Independent Variables (TANF Work-Supports and Generosity)

To operationalize the independent variable of work support related activity, this study sought to determine the policy categories that contributed most directly to making work pay. The CBPP identified nine broad categories of welfare policies for which states report their TANF and Maintenance of Effort (MOE) spending quarterly and annually (Schott, Pavetti, and Finch 2012). Once the policies that constitute the CBPP's framework are arrayed on a spectrum that ranges from lowest spending to highest as a proportion of total TANF expenditure, this study seeks to relate these policies directly to poverty outcomes.

While the spending trends of states differ and are important to measure, the CBPP's categorization fails to account for the variance in generosity for non-monetary benefits that determine how states structure their programming. The CBPP's measure accounts for dollar amounts spent in different policy categories, but not the details of specific programs that are indicative of their degree of generosity. For policies like time limits and employment requirements, expenditures only partly characterize a state's welfare policy profile. TANF policies are far more complex than simply monetary benefits, so this study will include several models that seek to explain TANF policy's effect on poverty rates and caseloads. The first model will measure work support expenditures in terms of CBPP spending categories, the second will include a measure for the generosity of several dimensions of TANF, and the third will combine the two independent variables.

TANF Work-Supports

I expect that TANF programs that seek to make work pay—ultimately make it more profitable for a TANF recipient to work than to live off of welfare—are more likely to decrease the instance of poverty in US states. It is important to identify which TANF programs accurately represent the concept of "making work pay," because it is this combination of policies that I will compare to poverty outcomes to help determine if work-support policies are effective in decreasing the poverty rate.

This study seeks to determine the effect of purely work-oriented expenditure on poverty outcomes by identifying the expenditures each state spends on work-oriented TANF programs, and interpreting this value as a proportion of total state expenditure on TANF. As discussed, the first model will account for a purely monetary dedication to work-oriented programs. In order to determine the programs that constitute work-oriented policy, the study will consider Sawhill and Haskins' 2002 "make work pay" framework in combination with the CBPP's categorization. Sawhill and Haskins (2002) identified the federal minimum wage, the EITC, the child tax credit, income supplement programs conducted by states, food stamps, health insurance, child support enforcement, and child care as the eight programs most directly contributing to "making work pay."

As mentioned, the CBPP identifies the factors that construct each state's welfare policy profile. They are derived from the federal reporting subcategories, and will enable direct comparison between spending and poverty outcomes. This study will combine Sawhill and Haskins' framework with the CBPP categories in order to establish a standard framework for analysis between states. The CBPP categories that most nearly match those found to "make work pay" include basic assistance; child care assistance; transportation support; work-related activities and supports; and refundable tax credits for low-income working families. The CBPP identifies a category of TANF spending called Work-related Activities and Supports, which includes five federal reporting category areas: Work subsidies, Education and Training, Other Work Activities/Expenses, Transportation and Other Supportive Services – Assistance/Transportation – Nonassistance (includes subcategories), and Individual Development Accounts (IDAs). Together, these spending categories constitute the CBPP's conceptualization of work-related categories, but in order to best represent the concept of making work pay, this study will also include two other spending areas from the federal reporting categories.

First, this study will include Basic Assistance, because when basic assistance decreases based on time limits or employment minimums, recipients are more likely to fall back into poverty. Basic assistance contributes to the concept of making work pay, because when basic assistance fails to adequately supplement a recipient's working income by assuring childcare and similar expenses, recipients are often unable to sustain full time employment. This study will also include Refundable Tax Credits as an area of TANF spending that contributes to making work pay. This area of spending includes two reporting categories: the Refundable Earned Income Tax Credit, and Other Refundable Tax Credits. This study includes this area of spending because, in order for a state's TANF package to make work pay, it must not only support from the bottom, but also incentivize achievement. Thus, the work and work supports category this paper will analyze based on its relationship to the poverty rate in each state will include the CBPP's categorizations of Basic Assistance, Child Care Assistance, Transportation and Other Supportive Services Meeting Definition of Assistance, Work Related Activities/Expenses Nonassistance (includes work subsidies, education and training, other work a/e, childcare nonassistance, transport nonassistance), IDAs, and Refundable EITC.

This study will measure the concept of work and work supports in terms of expenditures spent by each state in the years 1998 to 2008 in the aforementioned spending categories as a proportion of total TANF expenditures spent by each state in those years. In order to decipher the proportion of the total TANF expenditures that each state has dedicated to work-supports programs, I used the HHS' federal TANF fiscal year dataset for the years 1998 to 2008. I divided the value of total TANF expenditures by state by the value of total TANF expenditures that were spent on all of the six categories I have deemed to comprise "work-supports." This process yielded each states proportion of work support spending. Because of the extreme variance in spending between states, it is important to measure each state's work supports expenditure relative to the total TANF expenditure in order to observe comparable outcomes.

