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

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Thank you, Andy for those kind words. I am especially pleased that Andy could be here today and serve as the presider of this session. I knew Andy before I came to Johns Hopkins from Brown in 1995, but not well. But even before I arrived, Andy called me up--we actually called people on landline telephones in those days--and said that he wanted to work on welfare reform with me and to shift his work in that direction. That led to a 10-year collaboration on a major welfare reform project called the Three City Study which brought in Lindsay Chase-Lansdale, Linda Burton, and Bill Wilson to participate with us in one of the most enjoyable projects I have worked on. Since then, Andy has been one of my most valued colleagues at Johns Hopkins, an expert scholar as well as one offering wise counsel which I often seek it as, in fact, I did for this Address.

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I would also like to thank my wife, Emily, for her constant and unwavering support over the past year both in my writing of this Address and my PAA Presidential duties in general. She has made many important and insightful comments on earlier drafts of this Address which resulted in major improvements. And I would like to thank my son, Nathan, for keeping me in a good mood over the last several months. Nathan has a great sense of humor and keeps me from getting too pompous by poking fun at me and deflating me if I start getting too big-headed.

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In addition, I would like to express my gratitude to the Maryland Population Research Center and to Chris Bachrach and Michael Rendall for arranging for me to give an early version of this Address to a group of Associates of the MPRC, and also to several Associates of the Hopkins Population Center who also gave me great feedback on a later version of this talk. Their comments led me to sharpen my points enormously and to focus on the key issues.

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And I would like to thank colleagues too numerous to mention at the many institutions where I have worked, including Johns Hopkins, Brown, the University of Wisconsin, the University of Maryland, Rutgers, and Mathematica Policy Research. Also, I would like to acknowledge the nationwide community of expert scholars who work on poverty, welfare, and social policy, a broad and interdisciplinary group who are generous and supportive of each other in the pursuit of a common goal of searching for the truth behind the numbers and for appropriate governmental and nongovernmental solutions. I couldn't ask for a better group of people to interact with and I'm proud to be a member of that research community.

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And I would like to thank Sheldon Danziger and the Russell Sage Foundation for supporting much of the work I will talk about this afternoon. And I wish to express the usual disclaimer that the Foundation is not responsible for any of the views I am going to express.

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And I would like to thank Nadia Diamond-Smith of Johns Hopkins for helping me with all aspects of the meeting, and Gwyn Pauley of Johns Hopkins for excellent research assistance.

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Now on to the business at hand. What is this Address going to be about? I'll tell you: instrumental variables, standard errors, theories of causality, developments of counterfactuals, and methods of statistical estimation that are at the cutting edge of methodological research.

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Just kidding. (see people heading for the door)

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This paper has nothing whatsoever to do with any of that, and those issues will not come into play at all.

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What it is, in fact, about: It is about recent developments in the U.S. welfare system that have not been fully recognized either by the scholarly community, the policy-makers in administrative or legislative positions, or the general public. It is about evolving notions of who is deserving support and who is not. And it is about how those notions are closely tied to different family structures, union statuses, and the presence or absence of children.

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I am going to address only two questions in my talk to you today. The first is whether THE U.S. BEEN GETTING MORE GENEROUS OR LESS GENEROUS IN ITS TOTAL SUPPORT OF THE POOR OVER THE LAST 20 OR 30 YEARS.

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And the other is, "GIVEN WHATEVER CHANGES IN TOTAL SUPPORT HAVE OCCURRED, HAS THE DISTRIBUTION OF THAT SUPPORT CHANGED? HAVE THERE BEEN WINNERS AND LOSERS?" I will provide my answers to both of those questions.

My work on this topic, and my talk today, will build upon the work of many previous scholars. But I want to single out three giants for special mention.

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The first and foremost is Daniel Patrick Moynihan, the scholar-turned-public-servant who did more than any other scholar to bring the problems of the poor to the attention of Washington political actors and the general public starting in the 1960s and continuing into the 1990s.

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The second is William Julius Wilson, who single-handedly revived the scholarly discussion of the Black family and the root causes of its development, continuing and greatly extending the work of Moynihan in new and fresh directions that are still guiding research in this area today.

