Published in final edited form as:
Demography. 2015 June ; 52(3): 729–749. doi:10.1007/s13524-015-0395-0.

The Deserving Poor, the Family, and the U.S. Welfare System

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Abstract

Contrary to the popular view that the U.S. welfare system has been in a contractionary phase after the expansions of the welfare state in the 1960s, welfare spending resumed steady growth after a pause in the 1970s. However, while aggregate spending is higher than ever, there has been a redistribution away from non-elderly and non-disabled families to families with older adults and to families with recipients of disability programs, a redistribution away from non-elderly nondisabled single parent families to married parent families, and a redistribution of transfers away from the poorest families to those with higher incomes. These redistributions likely reflect long-standing, and perhaps increasing, conceptualizations by U.S. society of which poor are deserving and which are not.

Keywords

Welfare; Poverty; Single Mothers

The nature of the U.S. welfare system has been a subject of long-standing research interest among those who study low income and disadvantaged families and children, for the country's system of welfare programs has a strong relationship to the family. Historically, for example, the primary recipient group has been single mothers and their children, a group of much research focus given their high rates of poverty and the implications of that poverty for children. The role of absent fathers and their relationship to children, and the role of the child support system, has been another focus of research relating the welfare system to the family. The welfare system also provides support that is quite different depending on whether individuals are single or in a union, whether children are present in the family, whether a male and female partner are married or cohabiting, and whether the adults are biologically related to the children. In all of these classic areas of research on the family, the welfare system plays a role.

This paper will address two broad questions about the evolution of the U.S. welfare system and how that evolution has resulted in changing patterns of support for families of different types The first question is simply whether the welfare system, taken as a whole, has become more or less generous over time. I will argue that the common view among researchers and many, though perhaps not all, members of the public is that the system had its greatest expansion in the 1960s and early 1970s, partly stemming from the War on Poverty, but that

Presidential Address to the Population Association of America, Boston, May 2, 2014.

that expansion was halted, if not reversed, some time later; and that we have been in a contractionary period for two or three decades. I will note the scholarly research that supports this view and will examine the evidence to determine whether it is correct.

The second question is whether, given whatever has happened to the generosity of the system in aggregate, the distribution of support across different family types and across families at different points in the income distribution has changed. Here I will examine whether trends in support have been different for single mothers and their children, married couples with children, and childless families, for example. I will also examine whether support has evolved differently for the poorest of the poor, on the one hand, and for those with still modest incomes but with incomes just below or just above the official U.S. government poverty line, the most commonly used index of economic status among the disadvantaged population. I will also examine whether support has evolved differently for families with older adults and those with disabled family members relative to the rest of the population.

My results show that the aggregate generosity of the system has continually trended upward, albeit with some pauses and slowdowns, and that the rate of spending growth has in fact been greater in some recent periods than it was in the 1960s and early 1970s. However, I will also show that financial support has evolved very differently for different demographic and economic groups, with the disabled and aged experiencing much greater increases in support than the rest of the population, and with much slower rates of increase, if not decreases, for single mothers and their children. I will also show that there have been decreases in support for families with the lowest incomes and increases in support for those with higher incomes. I will interpret these changes in the distribution of benefits as reflecting centuries-old notions of which of the poor are “deserving” and which are not (Katz, 1989).

One well-known topic to which I will devote minimal scant attention is whether the U.S. welfare system has encouraged nonmarital childbearing and the formation of single parent families, and whether it has discouraged work. These issues are important not only for their own interest but also because, if family and work behaviors have been influenced by the welfare system, this could bias trends in support by family type and by level of earnings, which would themselves be affected by the system. At the end of the paper, I will briefly review the existing research literature and will argue that, while some incentive effects of this type are probably present, they are small in magnitude and would not affect the large trends documented earlier in the paper.

A Short Chronology of the Development of U.S. System of Transfers

The modern welfare state in the U.S. was begun in the depths of the Great Depression when Congress passed, and President Roosevelt signed, the Social Security Act in 1935. That Act created three programs: the old-age retirement program that is often simply called “Social Security,” the Unemployment Insurance system, and the Aid to Dependent Children program, or the ADC program (later its name was changed to Aid to Families with Dependent Children, or AFDC, which is what it is generally known as now). The first two of these are “social insurance” programs, which are programs that base eligibility on having worked a sufficient amount in the past and having had a sufficient level of earnings to quality. For example, currently an individual establishes eligibility for Social Security retirement benefits only if he or she has worked at least 10 years in so-called covered jobs and has earned at least $1,200 per quarter. Likewise, eligibility for Unemployment Insurance payments is based on whether an involuntarily unemployed individual has had a certain amount of work and earnings in the past year or so, depending on the state of residence. The important feature of social insurance programs is that they do not base eligibility primarily on current income or poverty status and, in fact, to the extent that poor individuals tend to have spotty employment histories and low earnings, they are less likely to be eligible for these programs in the first place. However, despite the fact that these two social insurance programs are not specifically directed to the poor, their enormous size means that they do, in fact, provide large transfers to poor elderly families and to poor unemployed families at the same time they are providing payments to middle class families. In 2007, for example, expenditures in the Social Security retirement program were $485 billion and were $30 billion in the Unemployment Insurance program (and this was a low unemployment year). This compared to, for example, $12 billion in the cash portion of the TANF program, which is the current name for the former AFDC program.

But the third program, Aid to Dependent Children, was explicitly directed to poor families, by providing benefits to families where there were children but where one biological parent was absent from the home. But rather than reflecting a sympathetic view of the poor in general, the ADC program was instead intended to support widows with children and women whose husbands had become disabled. In some sense, it was not unlike a social insurance program because it presumed that the husband had provided income to the mother and the children, income which they had lost involuntarily. Since it was assumed that mothers would not work and would stay home with their children, it seemed natural that the children should be helped and that the mother should be helped in the process.

Interestingly, although mothers whose husbands had become disabled were supported by the 1935 Social Security Act through the creation of the ADC program, the Act had no provision for support for the disabled in general. There was intense debate in Congress starting in 1936 over whether a program for the disabled should be included along with the other three (Berkowitz, 2000). There was strong opposition to its inclusion because Congress felt that there was too great a danger that such a program would serve too many men who were not really disabled and who could obtain a job. Debate over whether to have a program for individuals with disabilities continued for the next 20 years, when Congress finally added a program for those individuals in 1956, called the Social Security Disability Insurance (or SSDI) program. When it did so, however, it created a program would only cover the severely disabled to reduce the probability that recipients would be capable of employment. The severity of the eligibility condition in the SSDI program distinguishes the U.S. from many countries in Western Europe, where less stringent definitions are often used and the moderately disabled are often covered. The SSDI program is, again, a social insurance program, for only those who have worked and earned enough in the past are eligible. But, once again, the program is large in size---$99 billion in 2007--and ends up covering many individuals who are in poverty.

After the creation of the three programs in the Social Security Act and the SSDI program, little development in the transfer system occurred until the 1960s. It is widely recognized that the 1960s and early 1970s were a period of major expansion of government social welfare programs. Beginning with the publication of Michael Harrington's book *The Other America* in 1962 (Harrington, 1962), which awakened Americans to the existence of widespread poverty in the midst of the country's general prosperity, and continuing with President Kennedy's plan to address the poverty problem and then on to President Johnson's heralded War on Poverty announced in 1964, the need for government intervention to help the neediest families became evident and gained widespread public support.

Interestingly, President Johnson intended the War on Poverty to be focused on education, training, and health programs for the poor, not welfare programs--or, in his words, a "hand up" and not a "hand out." The Head Start program, which provides early education assistance to children from low income families, is one program of this type. Nevertheless, whether intended by Johnson or not, and whether officially part of the War on Poverty or not, the 1960s and early 1970s were a period in which just about all of the major welfare programs for the poor that are still with us today were created (see Table 1). These include the Food Stamp program, which was created in 1964 and which provided food coupons for low income families and individuals. It began as a small voluntary program but was eventually made mandatory for all counties in the 1970s and began its evolution toward the major program it is currently. Medicare and Medicaid were created in 1965. Medicare is the health program for older individuals; it is a social insurance program, not a welfare program, but Congress has made all individuals 65 or older eligible for it even if they have not worked for 10 years in the Social Security system. Medicaid is the medical care program explicitly providing health care to those with low income and assets and hence is directly aimed at helping poor families. It has grown dramatically since 1965, as will be shown below.