Generosity

In order to create a generosity scale for different dimensions of TANF, this study will include four specific TANF policies scaled against the national average. To account for benefit generosity in dollars, the model will include "Benefit Standards: Payment Standard for a Family of Three" and the "Maximum Monthly Benefit for a Family of Three with No Income." For each of these variables, a more generous state will spend a larger dollar amount relative to the national average of state expenditure for that policy each year. To account for generosity or flexibility in imposing restrictions, the model will include a dollar amount for the "Asset Limit for Applicants" and the "State Lifetime Time Limit" in months. The generosity of the asset limit variable will also increase as the asset limit increases in dollar value, and generosity of the state lifetime time limit variable will grow as the number of months that constitutes the limit increases relative to the national average.

Factors that Contribute to State Variance in Welfare (Controls)

It is important that external non-policy factors do not affect our understanding of this relationship, so non-policy factors that may aid or deter the efficacy of TANF policies must be controlled. The control variables for this study will be those state features that vary between states, and may affect the composition, effectiveness, or efficiency of state TANF policy programs and the resulting poverty rates. These factors ultimately act as determinants of state policy, and must be isolated from this study's independent variables in order to avoid diluting the effects of the policy package on poverty outcomes. There are numerous constructs related to the manner in which states make decisions, and this project will seek to control for these explanatory factors in order to isolate the TANF welfare policy package. Factors that contribute to variation between states in state decision-making include political, ideological, demographic, and economic factors. These factors constitute each state's "portfolio," and controlling for the portfolio is meant to assure that the effects of the TANF policy packages of each state will be evaluated independently.

Gais and Weaver also identify factors that vary between states, and while they do not directly impact poverty outcomes, they are likely strongly correlated with the type of welfare policy packages implemented in different states. In their study on state policy choices, Gais and

Weaver found that ideological factors, variation in the percentages of African Americans in a state, and "policy choices regarding income supplements through earnings disregards and state earned income tax credits" are all associated with state variation between restrictive and generous policy packages (2002, 38). They explain that policies that restrict cash assistance through reducing time limits, increasing sanction severity, and implementing family caps are more common in states with high percentages of African Americans on the rolls (2002, 38). Finally, Gais and Weaver (2002) assert that earned income disregards are more common in states that allocate larger relative grants to each eligible recipient (38), which suggests the need to control for overall state economy, since state economy is directly related to welfare spending levels (The Lewin Group 2004). These findings indicate the need to control for ideological, demographic, political, and economic factors in order to properly isolate the TANF policy package. While Gais and Weaver's analysis is valuable in its identification of explanatory factors, the indicators the authors chose to represent the concepts are not as precise as this study seeks to be.

Ideological

Controlling for ideology is essential in this project because, while relevant in determining how states choose their policy programs, ideology is not directly included in the policy profile. It must be controlled in order to determine what unique TANF policy profile is most effective and avoid incorporating bias from liberal states that tend to be more generous based on ideology and political control. Political scientists have measured ideology through two major paradigms: policy liberalism, and citizen political decisions. Klingman and Lammers (1984) argue that states are predisposed to incorporate the public sector into their political organization to different degrees; they name this predisposition General Policy Liberalism (GPL) (600). Because this integration may significantly affect the state poverty rate, GPL, or something that measures a comparable concept, it must be controlled in order to identify the independent effect of the TANF policy profile. Klingman and Lammers found GPL distribution among the states to be separated into three distinctive regions—high GPL scores in non-southern coastal states and the Great Lakes region, and low GPL scores in southern, southwestern, and border-states (1984, 601). They identified policy innovativeness, anti-discrimination provisions, average monthly AFDC welfare payment, number of years since ratification of the Equal Right Amendment for women, number of consumer-oriented provisions, and percentage of federal allotment to the state to assess Title XX social services programs actually spent by the state as factors that inform GPL (1984, 599-600). This GPL measure, however, was constructed in 1984. The 1984 measure does not cover the time period necessary for this study, and thus will not be used as a control.

Gais and Weaver, account for ideology in states and consequent likelihood of public sector integration in an even more basic way. Where these authors use the percent of each state's popular vote that went to Bill Clinton in the 1996 presidential election to measure liberalism in a state, this project will use both a measure for citizen ideology, as well as a measure for each state's institutional politics. I think it is important to distinguish between ideological and political factors because each has a unique effect on how states make decisions. Where ideology amongst the citizens in a state may shape public opinion and thus may define and contribute to public pressure on the government, the political control variables in a state specifically impact the ease and degree of extremeness with which certain policies are implemented.