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And the third is Christopher (Sandy) Jencks, one of the most honest, balanced, and insightful scholars of poverty and social policy in the last 30 years, from whom I and all the rest of us working in this area owe a lasting debt of gratitude for providing fresh and novel perspectives for us to follow up on and investigate. I reread some of his work in preparation for this talk, and I was reminded how provocative his work can be. And I determined that I would plan to reread his work every 5 years on cue to be regularly reminded.

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Now, on to the first question I want to address, which is whether the U.S. has become more or less generous over time in its support of the poor, and of the low income population in general over the last 20 or 30 years. Of course, I could answer that question in one slide and then move on to the second question (and present one slide to answer that one, too, finish up, and let you go out and have a drink). But I want to first go back and talk a bit about the history of the U.S. welfare system and how it came to be what it was, say, in the late 1960s and early 1970s. And then I can talk about what I think most educated persons' priors are on what has happened since the late 1960s and early 1970s--in other words, in the last 30 or so years, which is my question. And only then will I give you that single slide you are waiting for, which will answer the question.

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The modern welfare state in the U.S. was begun in the depths of the Great Depression when, in 1935, Congress passed, and President Roosevelt signed, the Social Security Act. That Act created three programs: the oldage retirement program that we often call simply "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 by today). The first two of these are what we today call "social insurance" programs and were not specifically directed toward helping families or individuals in poverty. A social insurance program is one that bases eligibility on having worked in the past and having earned enough. Today, for example, an individual establishes eligibility for Social Security retirement benefits only if he or she has worked at least 10 years in so-called coverage jobs and have earned at least $1,200 per quarter. Likewise, if you are laid off and become unemployed, you are only eligible for an Unemployment Insurance payment if you meet your state's eligibility requirements. For example, in my home state of Maryland prior to the Great Recession, you needed to work over the last four quarters, to have more than $576 of earnings in your highest quarter of earnings and $900 total per quarter. So being "poor" per se has nothing to do with it. And, in fact, to the extent that poor individuals tend to have spotty employment histories and low earnings, they might be 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 gigantic payments 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,

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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 what AFDC is now called.

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 parent was missing. But rather than reflecting a sympathetic view of the poor in general, the ADC program was instead intended to support widows with children whose husbands had either died or 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 developed disabilities become disabled were supported by the 1935 Social Security Act through the ADC program, the Act had no provision for support for the disabled in general. As it turns out, however, 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). But 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 weren't really disabled and who really could get a job. Debate over whether to have a program for individuals with disabilities continued for the next 20 years, when they finally added a program for those individuals in 1956.

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When they did so, however, they made sure that the program would only cover the “severely” disabled, to make sure that they really couldn’t work. The severity of the eligibility condition distinguished the U.S. from Western Europe, where less stringent definitions are often used.

The Social Security Disability Program is, again, a social insurance program. Only those who have worked and earned enough in the past are eligible. But, again, the program is huge in size---$99 billion in 2007--and ends up covering many individuals who are in poverty.

After the creation of these programs, things were relatively quiet until the 1960s arrived. 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, which was 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.

The War on Poverty has, in fact, been much in the news lately because we have hit its 50th Anniversary. As many of the commentaries on the Anniversary have noted, Johnson favored education, training, and health programs for the poor, not welfare programs--or, in his words, a "hand up" and not a "hand out". Head Start is one of the programs of this type. Nevertheless, whether intended by Johnson or not, the 1960s and early 1970s were a period in which just about all of the major welfare programs that are still with us today were created. These include

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the Food Stamp program, which was created in 1964, and provided food coupons for low income families and individuals, for example. It began small and was initially voluntary, but in the early 1970s it was finally made mandatory for all counties and began its evolution toward the major program we have with us today. In 1965, we got Medicare and Medicaid. Medicare is the health insurance program for the elderly and 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 our program which provides health care to the poor--that is, those with low income and assets--and is directly aimed at helping poor families. It has grown dramatically since 1965.

In 1966, we got a formalization of the National School Lunch Program and the School Breakfast Program, providing subsidized lunch and breakfast meals to low income children. In the early 1970s, we got an expansion of housing programs, 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 unit. In 1972, we got 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. Up to that time, the poor aged or disabled were not eligible for any cash program if they did not qualify for Social Security. In 1975, we got the Women, Infants, and Children (WIC) program, which provides food and nutrition assistance to pregnant women and to infants. 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.