In 1966, the National School Lunch Program and the School Breakfast Program were formalized, providing subsidized lunch and breakfast meals to low income children. Housing programs were expanded in the early 1970s, for the first time giving low income families a voucher which they could take to a private landlord and only have to pay a portion of the rent on the housing unit. The Supplemental Security Income program, or SSI, which provides cash payments to the aged, blind, and disabled individuals if they have low enough income or assets was created in 1972. Up to that time, there was no national program under which poor aged or disabled were eligible for cash assistance if they did not qualify for Social Security, although there were state programs. The Women, Infants, and Children (WIC) program, which provides food and nutrition assistance to pregnant women and to infants, was created in 1975. Finally, in 1975 Congress passed the Earned Income Tax Credit, or EITC, which gave families who worked a tax credit on their federal income taxes, the credit amount in proportion to their amount of earnings. Economists call this an "earnings subsidy" program because it helps those who work more by supplementing their earned income. While the Earned Income Tax Credit is not ordinarily thought of as a welfare program in the public eye, it does, in fact, fit the definition, because it only gives credits to families where earnings are below an upper level cutoff and is intended to help only those in the population who have low or modest levels of earned income.

As I asserted in the Introduction, the dominant view of researchers is that this era of expansion of the welfare state and programs to help the poor was followed by a long period of retraction and retrenchment, or at least stabilization and failure to further expand. Many observers believe that this began as early as 1971, when President Nixon submitted to Congress, and later resubmitted, a bill to create a guaranteed annual income to poor families called a negative income tax (Table 1). It failed in Congress after both submissions. Later in the 1970s, President Carter formulated a vastly expanded program for the poor with higher benefits, more universal eligibility, and calling for the creation of millions of public service jobs for the disadvantaged. It never made it to the floor of the House. In 1980, Ronald Reagan was elected President, having campaigned on a promise to curtail the welfare state and he continued to enjoy enormous popularity during his two terms in office. In 1984, Charles Murray published an influential volume called *Losing Ground* (Murray, 1984), which argued that not only had the expansion of the welfare state failed to reduce poverty, it had actually made the problem worse by discouraging the poor from working and giving them incentives to not marry. In 1988, President George H. Bush, a moderate Republican, proposed to Congress a bill to add mandatory work programs to the AFDC program. The bill passed but the implementation of the program never made work mandatory and was widely considered to be a failure. When a Democrat was finally elected to the Presidency, he presided over, and signed in 1996, the most retractionary bill in the modern history of welfare reform, imposing into the AFDC program work requirements backed up by credible and enforced monetary sanctions for noncompliance, and legislating maximum time limits of receipt into the program, which was renamed the Temporary Assistance for Needy Families, or TANF, program. The legislation reduced the number of poor families served by the program by 63 percent within 10 years, effectively removing it as an important program in the nation's safety net for the poor. Since 1996, welfare reform has been mostly off the political agenda, whether under President George W. Bush or President Obama, with no further major reforms discussed. Jencks, writing in 1992, provided one of the best and most cogent summaries of the post-expansionary era. He wrote that "After 1976 … the idea that government action could solve--or even ameliorate--social problems became unfashionable, and federal spending was increasingly seen as waste" (Jencks, 1992, p.70). Jencks wrote these words prior to the 1996 welfare reform as well.

Answering the First Question

With this fairly extended background, let us address the first question of whether the overall generosity of the U.S. system of transfers has grown less generous over the last two or three decades. To take the most comprehensive approach, let us include social insurance as well as welfare (or means-tested) programs first, and let us take the largest 16 of those programs.[1] Government statistics on expenditure--including state and local spending as well as federal--are available back to 1970. Figure 1 shows the pattern of growth of total real per capita spending (to control for natural population growth) from 1970 to 2007, the last year

[1]The 16 are the Old-Age Survivors Insurance program (i.e., Social Security retirement), Medicare, Unemployment Insurance, Workers Compensation, Social Security Disability Insurance, Medicaid, the Children's Health Insurance Program, the Supplemental Security Income Program, AFDC-TANF, the Earned Income Tax Credit, the Child Tax Credit, Food Stamps, subsidized housing programs, school food programs, WIC, and Head Start. The one important set of programs that is left out for lack of good data are child care programs.

before the Great Recession (it will be considered separately below). As expected, spending rose rapidly from 1970 to 1975, to pick an end year roughly coinciding with the end of the expansionary period noted above, by 60 percent over the short five years; and this would have been larger if pre-1970 data were available. Also as expected, per capita spending rose at a much slower pace, by 25 percent, from 1975 to 1986. But the end date 1986 is selected in Figure 1, despite the contractionary events after 1986 noted in Table 1, because spending picked up again after that year. And from 1986 to the end of the period in 2007, spending rose a large 72 percent, larger than in the first period of the early 1970s. While this third period was obviously longer in total years than the initial five-year period, there is no sign of a slowdown in spending growth in that recent twenty-year period.[23]

Now, one issue with these figures is that they do include major social insurance programs and it is well-known that the Social Security retirement program, to take only one of them, was liberalized repeatedly by Congress over this period and, in addition, toward the latter period the size of the older population was growing. The upper line in Figure 2 shows a data series compiled by the Congressional Research Service (Spar, 2006) for per capita real spending on 84 of the largest means-tested programs in the country, thereby excluding those for social insurance, but the series was not collected after 2004 and only sparsely collected before 1975. The rates of growth of real per capita means-tested spending, in fact, rose faster than total spending, by 90 percent, 18 percent, and 93 percent in the same three periods. Thus, social insurance programs are not responsible for the continue growth of spending in the last period.

Another issue is that the large rate of growth in the third period may be partly a result of the growth of spending in the Medicaid program, which is by far the largest means-tested program in the country in terms of expenditure, and which has been growing more rapidly than spending in other programs in recent decades. From 1986 to 2007, for example, real per capita Medicaid spending rose by 210 percent.[4] The lower line in Figure 2 returns to the large programs shown in Figure 1, but excluding not only the five social insurance programs but also excluding Medicaid. While the rate of growth of spending in the third period is now less than that of the upper line in Figure 2, it is still 69 percent, representing a major increase in spending. To sum up, this evidence, therefore, provides no indication of a more conservative era of retraction and retrenchment that the popular view assumes.

The explanation for the difference in the popular view and the actual experience is, in large part, that the 1996 welfare reform referred to in Table 1, which dramatically reduced the size and spending in one important program, the AFDC-TANF program, was the exception rather than the rule. This is demonstrated in Figure 3, which shows per capital real spending growth from 1970 to 2007 for that program but for several other important ones as well. As the line for the AFDC-TANF program in the figure shows, spending in the program took a dramatic dive in the 1990s and, by 2007, spending was only about a quarter of what it was in

[2]The annualized rates of growth in the three periods are 10, 2, and 2.6 percent, respectively.

[3]Spending in the third period also rose relative to GDP, from 9 percent of GDP in 1985 to 12 percent in 2007, a significant and non-trivial increase.

[4]Part of this growth is a result of increases in medical care prices, which were rising faster than general inflation over this period. These figures deflate spending by a general price index and hence overstates the growth of real medical care utilization.

1995; and, in fact, it is lower in 2007 than it was in 1970. But spending in the Supplemental Security Income (SSI) program, for example, which pays cash to poor aged, blind, and disabled individuals, rose by 80 percent in the five short years between 1990 and 1995. This extra spending was a result of changes in eligibility rules that allowed more children to be defined as eligible by disability criteria (Daly and Burkhauser, 2003). And the Earned Income Tax Credit (EITC), which provides a tax credit to low-income families with earnings, was greatly expanded by both Presidents George H. Bush and Clinton in the late 1980s and early 1990s, resulting in expenditure growth from 1988 to 1998 of 274 percent and taking it from a minor program in the country's welfare system to one of the leading ones (and the largest one among those shown in Figure 2). Another tax credit, called the Child Tax Credit (CTC), was passed by Congress and signed by the President in 1997 and started up in 1998. The CTC gives low income families with children a significant tax break and, as the figure shows, it is now a major program in the country's safety net. The Medicaid program--not shown in the figure because the magnitude of the numbers is so much higher than for other programs--also rose dramatically since the mid-1980s as well.