As the control variable for citizen ideology in the state, this project has utilized Richard Fording's revised 1960-2010 citizen ideology series. In order to avoid the biases inherent in a self-identification ideology measure, Fording created his citizen ideology measure by measuring the ideological position of each member of Congress. He based his estimation of citizen ideology in each district on the ideology score of the district's incumbent and the incumbent's challenger—or hypothetical challenger. This process was meant to reflect the ideological divisions in the electorate. The state ideology score is computed by averaging the citizen ideology scores that range from low to high, with higher values indicating higher levels of liberal ideology (Berry, Ringquist, Fording, and Hanson 1998, 330).

Political

In order to account for the biases inherent in each state's institutional political leanings, this study has utilized Carl Klarners State Partisan Balance dataset (Klarner 2011). The measure used in the project accounts for the party of the Governor and the proportions of both democrats and republicans in both the lower and upper houses of each state legislature. The composite variable used is meant to embody the concept of party control by state. Based on the democrat proportions, a score of three indicates that the democrats control the governorship, lower house, and upper house. Based on the same proportions for republicans, a score of three indicates that the republicans control the governorship, lower house, and upper house. Controlling for party control in each state is meant to account for the tendency of parties to support certain approaches to social welfare programming and spending, as well as the likelihood the party in power will be able to implement its ideological ambitions.

Accounting for the dominant ideology in a state is necessary because partisanship often leads to a specific set of welfare policies, or at least a particular approach. Gais and Weaver find that stronger sanction policies, shorter time limits, and immediate activity requirements are more common in conservative states than in liberal states (Gais and Weaver 2002, 38). This finding indicates there is a substantial difference between the conservative and the liberal approach to welfare, and this difference likely translates into both other social welfare policies, as well as state economic policies. Dominant ideology in a state must be controlled in order to account for the likely systematic differences between complete state policy profiles—as opposed to TANF profiles independently.

Demographic

To determine the demographic control for this study, I used the CDC Wonder's "Bridged-Race Population Estimates" dataset in its 1990-2012 release in order to identify the total nonwhite population in each state and year. I determined this measure by subtracting the white non-Hispanic population from the total population, and dividing that value by the total population. This enables us to ascertain the proportion of nonwhites as compared to whites in each state.

Economic

Though the differences in spending between rich and poor states are largely attributable to states spending their own sources of revenue, and not federal funding, failing to control for the strength of state economies would disregard the likelihood that wealthy states adopt generous policy programs. According to the Lewin Group's study for the US Department of Health and Human Services (2004), per capita spending on social welfare is positively correlated with state fiscal capacity. Wealthier states have lower proportions of the most vulnerable, and thus a lower proportion of the most difficult demographic to lift from poverty. If wealthy states systematically institute similar policies and more generous policy plans, an analysis of their programs would overestimate the effect of policy because the state economy acts as a confounding variable. When considered with Peterson and Rom's assertion that benefit levels are cut as poverty levels grow (Peterson and Rom 1989, 711), state economic health, or lack thereof, would exacerbate the escalation of high poverty levels in poor states.

In order to determine the state fiscal capacity as an economic control for this study, I used the per capita personal income of each state in each year. To determine the per capita personal income, I used the Bureau of Economic Analysis' (BEA) regional dataset on annual personal income and employment. I applied the Federal Reserve Economic Data (FRED) 2005 consumer price index in order to adjust the BEA's data for inflation and assure the per capita personal income collected for each year is consistent and comparable. I then divided 100 by the per capita income value, and multiplied that value by FRED's current time economic value. This yielded the adjusted per capita personal income value.

Results and Analysis

The first set of models is meant to test this study's main hypothesis regarding increased focus on work-oriented policy packages. The first model in this set indicates that the effect of the proportion of TANF funds spent by states on work supports and related activity on the poverty rate is not statistically significant. The controls of citizen ideology, democratic control of the state legislature, percent of the state that is nonwhite, and total per capita personal income inflated based on 2005 dollars were factored into this, and each forthcoming, model. Where the effects of citizen ideology, percent nonwhite, and democratic control of the legislature were shown to impact the poverty rate, the effect of total per capita personal income was not shown to affect the poverty rate. Citizen ideology correlated with the poverty rate, suggesting that higher ideology scores slightly increase the poverty rate. Democratic control impacted the poverty rate negatively; these results indicate that slightly stronger democratic control of the state legislature decreases the poverty rate. Finally, the percent nonwhite in a state affects the poverty rate positively, thus indicating that a slight increase in the nonwhite population of a state is accompanied by a slight increase in the poverty rate.