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What has happened since this Golden Age of expansion of the welfare state and programs to help the poor? I would argue that the consensus view among educated readers and many political observers is that a long period of retraction and retrenchment has taken place.

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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. It failed in Congress after both submissions.

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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.

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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.

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In 1984, Charles Murray published an influential volume called Losing Ground, 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.

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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 and non-starter.

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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 work requirements backed up by credible and enforced monetary sanctions for noncompliance, and time limits into the AFDC program, which was renamed as the Temporary Assistance for Needy Families, or TANF, program. The legislation reduced the number of poor single mother families served 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 off the political agenda, whether under President George W. Bush or President Obama, with no further reforms discussed.

Jencks, writing in 1992, provided one of the best and most cogent summaries of the post-Golden-Age 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." And he was writing even before the 1996 welfare reform.

OK, with all this buildup, Figure 1 shows what actually happened.

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When you look at what has actual happened to real per capita spending on all major programs taken together--that is, all social insurance programs and all welfare programs (the 15 largest ones, to be precise), adjusted for inflation, and divided by the size of the population--you see that growth in spending has, over the long run and on average, continued to rise steadily. Yes, the rate of growth was clearly very rapid in the early 1970s, growing by 60 percent from 1970 to 1975, for example. And, yes, the rate of spending growth slowed down after 1975, rising by only 25 percent from 1975 to 1986. But after that, spending growth actually accelerated. From 1986 to 2007--just before the Great Recession, which I will come to later--per capita spending grew by 74%, a larger figure than even in the early 1970s.

Now, you may say to hold on, that we know that a lot of this was Medicaid and Medicare, whose expenditures have exploded. Further, some of that explosion was simply an increase in medical prices, meaning that real health care services delivered was much smaller. And you may say to exclude all those social insurance programs, especially Social Security retirement, which has grown dramatically simply because of the growth of the elderly population.

OK, in that case let's just look a welfare programs--or what analysts usually call means-tested programs--and let's exclude Medicaid.

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You still get the same general picture. Yes, from 1970 to 1975, spending growth on this set of programs was enormous--rising by 135%. But that was because the level of spending was so low in 1970. In fact, from 1986 to 2007, per capita spending growth was 89 percent, which means that it almost doubled.

Or you may say that this growth was simply in line with growth in GDP. That is also incorrect: as a fraction of GDP, spending rose from 9% of GDP in 1985 to 12% in 2007, a significant and non-trivial increase.

So the answer to the first question is: the conventional wisdom is simply not correct. Spending on welfare programs and on programs for the poor has dramatically increased, especially since the mid-1980s. There is no sign that the U.S. has become stingier over time and has cut back on social welfare spending at all.

So what is going on? Well, as it turns out, for one thing, the major 1996 welfare reform, while indeed virtually eliminating the AFDC program from the set of important programs, was the exception rather than the rule.

SLIDE WITH TANF ONLY

Yes, if you look at AFDC-TANF spending, it dropped precipitously after 1996 and, by 2007, it was lower than it was in 1970. But take the Supplemental Security Income program, or SSI, which pays cash to poor aged, blind, and disabled.

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Between 1990 and 1995, SSI spending grew by 80% as a result of changes in eligibility rules that allowed more children to be defined as eligible by disability criteria (Daly and Burkhauser, 2003).

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Or take the EITC, which provides a tax credit to low-income families with earnings Both President George H. Bush and President Clinton expanded the tax credit amounts enormously, resulting in expenditure growth from 1988 to 1998 of 274%.

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And add in another tax credit, called the Child Tax Credit, which wasn't even around until it passed Congress in 1997 and started up in 1998. It gives low income families with children a significant tax break. As the figure shows, this is now a major program in the country's safety net.

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And, finally, take the Food Stamp program, which, as I noted earlier, experienced its major early expansion in the 1970s. Food Stamp spending is very cyclical, rising in recessions when people lose their jobs and falling during good times. But a telltale sign about that program is that, from 2003 to 2007, spending rose by 20 %. But that was a period of FALLING unemployment. The reason? The USDA reformed the program to reduce barriers and paperwork, and encouraged families who were eligible but hadn't applied to come in and apply for benefits. As a result, the caseload grew enormously.

So it seems not possible to conclude that, as far as total government support to low income families is concerned, Congress and the Presidents who have signed the relevant legislation have contracted spending over the last 20 years. To the contrary, spending has grown, often at a more rapid pace than in earlier periods.