The Food Stamp program is shown in the figure to have grown up through the 1980s, then fell as the economy improved in the later 1980s, but then rose again to a new peak in the early 1990s as a result of changes in the program that liberalized various rules. The most interesting aspect of Food Stamp program spending growth is that, after falling in the late 1990s as a result of the improvement in the economy, it resumed growth through the middle and latter part of the 2000s despite a falling unemployment rate over the period, growing by 20 percent from 2003 to 2007. The reason for the increase was that the U.S. Department of Agriculture reformed the program to reduce barriers to participation and to reduce paperwork, and encouraged families who were eligible but hadn't applied to apply for benefits, a conscious and deliberate expansion of the program.[5]

Answering the Second Question

Although aggregate spending continued to rise after the mid-1980s, and even accelerated for many programs, whether the distribution of that spending across families of different demographic and economic types is a separate question. Indeed, that the distributional impact of the rise in aggregate spending may not have been neutral is already suggested by Figure 3, for most of the programs which grew served different types of recipients than the program which fell (AFDC-TANF). The SSI program, to take an obvious example, serves only the aged, blind, and disabled, not the poor population in general or even single mother families, one of the major groups served by AFDC-TANF. Further, the EITC by its structure does not serve any family with no workers because it is an earnings subsidy. Indeed, the largest tax credits in the EITC program go to families whose earnings are roughly between $10,000 and $20,000 a year, which means that it does not primarily serve those who are the most disadvantaged. The CTC, as will be noted below, shares this characteristic with the EITC. The Food Stamp program is the only program that serves all family types equally (that is, if they have low income and assets) and also serves those who have no other

[5]Some of the decline in spending after 1996 has been attributed to the decline of the AFDC-TANF program as well, for many recipients of that program prior to 1996 had been automatically eligible for Food Stamps.

income, including no earnings. But that program also only provides benefits for food purchases and, in magnitude, benefits from the program are far less than the benefits that were provided by AFDC-TANF or those provided by the SSI program, for example, both of which are intended to assist in all the living needs of the family or individual.

In addition, if we return to social insurance programs, which we have not considered in order to focus on welfare programs, the evidence also shows that the programs that have expanded the most are Medicare, Social Security Retirement, and the SSDI program for the disabled. Many of the recipients of those programs, as noted before, are poor, but nevertheless those programs only benefit older individuals and the disabled. Poor families in these groups are in need of assistance from the government but, once again, this merely demonstrates how many of the programs that have grown in size serve specific needy groups.

Nevertheless, a close examination of distributional changes requires data on individual families and the benefits they receive. For this purpose, I draw upon recent work by Ben-Shalom et al. (2012) which used the Survey of Income and Program Participation (SIPP) to examine this question. The SIPP is perhaps the best data set for this type of examination, for it is a representative household survey of the U.S. noninstitutional population conducted by the U.S. Bureau of the Census which has as one of its main goals the collection of information on receipt by families of benefits from all major transfer programs, both social insurance and welfare. Specific questions in the survey on each program are asked and underreporting of benefits is much lower than in other surveys such as the Current Population Survey (Meyer et al., 2009). But the SIPP was only begun in 1983 and the last survey before the Great Recession was conducted in 2004, so the 1983–2004 period is the only period that can be examined with these data. Nevertheless, this period covers both the contraction of the AFDC-TANF program as well as the expansion of many of the other programs discussed above and hence should bear directly on the question of interest.

Ben-Shalom et al. calculated, for each family, the total amount the family received from all major social insurance and means-tested programs in the month prior to interview, except Medicaid and Medicare. Medicaid and Medicare have to be excluded because families answering a household survey do not know how much the government has spent on their health care under those programs, and that is the relevant figure for these calculations. Ben-Shalom et al. totalled up the family benefit receipt from all major programs from which each family received benefits, and examined how that total varied across different types of families and how the total changed between 1983 and 2004 for those different types.[6]

Figure 4 and Figure 5 illustrate some of the results of their study.[7] Figure 4 shows the average monthly benefits received from all transfers programs in 1983 and 2004 for families with an older head (62 years or age or over), families with an adult receiving SSI or SSDI[8],

[6]The programs include Social Security retirement, SSDI, Workers Compensation, Unemployment Insurance, AFDC-TANF, Food Stamps, SSI, subsidized housing, veterans benefits, WIC, General Assistance, Other Welfare, the EITC, and the CTC.

[7]I have modified the price index and a few of the details of their calculations, and so these figures will not match up exactly to those in their published study.

[8]It would be preferable to define a disabled population independent of benefit receipt, but the questions on disability in the SIPP data are not adequate to do so. represents one.

and the residual category which I term non-elderly non-disabled families. The figure shows mean total transfers over all families of each type, whether receiving benefits or not from each of the programs, and hence represents a weighted average of benefits received among recipients of each program weighted by the fraction of the group receiving benefits from each program. The figure clearly shows that families with older adults and families with disabled members receive much more in transfers than other families, which is a result of the high rate of receipt of Social Security retirement benefits by older individuals and of the relatively high benefit amounts in the retirement program and in SSI and SSDI, i.e., they are intended to cover all expenses, not just food or medical care, and are much higher than AFDC-TANF benefit amounts as well. More relevant to the issue here is the change over time, where the figure shows that, while all three types of families experienced increases in benefits, the families with older individuals and with disabled members received greater increases than non-elderly nondisabled families in absolute magnitude ($208, $74, and $20, respectively) although in percent terms the third group had a somewhat large increase because of its small base (percent increases for the three are 19, 6, and 13, respectively). Thus the share of transfer benefits received by older adult families necessarily rose between 1983 and 2004, and the benefits for the disabled also rose significantly, which type of redistribution of total benefits.

Table 5 shows similar figures for non-elderly, non-disabled single parent families, married parent families, and childless individuals and families.[9] Here again we see that the size of transfers differs markedly across groups, with single parent families receiving more than married parent families, and childless individuals and families receiving very little from the U.S. transfer system. However, here the differences in changes in benefits over time for the three groups are dramatically different, with transfers to the average single parent family falling by 20 percent and those to the average married parent family rising by 68 percent. The decline for single parent families reflects the contraction of the AFDC-TANF program combined with increases in transfers from other programs which were smaller in magnitude because those other programs largely served different family types. Transfers to childless individuals and families were essentially unchanged, rising by a small 7 percent. These results imply a redistribution of benefits away from single parent families toward married parent families.

These figures suffer from the obvious problem that income is not being controlled for, and transfers should ordinarily be expected to flow disproportionately to those with low income. It is possible that the redistributional movements shown in Figure 4 and Figure 5 could be the result of differential changes in income across the different groups, which would give them a rather different interpretation. To address this issue we must condition on private income for each family. To this end, define private income for a family as the sum of its earned income and its private unearned income. For most families eligible for welfare programs, private unearned income is very small relative to earned income; most families have very little capital income and only miscellaneous income from other sources (e.g., child support). After calculating each family's income, I will classify their degree of

[9]The data on cohabitation in the 1983 SIPP is inadequate, so marriage is used to define the first two groups. Families with children are those with children under 18 in the household.

disadvantage by the relation of their income to the official U.S. government poverty threshold for their family size, putting families into one of our groups: private income less than 50 percent of the poverty threshold (so-called “deep” poverty), private income greater than 50 percent but less than 100 percent of the threshold (the “shallow” poor), private income greater than the poverty threshold but less than 150 percent of it (the “near-poor”), and greater than 150 percent but less than 200 percent of the threshold (the “non-poor”).

Figure 6, Figure 7, and Figure 8 show the results when the three groups in Figure 5 are broken out by the level of their private income relative to the poverty threshold. Figure 6, for example, shows the results for single mother families. If their overall decline observed in Figure 5 had been solely a result of a change in the private incomes of those families, the average benefit levels for the four separate private income groups would have been stable over time, but the fractions in each group would have changed. Instead, what is shown is a sharp decline in the transfers made to the poorest single mother families, those in pre-transfer deep poverty, by a remarkable 35 percent. At the same time, the transfers made to single mother families in shallow poverty rose by 73 percent and as did those in the near-poor and non-poor groups (75 percent and 80 percent, respectively).[10] These patterns are explained by the changes in the AFDC-TANF, Food Stamp, EITC, and CTC programs. On the one hand, the drastic decline in the AFDC-TANF program, meant that, while 57 percent of single mother families in private income deep poverty received support from the program in 1983, only 20 percent did by 2004. Real benefits of recipients also fell. In addition, the percent of deep poverty families receiving Food Stamps declined from 73 percent to 54 percent over the same period, probably because AFDC recipients were automatically eligible for Food Stamps whereas non-AFDC recipients have to make an independent application to the program. On the other hand, the major expansion of the EITC program in the late 1980s and early 1990s provided significant additional support to working single mother families above about $10,000 of annual earnings. And the introduction of the CTC, which is a non-refundable tax credit--meaning that only families with positive tax liability are eligible and therefore the size of the credit grows as earnings grow, up to a point--led to additional government support for working single mother families but little or no support to those with low levels of private income. The net result was another redistribution of benefits, in this case from the poorest single mother families to those with higher incomes.

Figure 7 shows the same pattern for married-parent families, with declines in support among those in pretransfer deep poverty (31 percent decline) and large increases for those with higher incomes (ranging from 75 percent to 138 percent increases).[11] Part of the decline among the poorest families of this type was also from the decline of the AFDC-TANF program for, while the participation rate of married couples in 1983 was less than half of what it was for single mother families, it was still substantial. The AFDC program did allow two-parent families to participate in the program and, in addition, stepparent families have always been treated by the program as single parent families since both biological parents

[10]The percent of single mothers in the income groups did change somewhat over the period. In 1983, the percent of families in the four groups (out of those with private income less than 200 percent of the poverty threshold) from lowest to highest, were 53, 16, 16, and 14, and they had changed to 41, 22, 21, and 16 by 2004.