Set 1: Effects of Work Supports on State Welfare Poverty Outcomes

	MODEL 1: Poverty Rate	MODEL 2: Unemployment Rate	MODEL 3: Family Caseloads	MODEL 4: Individual Recipient Caseloads
Proportion of TANF funds spent on work support and related activities	.112	**-.463**	**7,186.473**	**20,560.72**
	(.244)	**(.145)**	**(2,042.563)**	**(6,099.629)**
	p = .645	**p = .002**	**p = .000**	**p = .001**
State variance controls				
Citizen ideology indicator	**.023**	.005	-23.786	-35.749
	(.012)	(.006)	(92.080)	(272.199)
	p = .031	p = .377	p = .796	p = .896
Democratic control of state	**-.248**	**-.140**	**-1,986.049**	**-6,713.977**
	(.092)	**(.055)**	**(849.217)**	**(2,513.466)**
	p = .007	**p = .011**	**p = .020**	**p = .008**
Percent not white/non-Hispanic	**.159**	**.217**	**1,153.19**	**4,090.495**
	(.059)	**(.035)**	**(426.193)**	**(1,259.657)**
	p = .007	**p = .000**	**p = .007**	**p = .001**
Per capita personal income	-5.31e-09	**-8.11e-09**	**-.000**	**-.001**
	(3.18e-09)	**(1.90e-09)**	**(.000)**	**(.000)**
	p = .095	**p = .000**	**p = .000**	**p = .000**
N	521	521	618	616
Prob > F	.000	.000	.000	.000
R-sq (within/between/overall)	.057/.039/.037	.164/.008/.009	.349/.785/.713	.440/.779/.678

Note: Includes time fixed effects. Standard error in parentheses. Boldface text indicates statistically significant coefficient, $p \leq .05$.

This first model fails to support the hypothesis that states that spend a higher proportion of their TANF expenditures on work supports and related activities more successfully address the objective of decreasing poverty. One possible explanation for the lack of a statistically significant relationship between the poverty rate and the proportion of work support spending is that the identified categories of work-related spending do not fully capture the concept of TANF work supports. It is conceivable that the Transportation and Other Supportive Services category is not specific to work supports and should not be included in a measure seeking to determine the isolated impact of work supports. This expenditure may be creating noise in the data and diluting the possible impact of more direct work support spending on the poverty rate. The inclusion of the child care assistance measure or IDA measure may have a similarly dilutive effect because it rewards monthly savings, thus hinging its support on prior success in work and leaves the most vulnerable untouched.

A second possible explanation for the seeming lack of association between the proportion of TANF expenditure spent on work supports and the poverty rate is the poverty rate. As discussed, the belief that the poverty rate is an accurate measure of poverty in the US is deeply contentious. Where increased proportional spending on work supports may not appear to be affecting poverty in the US, the results actually show that the proportional spending on work supports are not affecting poverty insofar as it is measured by the Census Bureau's poverty rate. Work support spending could plausibly be affecting the income of individuals and families without lifting them above the poverty line, thus not affecting the poverty rate. This theory is aligned with the theory that work support spending affects the poverty rate, but accepts that the poverty rate does not account for different levels of poverty.

The second model shows the effect of the same combination of independent variables as the first model, but on the unemployment rate rather than the poverty rate. Perhaps counterintuitively, this model indicates that the proportion of TANF funds spent by states on work supports did have a statistically significantly impact on the unemployment rate, as did democratic control of the legislature, percent of the state that is nonwhite, and total per capita personal income. The first set of models shows that as the proportion of TANF funds spent by states on work supports increases, unemployment rates decline. As expected, the democratic control of the legislature affects the unemployment rate with a negative coefficient, thus indicating that decreased democratic control increases the unemployment rate.

The finding that work support spending affects the employment rate yields an interesting conclusion when combined with the finding that work supports spending does not affect the poverty rate. If increased work support spending is decreasing the unemployment rate but not the poverty rate, then there is likely a group of the impoverished that receives work support spending and obtains jobs, but still earns insufficient wages to rise from under the poverty line. This theory ultimately suggests that the "working poor" is growing in the US. Mead's (2005) argument that the impoverished must enter work programs and find work without delay (175), and without sufficient preparation, promotes inequality in the job market in that those in poverty will not attain the resources necessary to elevate their earnings and rise from poverty. As mentioned, the Oregon program that mixed job training with job search raised earnings twice the amount that programs encouraging immediate work did (DeParle 2004, 328). By providing for those who would otherwise be desperate, and have no other reasonable alternative, the government would protect against "fundamentally coercive" market offers and a dependent impoverished population (Goodin 1988 133, 180).

The third and fourth models include the same combination of independent variables as the first two, but substitute family caseloads and individual recipient caseloads respectively as the dependent variables. Both models found that the effect of the proportion of TANF funds spent by states on work supports was statistically significant. The first set of models shows that as the proportion of TANF funds spent by states on work supports increases, so does the number of caseloads. For both models three and four, democratic control of the legislature, percent of the state that is nonwhite, and total per capita personal income have statistically significant effects on family caseloads and individual recipient caseloads respectively. The level of citizen ideology in the state did not have a statistically significant impact on the dependent variables in either model.