But now let us turn to whether the DISTRIBUTION of government support. I am going to start with how that support was distributed across different family types, the traditional ones that demographers examine, and how it has changed over time. If you were following my list of programs which grew in size--and I realize that if you aren't familiar with these programs, your head is probably swimming with program names and acronyms in a jumbled mix-- you may have noticed that each of them serves particular groups.

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The Supplemental Security Income program, for example, only serves the aged, blind, and disabled. So if you are not aged and not blind or disabled, that expansion did not serve you.

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The Earned Income Tax Credit program only provides tax credits to those with earnings, and the largest credits go families with earnings in the approximate range of $10,000 to $20,000. If you have very low earnings, or if you are not working at all, this expansion does not help you.

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The other tax credit, the Child Tax Credit, turns out to likewise only help those with significant amounts of income, because the credit is nonrefundable and is limited by the amount of your tax liability--so if you don't have much income and don't owe tax, you don't get anything from this credit, either.

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Only the Food Stamp program helps everyone, whether aged or not aged, whether disabled or not disabled, and whether you have no earnings or a high level of earnings. But the Food Stamp program only provides a small benefit (about $5/day/person), because it is only supposed to help you with your food buying, not with any of the other of your expenses.

Now, I haven't shown you trends in two of the major social insurance programs--Social Security retirement and Social Security Disability Insurance--but it turns out that those programs have also grown enormously since the1970s. But the first is only for the aged, and the second is only for the disabled.

When we finally get to the one program that did serve large numbers of non-aged, non-disabled families without earnings--the AFDC/TANF program--we know that that served primarily single mother families, many of whom had very little income and most of whom did not work. So for them, they lost benefits from one program and were not eligible for most of the others which expanded, except Food Stamps.

I and a number of coauthors (Yoni Ben-Shalom, Ben Cowan, and Karl Scholz) have used the Survey of Income and Program Participation (SIPP) to see how the receipt of income from different government benefit programs has changed over time--in other words, how the distribution of spending has changed.

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The SIPP only began in 1983, so that is the earliest year we can examine. We have compared 1983 with 2004, when we have a SIPP data point just before the Great Recession. We calculated, for each family, the total amount they received from all major social insurance and means-tested programs except Medicaid and Medicare. Medicaid and Medicare have to be excluded because families answering a household survey have no idea how much the government has spent on their health care under those programs.

Let's first look at older adult families, defined as those families with a head 62 years or age or over.

SLIDE WITH OLDER ADULTS

Here, as in all the figures--with one exception that I will note--I am showing the average monthly transfers received over all aged families, whether they receive the benefit in question or not. In other words, it is not the average among those who received benefits; it is the average over everyone in the group. So in 1983, for example, the average monthly total benefits going to aged families as a whole--not just Social Security retirement but all the other programs, too was $1,073 per month. In 2004, the average aged family received $1,281 from the government, an increase of 19% (remember that all these dollar figures are adjusted for inflation, i.e., they are 'real' dollars). So the aged definitely did better from the government over this period.

Let's also look at those with disabilities, but here, unlike all the other categories, I am only going to include those who actually received benefits from some kind of disability program, because the SIPP data don't permit me to easily define who has disabilities in general.

SLIDE: ADD DISABLED

Average monthly total benefits to those with disabilities were $1,236 in 1983 and $1,311 in 2004, an increase of 6%. So they did moderately well also.

But now let us look at those who were not aged and not disabled.

SLIDE: ADD NONDISABLED NONELDERLY

Their average monthly benefit receipt is tiny relative to those for older adult families and families with disabilities--only $157 in 1983. It did rise by 13% from 1983 to 2004, but the amounts are so small that it hardly made a difference.

Now, you may immediately say that the reason for these differences are that aged and disabled families have much lower income than other families. That is true. But before looking at that, let's look within that broad category of families who are not aged and not disabled. In particular, let's divide up families according to whether they are single or married, and whether they have children or not. Most safety net programs distinguish between them, with, again, Food Stamps being the exception because it covers everyone.

SLIDE WITH ALL THREE

Now a different picture emerges. Single parent families who were not disabled and less than age 62 received 20% less from the government in 2004 than in 1983. But married families with children, and childless families, received more. The cause of this difference is primarily the decline of the AFDC-TANF program.