[11]There are many fewer married parent families in deep poverty--20 percent in 1983 and 17 percent in 2004.

are not present in that case (Moffitt et al., 2015). Married parent families in deep poverty also experienced declines in Food Stamp receipt and in UI receipt. At the same time, married parent families with higher incomes received even greater EITC payments than working single mother families because the former had both higher earnings levels and more children, both of which raise EITC benefits in the relevant ranges.

Figure 8 shows a similar pattern for childless families and individuals but the amounts are very small and there was only a few dollars' difference in the two years' benefit levels. The major benefits received by the low-income childless are Food Stamp and UI benefits, although working families could receive a small tax credit from the EITC as well.[12]

Transfers to families with older individuals, individuals receiving disability benefits, and the residual non-elderly nondisabled group can also be separated by private income category. Figures for their trends in benefits are not shown for brevity. However, almost all of the first two groups are not working, so a comparison with the few families who work is not particularly important. However, the results show that average benefits for both these two groups rose from 1983 to 2004, even those with private incomes less than 50 percent of the poverty threshold. Once again, the sizable increases in benefits from the Social Security Retirement program, the SSDI program, and SSI are responsible for this result.

The results in this section of my paper allow me to answer the second question I posed at the beginning, of whether there has been a change in the distribution of transfer benefits to low income families within the overall growing total size of total transfers. The results show that there have been three major redistributions. First, there has been a redistribution away from non-elderly and non-disabled families to families with older adults and to families with recipients of disability programs. Second, there has been a redistribution away from non-elderly nondisabled single parent families to married parent families. Third, within single parent and married parent families, there has been a redistribution of transfers away from the poorest families to those with higher incomes, those with incomes just below and just above the official government poverty threshold. These developments constitute a new type of "diverging destinies" (McLanahan, 2004), although in this case not between those from low income and middle income families, but between different types of families within the low income population.[13]

Caveats and Concerns

Three different caveats and concerns are worth addressing. These include the importance of the Medicaid program, the impact of the Great Recession, and the relevant of incentives to work and to change family structure. All of these issues could in principle affect the results on trends in redistribution found in the previous section.

[12]Separate tabulations for childless individuals and married childless families show similar, small changes.

[13]Some other past research on related topics provides complementary evidence. A literature on "disconnected" families shows a rising fraction of low income families who have little or no earnings as well as little or no cash welfare (Blank and Kovak, 2009; Loprest, 2011). And the findings of Shaefer and Edin (2013) show an increase in the number of families with incomes less than $2 per day, which is partly a result of these declines in government assistance for the poorest families.

The Medicaid program is omitted from the benefit calculations because government spending on each individual family cannot be obtained in a household survey. Yet those eligible for Medicaid can receive it even if not working and hence it is an important benefit for the poorest families. In addition, there were significant expansions of eligibility over the 1983–2004 period for, while in 1983 most eligibles were single mothers on AFDC, in the late 1980s and early 1990s eligibility was extended to poor pregnant women in general and later to most children in poor families. Later, many states extended eligibility to many parents in low income families in general as well. In addition, looking to the future, Medicaid eligibility expansions under the Affordable Care Act are likely to make even more low income families eligible.

On the other hand, some researchers have obtained data from different sources which have information on medical spending under Medicaid for individual families (Burtless and Svaton (2010) and Burkhauser et al. (2013)). Those studies have noted that if Medicaid is included as a transfer, logic requires that the value of employer-provided health insurance also be included. When both Medicaid and employer-provided health insurance are both valued and added to individual incomes, the result is a remarkably distribution-free change in inequality, with the additions to middle-income families about the same, or sometimes greater, than those going to low-income families. A similar issue going forward will arise with the Affordable Care Act, for that legislation also introduces new subsidies for private health insurance for those families with incomes between 133 percent and 400 percent of the poverty line, which means a further increase in implicit government transfers to the higher income portion of the disadvantaged population. Even one of the Medicaid provisions in the Affordable Care Act, that which encourages states to raise their upper income eligibility levels from where they often are now--often below the poverty line--at least up to the poverty line, which will benefit the shallow poor, not the poorest families. Consequently, it is unclear at the present time how much adding Medicaid would change the conclusions reached in the last section, although this is certainly an important topic for subsequent research.

Much attention has also been focused recently on the performance of the safety net during the Great Recession, roughly between 2007–2008 and 2012. The federal government expanded many of the major transfer programs significantly during the Recession. Benefit levels for the Food Stamp program were raised and eligibility requirements were relaxed, EITC amounts were increased for large families, additional funds were provided for the TANF program, amounts for the CTC were increased, income and payroll tax rates were temporarily reduced for low-income families, and one-time extra benefits were given to Social Security retirement and SSI recipients. An additional major legislative change involved the Unemployment Insurance (UI) program, where the potential duration of benefits was increased, benefit levels were raised, and states were encouraged to broaden the bases for eligibility. For present purposes, the question is whether these additional benefits were provided in equal or unequal measures to different family types and to those of different income levels, and whether therefore the redistributional trends noted in the last section were continued or countered. Interestingly, the evidence on this question indicates that, contrary to the long-term trend, the additional benefits provided went to both single parent and married parent families, childless individuals and families as well as those with children, and were about equally spread among those in deep poverty and those with higher income levels (Moffitt, 2013). The poorest families received major increases from the Food Stamp and UI programs, while millions of families who lost their jobs but still had significant earnings (e.g., above $10,000 a year) received additional EITC benefits.

Nevertheless, at this writing, most of these temporary expansions have phased out. Some of the EITC and CTC changes have been extended a bit further, and some of the UI eligibility changes are likely to stay. Aside from these, however, the safety net will return to its pre-Recession structure. Consequently, for the safety net as a whole, there is no indication that the long-run trend of reduction in support for single mothers and for the poorest families and increases in support for married parent families and better-off working families will be reversed.

Finally, a traditional issue with examining how safety net programs affect low-income families is whether those programs discourage work and hence increase the proportion of families with very low or zero earnings, and whether those programs encourage the formation of single-parent families. The research evidence to date suggests that these issues are of little or no importance for the purposes of this paper for several reasons. First, the existing evidence shows that neither work disincentives nor family structure incentives are large in magnitude, especially in the aggregate. Ben-Shalom et al. (2012) reviewed the existing evidence on work disincentives for all major transfer programs and found that, while some of them appear to induce non-trivial reductions in work effort among the recipients of some programs, the aggregate effect on earnings in the low income population is almost zero because too few families participate in programs where those reductions occur. As for family structure incentives, a large body of research on this question for the AFDC program failed to show any major effects on the fraction of single mother families, although the evidence suggests that there may have been a small effect (Moffitt, 1998). Research on the effects of the 1996 reform of the program on family structure also has shown very mixed results and no evidence of any major effect (Grogger and Karoly, 2005).

Second, however, the calculations in the previous section were of average benefits conditional on level of earnings and conditional on family structure, and hence any effect of the program on changing the proportions of families at different earnings levels or in different demographic groups should not, at least at the simplest level, affect the level of transfers conditional on belong to one of those earnings or family type groups. Further, with regard to the trends noted above, if anything, the work disincentives of the nation's transfer programs should have declined from 1984 to 2004 as benefits for nonworkers declined and benefits for workers increased. If anything, work incentives should have increased. The decline in benefits for single mother families and the increase in benefits for married parent families should, likewise, have provided even fewer incentives for single motherhood and greater incentives for marriage over time.

The Deserving Poor

While I am not a professional political scientist or even sociologist, I nevertheless suggest that one explanation for the changing distribution of transfer benefits I have uncovered can be traced to long-standing concepts of what is called the deserving poor. I am far from the first to note that the U.S. society has, for most of its history, starting in the 18th century, made distinctions between which poor families are deserving and which are not, just as some of our forebears in England did with the English Poor Law (Katz, 1989; Iceland, 2013; Jencks, 1992; Patterson, 1994). In the eyes of the American voter, those who are deserving are those who work, who are married or at least widowed, and who have children. Those who are undeserving are those who do not work, who are single parents, and who do not have children. In colonial America, the elderly and children were also seen as more deserving than prime-age adults (Iceland, 2013, p.13). Interestingly, the research literature just referred to also reveals that, historically, simply receiving government assistance has been taken itself as a sign of undeservingness, a signal that the individual has not been exerting enough effort on his or her own. This notion dates to the England and the English Poor Law of 1984, where the “pauperism” referred to those who were receiving relief and were less deserving than the more honest individuals who were desperately poor but not receiving government help. A similar conceptualization appeared in the popular debate over the 1996 welfare reform law and its subsequent discussion, where welfare “dependency”--meaning simply receiving benefits--was taken as an object of its own to be reduced, for its own sake, and independent of whether such reductions reduced the incomes of the poor. Another interesting parallel to current economic developments is that in certain historical periods, like the early 19th century, many prime-age unemployed men were unable to find jobs because of rapid technological change such as the mechanization of agriculture (Iceland, 2013, p. 13). Today, the emergence of skill-biased technological change, with its increasing demand for workers with high skill levels and decreasing demand for workers with low levels of skills and education, is a leading explanation for the decline in earnings among the most disadvantaged and rise in their unemployment levels. As occurred in colonial times, when unemployed men were treated as lacking effort, low-skill men without jobs today are often similar regarded as being at fault for their lack of employment.