The findings in the third and fourth models ultimately indicate that there is a relationship between increased work support spending and increased caseloads. This finding does not logically follow the lack of association found between work supports and poverty, nor the statistically significant effect found between work support spending and the unemployment rate.

The second set of models includes a generosity measure for four different dimensions of TANF policy packages: the payment standard for a family of three, the maximum monthly benefit for a family of three with no income, the asset limit for applicants, and the state lifetime time limit. The first model in this set seeks to discern the effect of the generosity of these four dimensions on the poverty rate, including controls for citizen ideology, democratic control of the legislature, percent nonwhite, and per capita personal income. This model indicates that as the generosity of the maximum monthly benefit rises, so does the poverty rate. The generosity of the state lifetime time limit was also found to have a statistically significant effect on the poverty rate; as the generosity of the state lifetime time limit rises, so does the poverty rate. Neither the generosity of the payment standard for a family of three nor the generosity of the asset limit for applicants had a statistically significant impact on the poverty rate.

Set 2: Effects of Generosity on State Welfare Poverty Outcomes

	MODEL 1: Poverty Rate	MODEL 2: Unemployment Rate	MODEL 3: Family Caseloads	MODEL 4: Individual Recipient Caseloads
TANF generosity characteristics				
Benefit Standard: payment standard for a family of three	.017 (1.067) p = .987	.404 (660) p = .541	2,175.345 (6,657.698) p = .744	3,227.305 (19,230.8) p = .867
Maximum monthly benefit for a family of three	**3.042** **(1.371)** **p = .027**	.845 (.848) p = .319	4,207.588 (8,558.444) p = .623	12,574.14 (24,715.26) p = .611
Asset limit for applicants	.065 (.115) p = .572	-.012 (.070) p = .863	716.188 (716.049) p = .318	2,321.8 (2,121.712) p = .275
State lifetime time limit	**1.869** **(.694)** **p = .007**	.116 (.429) p = .787	5,903.647 (4,331.417) p = .174	11,539.58 (12,508.35) p = .357
State variance controls				
Citizen ideology indicator	.021 (.011) p = .061	-.003 (.007) p = .657	-56.856 (71.275) p = .426	-167.851 (205.865) p = .415
Democratic control of state	**-.247** **(.099)** **p = .013**	**-.158** **(.061)** **p = .010**	-19.847 (617.789) p = .974	131.164 (1,787.392) p = .942
Percent not white/non-Hispanic	**.253** **(.068)** **p = .000**	**.277** **(.042)** **p = .000**	-793.828 (423.453) p = .062	-1,608.67 (1,222.932) p = .189
Per capita personal income	-7.25e-09 (4.06e-09) p = .075	**-1.20e-08** **(2.51e-09)** **p = .000**	**-.000** **(.000)** **p = .000**	**-.000** **(.000)** **p = .000**
N	430	430	430	429
Prob > F	.000	.000	.000	.000
R-sq (within/between/overall)	.155/.001/.001	.152/.000/.002	.271/.747/.700	.353/.777/.724

Note: Includes time fixed effects. Standard error in parentheses. Boldface text indicates statistically significant coefficient, $p \leq .05$.

This set of models does not account for the unique policy packages instituted by each state the way the work support spending models do because it includes the same four policies for each state. Instead, this set of models examines the generosity of these four policies and identifies that the maximum monthly benefit and the state lifetime time limit are both positively correlated with the poverty rate. The positive correlation between the generosity of the maximum monthly benefit and the poverty rate lends support to the conservative conception of welfare. This positive correlation suggests that as the state provides more money to welfare recipients,

recipients become less motivated to find work and become self-sufficient. High maximum benefits correlating with high poverty rates indicates that where benefits are generous, increased numbers of recipients are content to continue to receive those benefits. This does not undermine the conclusion drawn from the previous set of models that suggested even employed welfare recipients often fall below the poverty line. The finding in this model supports the explanation that insufficient working wages perpetuate poverty because it suggests that people are content to continue to receive benefits when they believe that working wages will not improve their conditions more than welfare benefits do.

The counterclaim to this portion of the argument would contend that the impoverished choose not to work, not because wages are low, but because benefits allow recipients to lead an acceptable life without work. This counterclaim, however, does not account for the low levels of income of people who receive welfare benefits. It is very unlikely that a recipient would choose not to work based on high maximum monthly benefits, because those benefits would not raise the recipient above the poverty line. In order to motivate recipients to work instead of accepting welfare benefits, working must meaningfully enhance the recipients' standard of living. This theory ultimately supports the same conclusion drawn from the first set of models that work must yield sufficient wages to enhance the living standards of the impoverished. The correlation of high lifetime time limits and high poverty rates follows the same logic because recipients are not motivated to limit their time on the rolls if they are not required to do so when their alternate option of work will not improve their standard of living in a significant way. Conversely, high payment standards are irrelevant to the poverty rate because standard payments are likely not sufficiently substantial to demotivate recipients. That the generosity of the asset limit for applicants did not have a statistically significant impact on the poverty rate indicates that the asset limit does not conclusively motivate nor demotivate recipients to train for higher paying work.

