
Susan E. Mayer

COMMENTARY

In 1994, welfare rolls began to fall precipitously. In her study, Rebecca Blank reviews the research that tries to separate the effect of the economy on this decline from the effect of policy changes. The paper by Robert Moffitt and David Stevens attempts to determine whether the Temporary Assistance for Needy Families (TANF) program has changed the labor market characteristics of welfare recipients. An important motivation for both papers is to help predict what will happen when the economy takes a downturn. If changes in caseloads are mostly due to the booming economy, caseloads will probably increase rapidly in a recession. If, instead, the decline in the rolls is due to program changes, caseloads might increase more slowly in a recession.

Both Blank and Moffitt and Stevens rely on the standard economic model of caseloads. In this model, caseloads depend on program parameters that affect eligibility and the economic attractiveness of participation. The macroeconomy affects caseloads by changing the attractiveness of work, which is an alternative to program participation. But not everyone who is eligible for welfare takes it. Only about two-thirds of families eligible for Aid to Families with Dependent Children (AFDC) actually participated in the program. Furthermore, the standard economic model is unable to explain fully early increases in AFDC caseloads or the current decline. This fact, combined with relatively low take-up rates for welfare, suggests that something other than the standard economic variables may be important for explaining changes in welfare rolls. In a

well-known paper, Moffitt (1983) invoked welfare stigma to help explain low take-up rates. Stigma is only one aspect of the norms and values that affect caseload changes.

The standard economic model treats norms and values as constants, not as variables. Over the long run, changes in social norms and values affect caseloads by affecting demographic characteristics such as marriage and fertility, which affect eligibility. In the shorter run, changes in norms and values affect the success of program changes. In turn, program parameters are often meant to change norms and values.

Program parameters have a smaller effect when they are contrary to strongly held norms and values. Since 1967, AFDC recipients have been required to seek work. But in 1967, there was a lot of social ambiguity about whether mothers of young children should work. In 1970, less than a third of married mothers of pre-school-age children worked at all and many of these women worked part-time. In the absence of a strong work norm among mothers of young children, there were few social supports, including child care, for working mothers. In addition, work rules for AFDC were vague, reflecting the ambivalence of legislators and the public about mothers of young children working. Together, these factors made it easy for caseworkers to make “excuses” for clients who did not show up for job interviews or otherwise seek employment, and few welfare recipients were sanctioned for such behavior. As more and more middle-class mothers of young children went to work, social approval for working mothers increased (as did

Susan E. Mayer is an associate professor at the University of Chicago’s Irving B. Harris School of Public Policy Studies and the Director of the Northwestern University/University of Chicago Joint Center for Poverty Research.

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availability of child care). This shift clearly encouraged legislators to pass increasingly aggressive work rules for welfare recipients and encouraged caseworkers to feel more confident in sanctioning mothers who did not cooperate with these rules.

Norms and values can also affect many aspects of program implementation. For example, high levels of social hostility toward welfare recipients by society as a whole could lead caseworkers to treat potential recipients in ways that discourage their participation in welfare programs. This social hostility stigmatizes welfare recipients, reducing participation among those who are eligible. This means that if the take-up rate among eligibles does not change, changes in norms and values regarding welfare cannot be a big factor in caseload changes.¹ Blank (2001) finds that almost all of the change in caseloads between 1984 and 1995 was attributable to changes in eligibility, and little was due to changes in take-up rates. However, take-up rates among those eligible for the food stamp program and Medicaid seem to have fallen since TANF was implemented, so take-up rates for welfare benefits may also have declined.

Both program rules and the economy can affect norms and values. Conservatives believed not only that AFDC provided disincentives for single mothers to work, marry, and control their fertility, but also that it fostered a “culture of poverty.” By this, they meant that a set of social responses to incentives provided by AFDC had been internalized into norms and values that perpetuated poverty even when incentives changed. The low value placed on work and marriage reduced the extent to which they responded to changes in the economy and in welfare rules. Not working, it was argued, was due to attitudes toward work, not to the unavailability of jobs. TANF was supposed to change behavior as well as these norms and values.

Changes in norms and values that result from a change in program parameters in turn affect future responses to economic change and changes in program parameters. Imagine a state in which strong work rules are implemented during a strong economy. More single mothers become employed, so fewer are eligible for welfare. The welfare caseload declines. With the increase in job opportunities, the stigma associated with welfare receipt increases. Caseworkers become less sympathetic to mothers who do not work and treat welfare applicants more harshly. This causes some eligible mothers to

reject welfare. Caseloads decline further. Because fewer mothers receive welfare, the availability of information on how to receive it decreases. When unemployment increases, higher stigma and less information persist for some period, delaying an increase in caseloads. According to this scenario, norms and values can also affect the composition of the caseload. As welfare becomes more disfavored, advantaged women get jobs while the least advantaged remain eligible but are less likely to participate. Thus, welfare rules can affect take-up rates differently for women with different skill levels.

There is no easy way to measure norms and values directly, so it is not surprising to find that empirical evidence on how norms and values influence welfare caseloads and vice versa is at best suggestive. Blank (2001) and Wallace and Blank (1999) find that Democratic governors and state representatives are associated with higher caseloads in a state. Political parties with more liberal attitudes toward welfare may create a political climate in which families feel like they can ask for help and in which state civil servants see their job as helping recipients rather than discouraging them from taking welfare.² Moffitt (1983) argues that changes in stigma explained changes in take-up rates in the late 1960s.

Social networks that include welfare recipients increase the likelihood that a person will receive welfare. Gottschalk (1992) finds that among women *eligible* for welfare, those who grew up in families that received welfare were more likely to receive it themselves than those who grew up in families that were eligible for but did not receive welfare. Bertrand et al. (1999) find that among non-English speakers, exposure to others who speak your language increases welfare use more for individuals from language groups with high welfare use than for individuals from language groups with low welfare use. These studies imply that welfare use results from either shared norms and values or shared information. These effects may not be trivial. Bertrand et al.’s estimates suggest that a policy change that would increase welfare caseloads by 1 percent in a group in the absence of networks can be expected to actually result in an observed increase of between 15 and 25 percent in that group.

Although norms and values may not be the most important determinants of caseload changes, they remain an understudied and potentially important source of such changes.

ENDNOTES

1. If take-up has declined, it does not prove that norms and values have changed, since several factors affect take-up rates.
2. Of course, more liberal regimes may also implement more liberal AFDC policies, but these studies try to control for this possibility.

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