While these distinctions have been made for a long period of time, they have grown sharper over the last 20 or 30 years in the U.S. The emphasis on work in welfare programs has grown as work requirements have been added to various programs and as some of the major expansions in welfare programs have only been directed to help those with earnings. For women, it is often argued--as by Garfinkel and McLanahan in their landmark 1986 volume on single mothers, for example--that this change in attitudes has its source in the rise in employment among middle-class and higher-educated women, leading to a greater expectation that all women today should work, even if they have young children and even if their job opportunities and skill levels are low (Garfinkel and McLanahan, 1986). The growing negative attitudes toward the AFDC program which contributed to the 1996 reform were in part a reflection of the changing nature of its caseload, from one composed primarily of widows to one composed primarily of never-married mothers. In 1942, 59 percent of AFDC adult recipients were widows or widowers or were married to spouses with disabilities, but by 1992, 58 percent of the caseload consisted of the much less popular group of unmarried mothers.

As for families with older adults, the impact of government transfer programs, especially the Social Security retirement program, is well known (see Kathleen McGarry (2013) for a recent contribution). Also, the PAA Presidential Address by Preston (1984) noted the increase in government support of the elderly relative to that of children. Preston gave a number of explanations for this trend rooted in the political process. I would only add to his account that the disabled have been similarly favored, and that includes disabled children as well as adults (Christopher Jencks also adds the disabled to the elderly as a favored group). I would probably add to Preston's account that those without children are even less favored than those with children.

To economists, the distinction between more and less deserving families is at odds with their classic models of how welfare should be delivered, as formulated by Milton Friedman (1962) in his proposal for welfare reform in the United States. Friedman argued forcefully that families should be given assistance entirely and solely on the basis of their level of income, and possibly family size, but nothing else. No family or personal characteristics should be used for eligibility or benefit levels, and families with the same level of income should be treated identically. He decried government programs in the U.S. in the 1950s that singled out particular groups for government support (farmers were one of his examples). Friedman thought that making distinctions on the basis of characteristics other than income would lead to support reflecting political lobbying and would harm the economy.

New Directions for Safety Net Policy and Research

It is important to note that addressing the trends noted above with new policies should not be pursued by reducing support for families with older adults, those with disabilities, or those with significant levels of earnings in the low-income population. Those families in these groups deserve support and, particularly for the last group, the long-term trend in providing additional assistance for disadvantaged individuals to work more through additional child care, additional education and training, and earnings subsidies like the EITC is a welcome development. Nor is the solution to the problem a return to a welfare system with completely open-ended transfers available to those who do not work with no questions asked, although the U.S. has never really had such a system. However, the decline in support for the poorest families and for single-mother families is not likely to improve the prospects for their improvement and is, if anything, likely to achieve the opposite. Families in the poorest and most disadvantaged sections of the population face many barriers to work, including low levels of education and literacy, learning disabilities, physical and mental health issues, domestic violence, substance abuse, and criminal histories (Loprest, 2011). The best direction for public policy should be one which searches for a way to support the non-aged, non-disabled families at the bottom of the earnings distribution in ways are that consistent with long-standing American values such as taking responsibility for one's own actions. The decline of support to families with nonemployed members and to single parents is presumably rooted in the presumption that they have not taken personal responsibility for their own situation. Along with Jencks (1982), Garfinkel and McLanahan (1986), and many others, we should not dispute the societal norm in favor of work and marriage which gives it such primacy. It is part of the American heritage and has had enormous positive effects on our society. But more needs to be done for those facing the largest obstacles to work, whether it be training programs, more discriminating work requirements, better child care for working mothers, or other forms of employment assistance. And, most importantly, even if their employment and earnings cannot rise to the levels we and they would desire, new ways to assist those families who are making an effort but are not succeeding should be developed for assistance in the short-term and even in the medium term.

As for research, there several areas where more investigation would be worthwhile. The crude demographic categories used in the classifications here miss the important developments in the American family requiring distinctions between never-married and divorced and widowed mothers and children, cohabiting unions, stepparent families, and blended families with children from multiple partners as well as absent fathers. How those more detailed family types have fared under trends in the safety net would be of interest. On a related topic, the calculations here do not account for the variability and instability of government support in response to instability of family types themselves, which requires a more dynamic examination of changes in family structure and corresponding changes (or lack of changes) in government support. Yet another topic is to examine how families with decreasing government support "make ends meet," in the words of Edin and Lein (1997)--what strategems they follow to provide for the adults and children in their families. The consequences of decreasing government support for children in the poorest families would also be of interest to investigate, and would tie in with the large and growing literature on the determinants of child development and the consequences for intergenerational mobility and intergenerational transmission of poverty. These and other research topics would contribute to the knowledge base we need for the public policy discussion of these issues.

Acknowledgments

The author would like to thank Andrew Cherlin, Kathryn Edin, and other participants of a seminar at the Hopkins Population Center as well as Sandra Hofferth, Michael Rendall and other participants of a seminar at the Maryland Population Research Center for comments. Nadia Diamond-Smith and Gwyn Pauley provided excellent research assistance. Financial support from the Russell Sage Foundation is also gratefully acknowledged.

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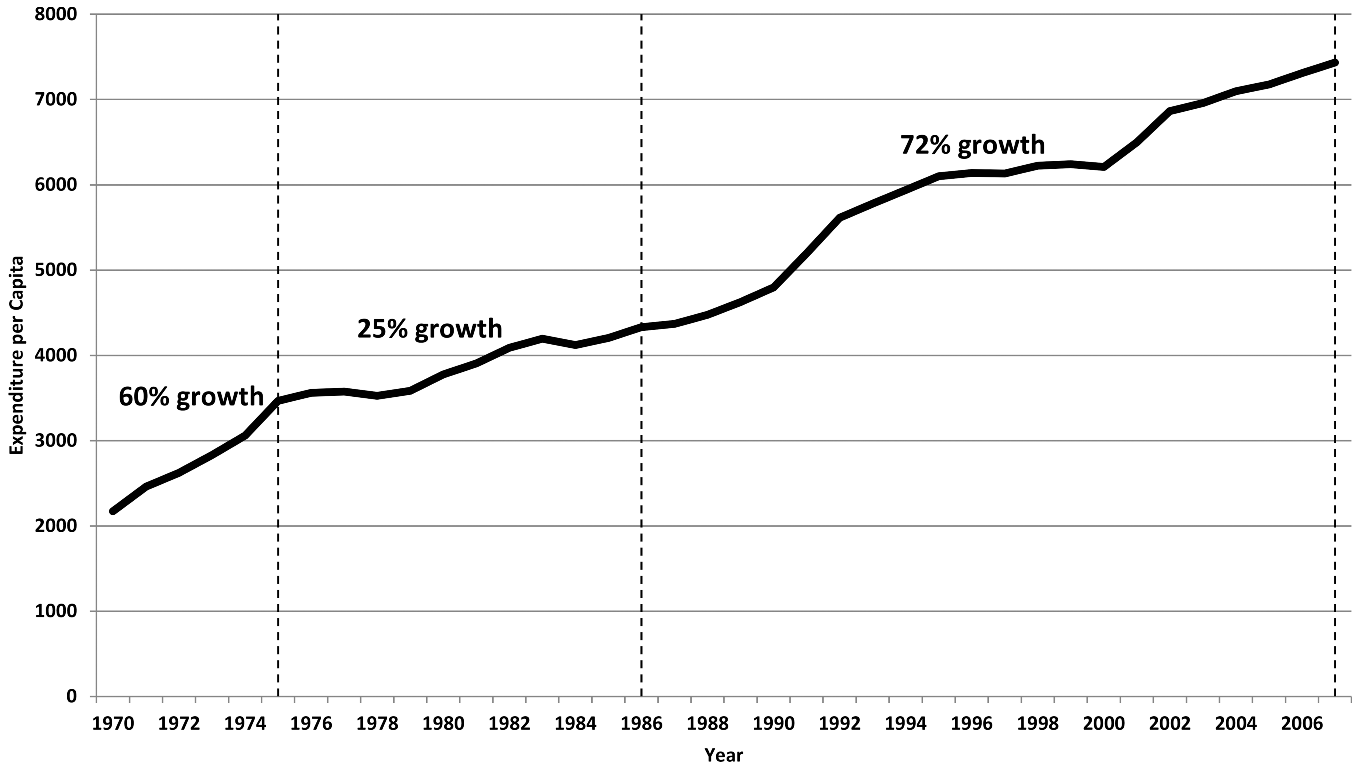