The second, third, and fourth models in this set sought to recognize the effects of the generosity of the aforementioned dimensions of TANF policy packages on the unemployment rate, family caseloads, and individual recipient caseloads respectively. None of the four dimensions, however, were found to have a statistically significant impact on any of these three dependent variables. Based on the lack of statistically significant correlations found between TANF generosity and the unemployment rate, family caseloads, and recipient caseloads, it is likely that none of the four generosity dimensions of TANF were sufficiently motivating or demotivating for people already receiving benefits to alter their behavior. In order to more precisely understand the impact of generosity on poverty outcomes, the following model examines generosity measures in conjunction with the proportion of state work support spending.

The third set of models used the measure of the proportion of TANF funds spent by states on work supports and related activity, as well as the generosity measure for the same four dimensions of TANF policy packages. This set of models was examines whether combining work supports with generosity lent more explanatory power to either variable than either possessed alone. According to the first model, the proportion of TANF funds spent by states on work supports and related activity did not significantly impact the poverty rate, but the generosity of the maximum monthly benefit and the generosity of the state lifetime time limit both significantly impact the poverty rate. The generosity of each of these dimensions impacts the poverty rate with nearly the same p-values and coefficients as they did when the proportion of TANF funds spent by states on work supports was not included in the model.

Set 3: Effects of Work Supports and Generosity on State Welfare Poverty Outcomes

	MODEL 1: Poverty Rate	**MODEL 2: Unemployment Rate**	**MODEL 3: Family Caseloads**	**MODEL 4: Individual Recipient Caseloads**
Proportion of TANF funds spent on work support and related activities	-.198 (.253) p = .435	**-.386** (**.154**) **p = .013**	2,539.019 (1,549.561) p = .102	**9,388.678** (**4,551.825**) **p = .040**
TANF generosity characteristics				
Benefit Standard: payment standard for a family of three	-.002 (1.074) p = .998	.325 (.655) p = .620	3,040.478 (6,588.587) p = .645	6,066.095 (19,211.04) p = .752
Maximum monthly benefit for a family of three	**3.126** (**1.396**) **p = .026**	1.095 (.851) p = .199	4,736.269 (8,559.357) p = .580	12,786.23 (24,954.85) p = .609
Asset limit for applicants	.112 (.133) p = .406	.034 (.081) p = .679	954.609 (816.750) p = .243	3,266.113 (2,463.88) p = .186
State lifetime time limit	**1.882** (**.712**) **p = .008**	.197 (.433) p = .650	7,327.755 (4,357.95) p = .094	14,735.77 (12,704.97) p = .247
State variance controls				
Citizen ideology indicator	.022 (.012) p = .060	-.001 (.007) p = .841	-74.781 (71.187) p = .294	-223.665 (207.536) p = .282
Democratic control of state	**-.253** (**.102**) **p = .014**	**-.144** (**.062**) **p = .022**	-155.394 (628.164) p = .805	-428.678 (1,836.795) p = .816
Percent not white/non-Hispanic	**.229** (**.070**) **p = .001**	**.244** (**.043**) **p = .000**	-557.607 (432.296) p = .198	-914.032 (1,260.413) p = .469
Per capita personal income	-6.81e-09 (4.14e-09) p = .101	**-1.10e-08** (**2.53e-09**) **p = .000**	**-.000** (**.000**) **p = .000**	**-.000** (**.000**) **p = .000**
N	417	417	417	416
Prob > F	.000	.000	.000	.000
R-sq (within/between/overall)	.155/.000/.000	.167/.000/.002	.302/.771/.711	.377/.788/.721

Note: Includes time fixed effects. Standard error in parentheses. Boldface text indicates statistically significant coefficient, $p \leq .05$.

These results support the same conclusions as those drawn from the previous analysis. That the maximum monthly benefit and state lifetime time limit affect the poverty rate reinforces the idea that the quality of employment opportunities are not sufficient for recipients of welfare to escape poverty. Recipients are not motivated to identify and take advantage of opportunities outside of received benefits if they are not assured a better standard of living once they secure a position. When considering that work support spending continues to decrease the unemployment rate, this finding indicates that welfare spending may not address the root causes of poverty and consequent disadvantages in the job market.