But now let us turn to the crucial difference between these different types of families, which is whether they are working and how much earned income they have. Naturally, most observers would think that the government should support those who have the lowest incomes the most, and provide less help to those with higher incomes. But that is not the case, for example, for the Earned Income Tax Credit, which provides its largest payments to those with earned income over $10,000 a year, or the Child Tax Credit, which offers little or nothing to those who are not working and only offers support to those with earnings. So let us just first make a comparison between families that have employed members and those that do not--again, just those families who are not aged and not disabled.

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Here, again, we see a different pattern: rising support for those who work, and declining support for those who do not.

This should lead us to go back to single parent families and the other family types and make a further distinction for them. The transfers received by single parents fell, as we saw before. Was that even if they were working? If they were working, shouldn't they have received the Earned Income Tax Credit and the Child Tax Credit?

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To address this issue, let's classify those families by their private income, defined as the total of their earned income and their private unearned income. Most receive almost no unearned income other than transfer payments, so their private income is almost the same as earnings. And let us classify those single parents by whether their private income puts them below the official government poverty line or above it.

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In fact, let's divide them further into those families whose private income puts them below 50% of the official government poverty line or above it but still below the poverty line. And, for those above the poverty line, let's divide them into those with private income below 150% of the poverty line, and those with higher income. And, finally, let's again just look at total government transfers received by different types of families, but now classified by how low their private family income--again, mostly earned income--is.

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What we find is surprising: between 1983 and 2004, single parent families with private income below 50% of the poverty line saw a large 35% decline in their transfer receipt from the government--a drop of a full one-third of government support. But those single parent families with private income above 50% of the poverty line but still below the government poverty line saw an INCREASE in government receipt of a large 73%. Further, those single parents with private income above the poverty line also saw large increases, of 74% if just above the poverty line and 80% if above 150% of the line but below 200% of the line. So the decline of support to single parent families as a whole, which we saw before, was misleading--the decline was concentrated among those with the lowest earnings, many of whom have no earnings at all.

But we should go back to those other family types now, too. What about those married-parent families who experienced an increase in government support between 1983 and 2004? Maybe they experienced an increase because married-parent families have, on average, greater employment rates and higher earnings than single-parent families. As it turns out, this is indeed the case as we see when we divide married-parent families into those same categories based on how far below or above the government line their private income is.

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Here we see, in fact, that married parent families at the bottom of the earnings distribution also saw declining government support. It was only those who had higher levels of income that saw increased receipt.

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And the same is the case for the childless, although the amounts are small. Childless families are partly composed of the married childless and partly composed of the unmarried childless. If we look at how the families of those two types who were in the lowest private income categories, we can see if they had different patterns of changes in government support.

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Here we see that both married childless families and unmarried individuals received less in 2004 than in 1983. But the latter saw a much greater drop--20% as opposed to a smaller 7% for married couples. So it helps to be married and not a single person if your earnings are very low. In fact, one of the groups that others have often noted receive very little from the government are very poor single, unrelated men and women. Aside from Food Stamps, they really don't get much at all.

I'll stop this forced march through histograms soon, but just mention a couple of other differences. One important distinction for welfare eligibility is whether you are foreign born or not.

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I don't have a time series on that, but in 2004 the native born received about 23% more than the non-native-born.

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U.S. citizenship made even more of a difference, with citizens receiving almost double what non-citizens do, even if they have approximately the same private income and both are among the poorest families in the country.

This allows us to answer the second question I started with. We know now that there has been a large increase in total government support to low income families since 1986, but the distribution of that support has dramatically changed.

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In particular, first,

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there has been a relative redistribution to the aged and disabled, and away from the non-aged and non-disabled. Second,

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there has been a redistribution away from single parent families and to married parent families. But third, overriding this,

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there has been a redistribution from those at the bottom of the private income distribution to those above it, including those up to 200% of the poverty line.

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which has led to greater inequality of government support within the low income population. In particular, whereas, in 1983, the poorest families received 56 percent of all transfers going to families with private incomes below 200 percent of the government poverty line, that figure had fallen to 32 by 2004. So, in the words of Sara McLanahan in her 2004 PAA Presidential Address, we different families in the U.S. have indeed experienced "diverging destinies," but in this case diverging patterns of receipt of help from the U.S. government.