Figure 1.
Real Aggregate Transfer Program Spending Per Capita, 1970–2007

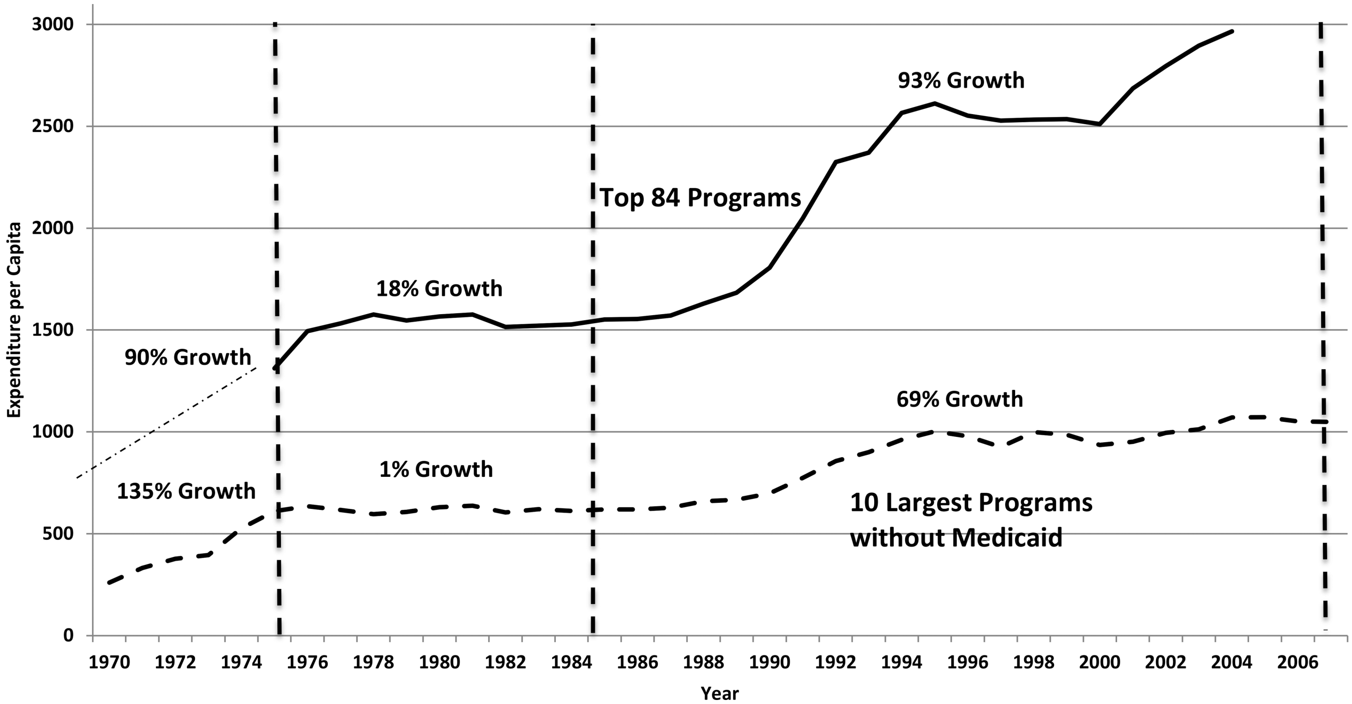

Figure 2.
Real Expenditure Per Capita in Means-Tested Programs, 1970–2007

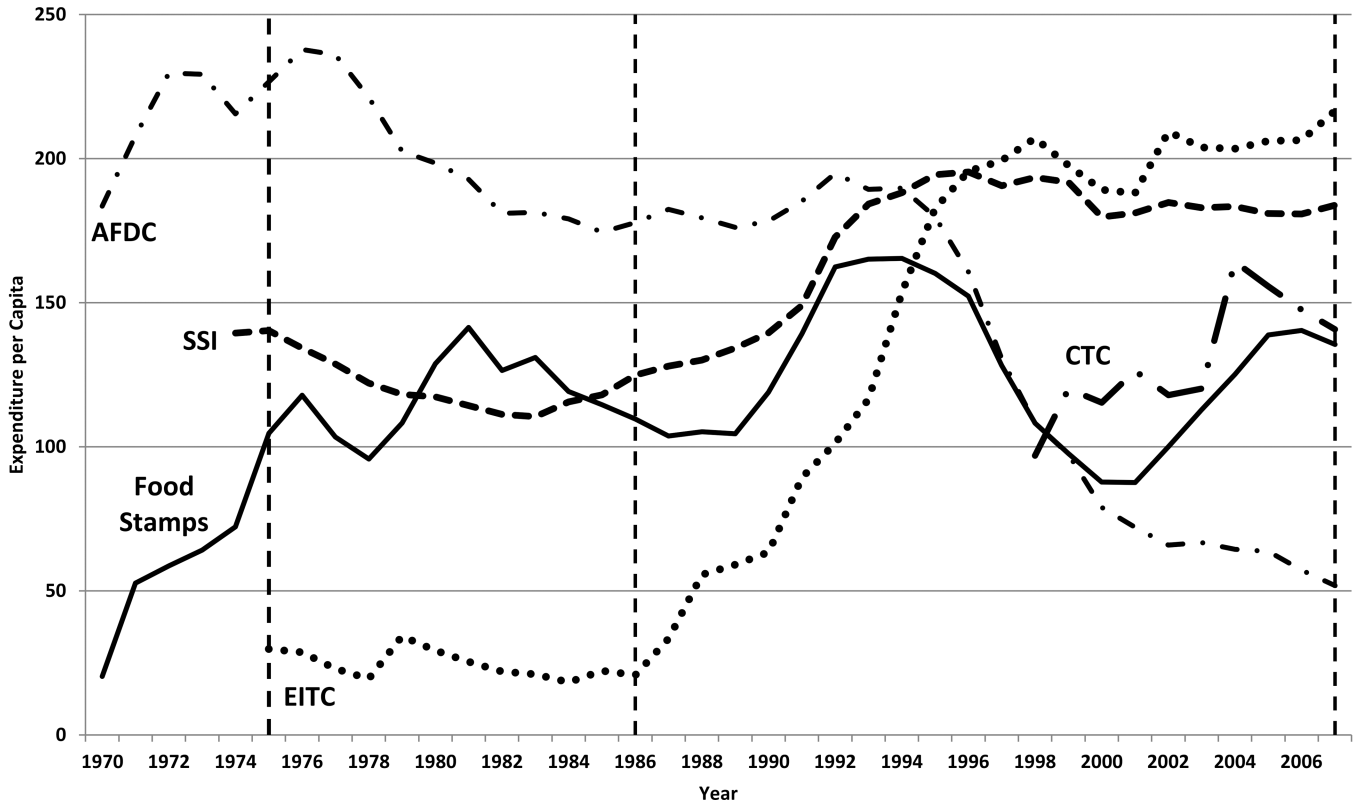

Figure 3.
Selected Means-Tested Program Spending Per Capita, 1970–2007

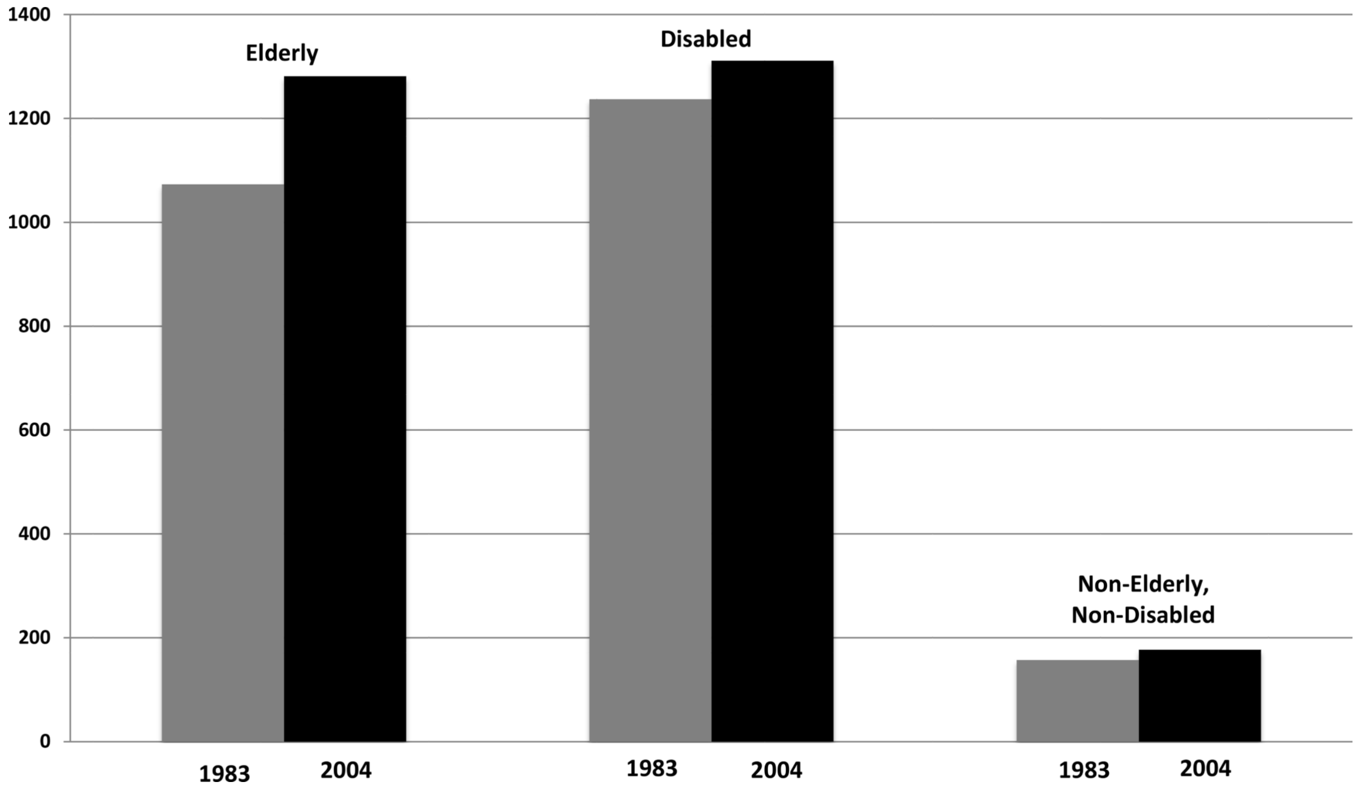

Figure 4.