The second model in the third set indicates that the proportion of TANF funds spent by states on work supports has a slightly weaker—but still statistically significant—relationship with the unemployment rate than it did when the generosity dimensions were not included in the model. This finding continues to suggest problems inherent in the employment market for welfare recipients. Welfare recipients are likely getting jobs, but based on the absence of a decreased poverty rate, these jobs are not lifting recipients above the poverty threshold. In order to more effectively motivate welfare recipients to work rather than encouraging them to accept benefits as their main source of income, jobs must pay motivating wages or more generous work supports must accompany working. For recipients to obtain jobs that pay sufficient wages, it is important that the impoverished are aided early in life and do not enter the job market with inferior skills and a limited capacity to succeed.

The third and fourth models in this set indicate that when the TANF generosity dimensions are combined into the model with the proportion of TANF funds spent by states on work supports, neither the TANF generosity dimensions nor the proportion of TANF funds spent by states on work supports significantly impact the number of family caseloads. There is, however, a positive correlative effect between work support spending and individual recipient caseloads. This follows the same logic as the previous analyses. There is no fundamental value perceived by the individual recipients of work supports and activities because there is no meaningful value to obtaining a low-paying job. Generosity dimensions and work support spending are irrelevant in their effect on family caseloads because the type of employment available to the impoverished is not perceived to be worth a change in behavior. Work support spending actually significantly and positively correlates with individual recipient caseloads. This may indicate that perhaps work supports, which address the needs of the adult impoverished directly, are not intervening early enough to prevent youths from becoming future welfare recipients, as proposed in the third and fourth models of the first set. In order to combat these dismal findings related to work support spending, we may need to reevaluate the level of employment opportunity available as a result of the work supports and related activities. It is imperative that we identify the level of training necessary to prepare welfare recipients for jobs that are worth a substantial change in behavior and will motivate recipients to sacrifice their welfare benefits.

Conclusion

Clinton's welfare reform was designed to appease a conservative public and decrease dependency on the federal government by decreasing welfare caseloads. Although reform was heavily focused on decreasing caseloads during its construction, TANF remains the prime social welfare program for the impoverished in America, and the main vehicle through which the national government can achieve its constitutional guarantee to promote general welfare among US citizens.

TANF's official goals include providing assistance to needy families, ending dependency of needy parents on government benefits, preventing and reducing the incidence of out-of-wedlock pregnancies, and encouraging two-parent families. While decreasing dependency is explicitly mentioned and increasing self-sufficiency is not, TANF's underlying principles may suggest that decreasing poverty and promoting welfare actually stand as TANF objectives. TANF seeks to assist needy families in order to promote the welfare of children, and TANF seeks to prevent out-of-wedlock pregnancies and encourage two-parent families in order to limit the risk of future impoverished generations. Choosing to recognize TANF as a program meant to encourage self-sufficiency aligns with the original underlying justification for a welfare benefits system in America. If TANF's goal is to reduce poverty, then a more comprehensive approach to welfare may be required.

This study seeks to identify the dimensions of welfare that most effectively impact real poverty outcomes in the US. In order to inform a hypothesis regarding TANF program spending, the project examined both factors that contribute to poverty as well as factors that contribute to state variance in decision-making. Reviews of the literature surrounding each of these subjects were meant to inform a hypothesis that suggests where TANF spending would be most impactful on the impoverished.

The new paradigm seeks to resolve the perception of poverty as an individual problem and responsibility by recognizing the inherent disadvantages that those experiencing the condition of poverty face. For Rank and Sen, the necessary new paradigm must focus on expanding available opportunities and refrain from blaming the individual by assuring work pays, providing access to social goods, and by encouraging asset building. The new paradigm describes the impoverished as people who are experiencing the condition of poverty, and essentially argues that the experiences associated with the condition of poverty must be ameliorated in order to elevate the impoverished.

This study addresses the experiences and disadvantages associated with poverty as directly impacting the poor's potential for extended employment, and, theoretically, hypothesizing that working for wages enables self-sufficiency. Based on the empirical analysis, the work support variable this study used to operationalize states' attempts to address these disadvantages does not have a statistically significant impact on the poverty rate. This calls into question how the US measures the poverty rate because it may fail to capture important movement below the poverty rate. It also contradicts this study's core assumption that the key disadvantages faced by the impoverished chiefly determine the individual's capacity for employment.

Because the work support variable was shown to have significantly impacted the unemployment rate, both alone and when combined with TANF generosity dimensions, this study suggests that the capacity for employment of the impoverished is not an isolated issue in welfare spending. Instead, because jobs obtained by welfare recipients are not reducing poverty, there may be a deficiency in the jobs those receiving work supports are obtaining. That employed individuals continue to remain under the poverty line indicates that the TANF objective of self-sufficiency for the poor is not necessarily being affected by moving recipients from welfare to work. It is likely that employment does not pay the working poor a wage sufficient to raise them above the poverty line. This theory is aligned with Alice O'Connor's argument that an end goal of removing the impoverished from the welfare rolls fails to address the core issue of lifting them from poverty in a sustainable way, as the rolls do not necessarily include all families and individuals left below the poverty line. This understanding leaves the value of the employment that work support spending encourages in question. In order to motivate welfare recipients to change their behavior from accepting benefits to participating in work activities and employment, the change in behavior must have fundamental value for the recipients. Ultimately, it must pay to work.