Monthly Benefits Received in 1983 and 2004 by Families by Age and Disability Status.

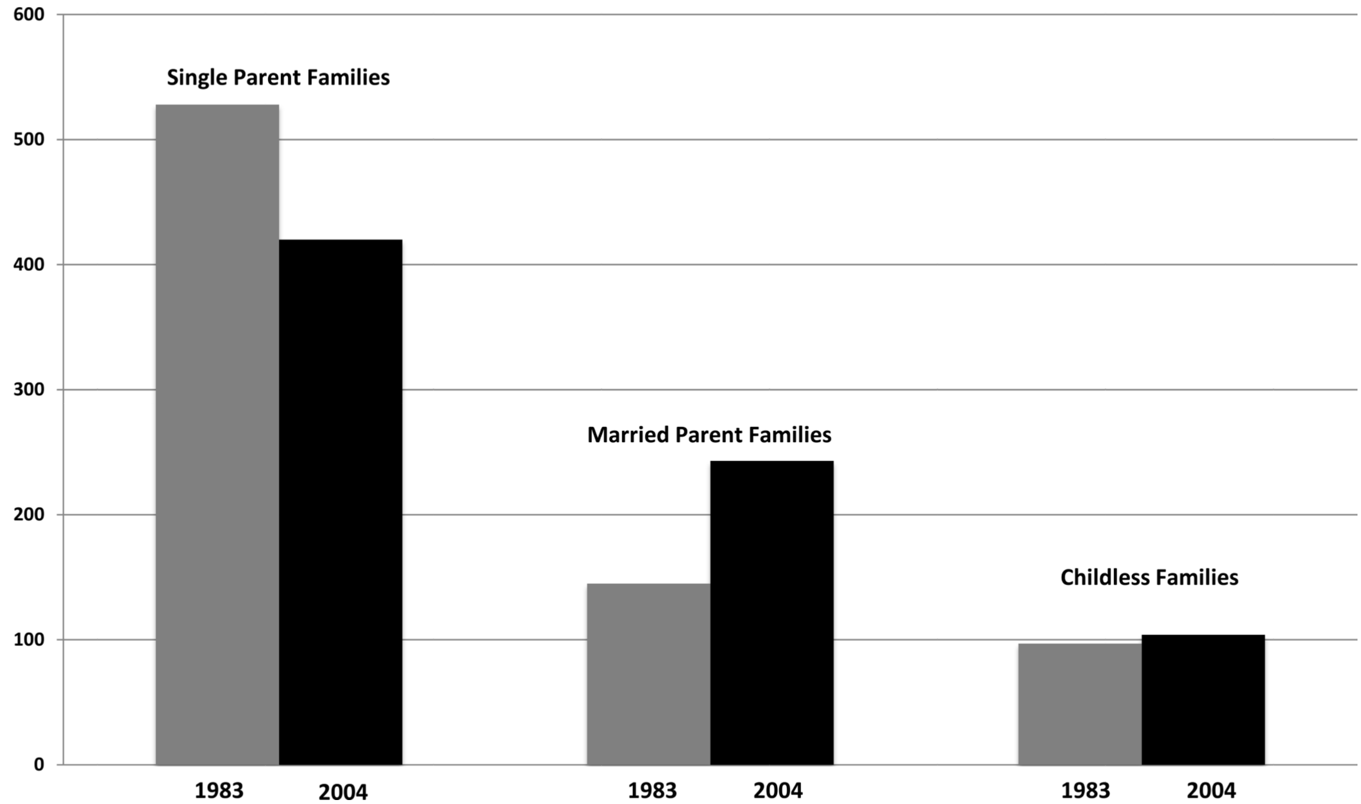

Figure 5.
Monthly Benefits Received in 1983 and 2004 by Non-Elderly, Non-Disabled Families by Family Type

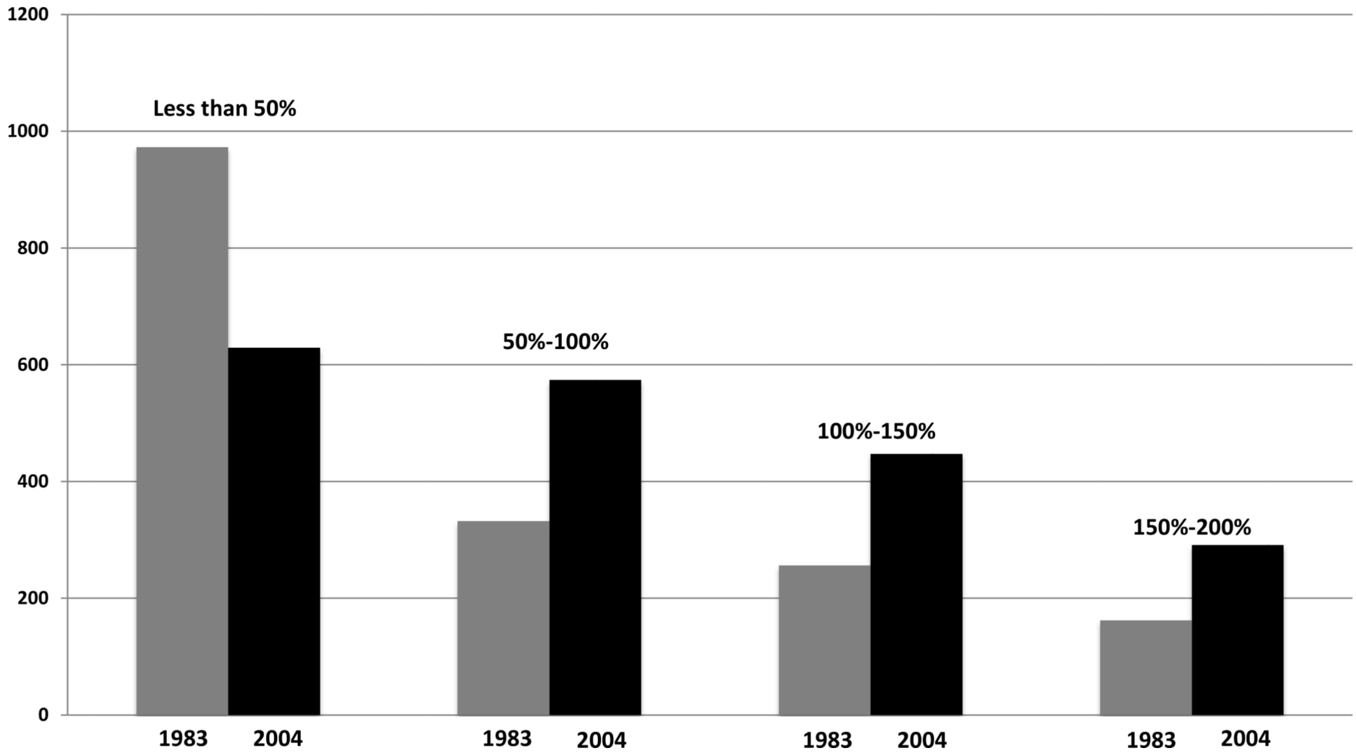

Figure 6.
Monthly Benefits Received in 1983 and 2004 for Non-Elderly, Non-Disabled Single Parent Families by Private Income Level