While this study identified the work supports themselves as the factors that would lead to making work pay, there are various alternate spending opportunities that may increase the value of work supports to the point that being employed is more lucrative than accepting welfare benefits. Alterations to the federal minimum wage and overall higher quality job training may decrease the proportion of the working poor that works for inadequate wages.

Work support spending is ultimately not preventative. Spending in the areas of work support and related activities is intended to address the poverty of adults and, as a result, create opportunities for their children. But if the employment that impoverished adults gain through work support spending fails to lift them from poverty, their children will not avoid the disadvantages associated with the condition of poverty. Employment without adequate compensation for self-sufficiency does not alter the trajectory of the poverty cycle for children.

There are several areas for future study that would be invaluable for redefining the most efficient spending of TANF funding. Firstly, the Census Bureau's current poverty threshold measure may be outdated. In order to most accurately identify a sufficient minimum wage and quality of job training and preparation, future research may try to identify a measure of poverty that more accurately reflects the challenges normally associated with the condition of poverty.

The Census Bureau currently defines poverty in America by comparing a family's resources to a predetermined poverty threshold. The poverty threshold was designed in the 1960s and was based upon the Department of Agriculture's Economy Food Plan. As discussed, Orshansky multiplied the economical food budget by three because research of the time indicated low-income families spent about a third of their budgets on food (Meyer and Wallace 36). Each family's official money income is compared to the threshold, and when families or individuals fall below the threshold, they are considered impoverished.

The financial parameters identifying those in poverty in the US today are not equivalent to those of any other country, or even of this country forty years ago. Americans today spend money on a more varied array of commodities and resources than in the past. Based on cheaper food prices and the lesser share of overall expenditure that food constitutes, the economical food budget should be multiplied by 7.8 instead of three in order to more accurately determine a realistic poverty threshold (Blank 2005, 7). It is important to identify this threshold accurately because the minimum wage and job training opportunities are calibrated to help recipients reach basic levels of self-sufficiency. If the poverty threshold is significantly lower than is reasonable, other dimensions of TANF spending are likely also calibrated in a way that keeps recipients who attempt to act in good faith in an impoverished condition.

There are several proposed measurement techniques meant “to derive an overall index of poverty” (Sen 1999, 102). Through the “head-count ratio”, those under the poverty line are merely counted, and the severity they suffer is discounted. A less common measurement, the “income gap”, measures the additional income required to raise all the poor above the poverty line. Unlike with the “head-count ratio, this measurement of poverty neglects the number of people suffering. Neither of these measurements reference the depth of poverty below the threshold. “Rank-order weighting”, however, ranks the impoverished among the impoverished. Though this distribution-sensitive measurement has become more widely accepted, critics more generally assess the importance of income itself in the identification of poverty (Sen 1999, 103-106). This is relevant because deep poverty is most traumatic and debilitating for children, and recipients in these circumstances may require more directed funding in order to overcome disadvantages.

Identifying key measurements and accurately assessing information may require increased diligence in recordkeeping. Monitoring the income of recipients who leave work-training programs as compared to those who do not may be a useful statistic. This would allow future researchers to compare those incomes and analyze the effects of different qualities of job training programs. A similar improvement in assessment could be made if administrative strategies and consequent workforce welfare integration were recorded and analyzed in a strategic manner. In his research for the Annie E. Casey Foundation, Ragan laid out programs and integration strategies present in 16 different counties (Ragan 2003). This type of information, if collected across the nation, could enable greater information sharing between different programs and allow researchers to analyze different approaches. If integration between institutionalized workforce programs and welfare programs can help to increase the quality and effectiveness of job training, improving these relationships may be worth an investment of TANF funds.

Once a more accurate poverty measure is identified, and the effectiveness of various types of job training programs is evaluated, future research may seek to identify the policies that must be integrated into work support systems in order to assure the quality of employment for outgoing recipients enables self-sufficiency. The US' approach to fighting poverty must be reevaluated. TANF funding by itself may not be sufficient, and a combination of factors that include recalibrating the poverty rate and the minimum wage, WtW programs, and high quality job training that intervenes in the poverty cycle early in life may be critical to future success for the impoverished. It is ultimately imperative that we identify the level of training necessary to prepare welfare recipients for jobs that are worth a substantial change in behavior and will motivate their sacrifice of welfare benefits.

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