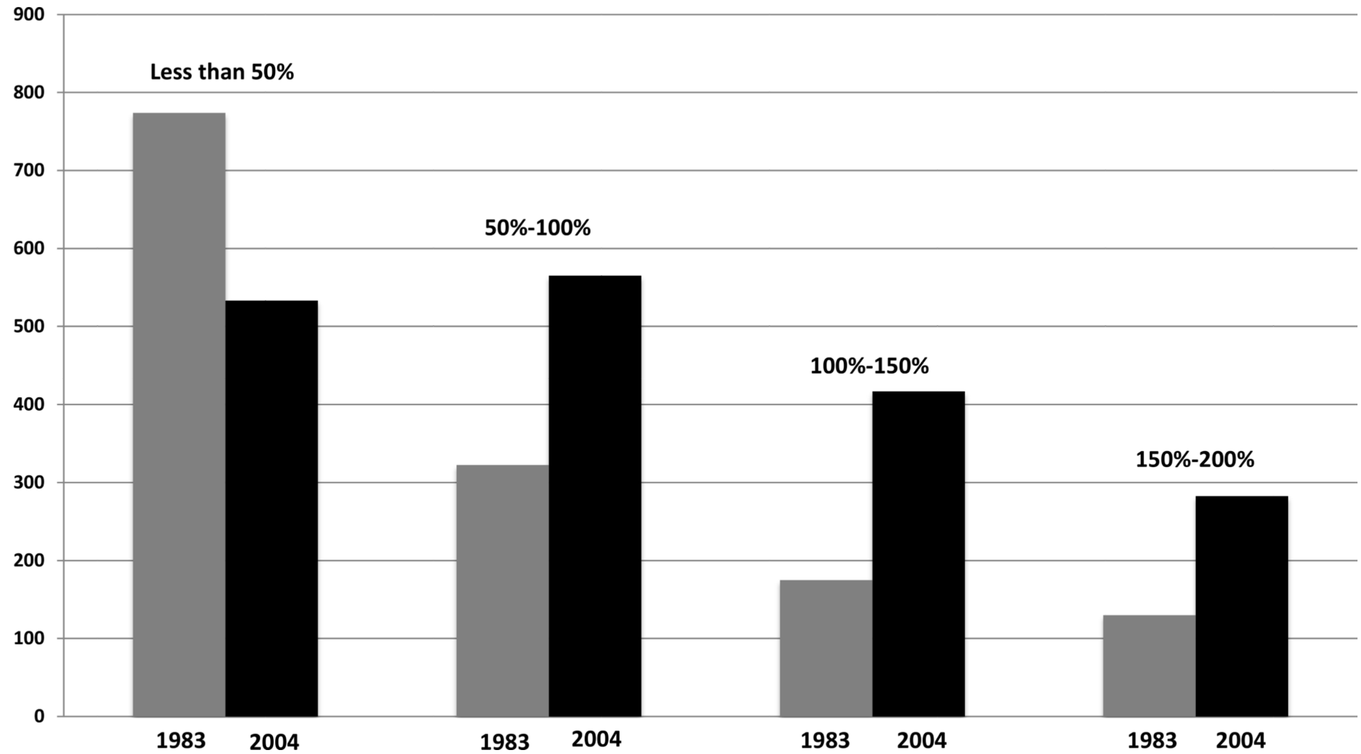

Figure 7.
Monthly Benefits Received in 1983 and 2004 for Non-Elderly, Non-Disabled Married Parent Families by Private Income Level

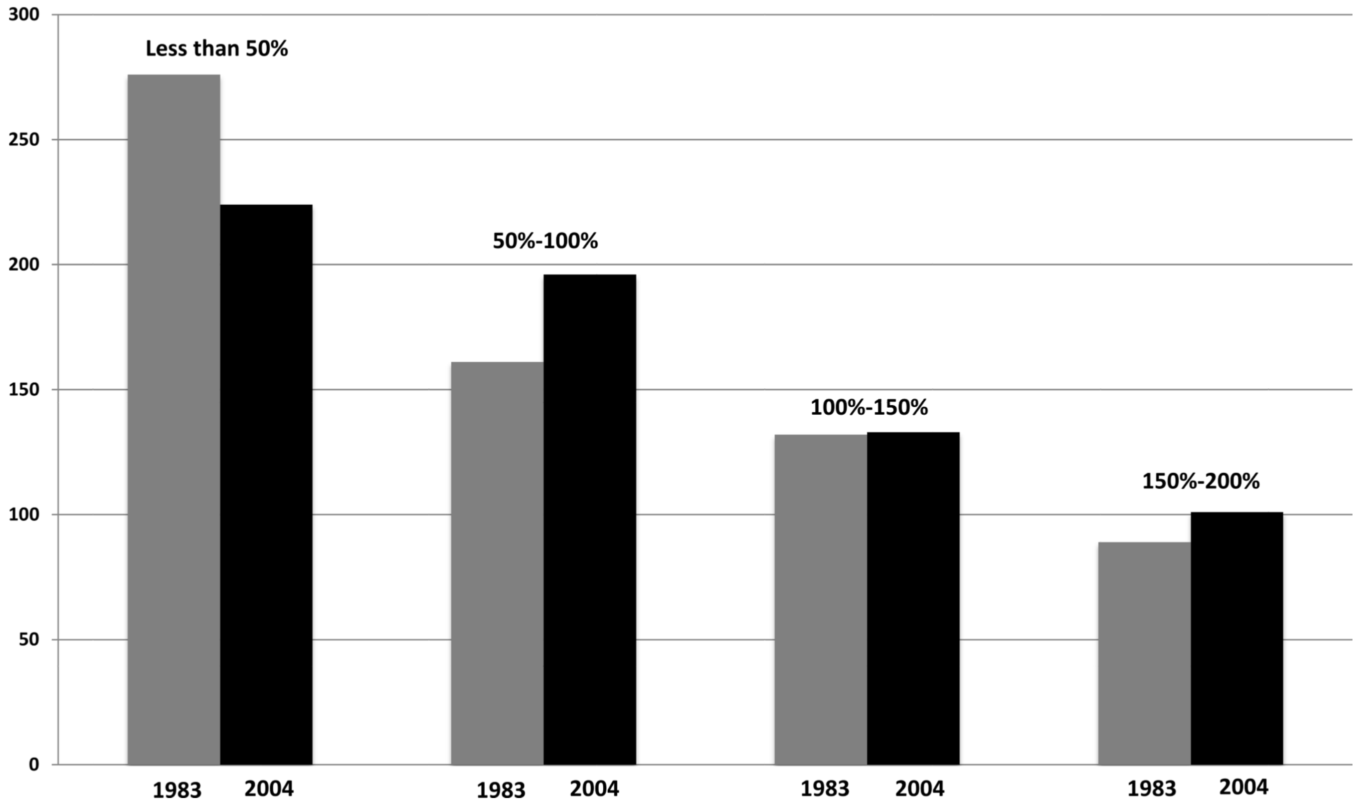

Figure 8.
Monthly Benefits Received in 1983 and 2004 for Non-Elderly, Non-Disabled Childless Individuals and Families by Private Income Level

Table 1

Important Dates in the History of the U.S. Transfer System

Date	Event
Beginnings	
1935	Creation of Aid to Families with Dependent Children (AFDC), Old-Age Social Security program, and Unemployment Insurance
1956	Creation of the Social Security Disability Program
Great Expansion	
1964	Formation of Food Stamp program
1965	Creation of Medicare and Medicaid programs
1965	Creation of Head Start program
1966	School Breakfast and School Lunch programs formalized
1972	Congress creates the Supplemental Security Income (SSI) program
1975	Creation of the Women's, Infants, and Children (WIC) program
1975	Congress legislates the Earned Income Tax Credit (EITC)
Contractionary Developments	
1971–1972	President Nixon's Family Assistant Plan fails in Congress
Late 1970s	President Carter's expansionary welfare reform plans fail
1980	Ronald Reagan elected President after campaign proposing retrenchment
1984	Charles Murray publishes *Losing Ground*
1988	President George H. Bush's expansionary work-based welfare reform plan passes Congress but later is judged a failure
1996	President Clinton oversees the most contractionary welfare reform in modern U.S. history