There are several caveats and concerns about this conclusion which I do not have time to go into in detail. For example,

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what about the Medicaid program, which is left out of these calculations but which we know has grown faster than any of the other welfare programs? The research on this issue by Burtless and Svaton (2010) and Burkhauser et al. (2013) have noted that if you are going to value Medicaid benefits and add them to income, you need to value employer-provided private health insurance, too. And when you do that, the "missing" value of health insurance that needs to be added to income is remarkably evenly spread over the entire income distribution, and not disproportionately concentrated at the bottom. In addition, the Affordable Care Act is unlikely to focus on the poorest families, either, for the two most important extensions of health insurance coverage to low income families population are those which push the eligibility of Medicaid from the poverty line to 133 percent of the poverty line, and the subsidization of private health insurance for families between 133% and 400% of the poverty line. While it is important to cover these groups which have had weak insurance coverage to date, the ACA eligibility expansions are targeted at families just above the poverty line, not those below it.

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Another question is: what about the Great Recession? As it turns out, government support during the Great Recession was not only large in total magnitude but much more equally distributed across groups: single parent families, two parent families, the childless, the nonemployed as well as the employed--all benefitted. So did those at the bottom of the earnings distribution. But the increases experienced during the Recession were mostly temporary, and as they go away, the long-term trends will continue.

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A third question might be: maybe you've got the causality backwards, and the increase in the generosity of welfare programs has caused more people to quit work, to not marry, and so on. Here many studies [CITES]--many using instrumental variables (I had to work that in at least once)--show that those effects are there but small in magnitude, and are not nearly large enough to explain any of these trends.

Let me end with two final questions. One is why these particular redistributions have occurred, and the other is what we should do about it.

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On the first, I refer to my title, which includes the term, "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--see the work by Michael Katz, John Iceland, Christopher Jencks, and James Patterson, for example. Those who are deserving are those who work, who are married or at least widowed, who have children, and who are native born. Those who are undeserving are those who do not work, who are single parents, who do not have children, and who are foreign born. And, in a development that has always puzzled me, simple receipt of welfare benefits is itself often taken as a sign of undeservingness, a signal that the individual was not exerting enough effort on his or her own. As it turns out from the historical accounts I just mentioned, that concept dates back to England and to colonial America, where the disparaging term "pauper" referred to those who were on the dole, as distinguished from the more honest who were desperately poor but not receiving government help.

It is my view that, while these distinctions have always been with us, they have grown sharper over the last 20 or 30 years. 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 attitude 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. The growing negative attitudes toward the AFDC program which contributed to its demise 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.

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Specifically, in 1942, 49% of AFDC families were widows or were married to husbands with disabilities,

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while by 1992, 58% of the caseload consisted of the much less popular unmarried mothers.

As for the aged, the impact of government transfer programs, especially the Social Security retirement program, is well known (see Kathleen McGarry (2013) for a recent contribution). And I'm sure that most of you are familiar with the PAA Address by Sam Preston a few years ago, who 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). And I would probably add to Preston's account that those without children are even less favored than those with children.

What is to be done?

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I want to emphasize that I have nothing against the growth in support of older adults, those with disabilities, or those with significant levels of earnings in the low-income population. On the contrary, I believe that public policy should search for a way to support the non-aged, non-disabled families at the bottom of the earnings distribution more like the other groups are being supported. 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, I do not think that we should dispute the societal norm in favor of work 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, in the meantime, even if their employment and earnings cannot rise to the levels we and they would desire, I would hope that we could find ways to assist those families who are making an effort but are not succeeding.

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For us as researchers, I think it would also be useful to further examine the consequences of a decline in government support for our worst-off families. We already know from years of research that poverty has deleterious effects on many adult and child outcomes. But what specifically has been the effect of the withdrawal of government support since the 1970s for those at the very bottom, who have very little other sources of support? Have they been able to find other sources of income in the same way that Edin in her classic 1997 book Making Ends Meet described women on AFDC having done in the 1980s? And if they haven't been able to find other sources of help and resources, how has the reduction in resources affected the adults and children in those families? Aside from the large literature on the effects of 1996 welfare reform on single mothers who had left the AFDC program after welfare reform, I do not think that this has been the focus of much research. But it might help establish the case that a restoration of help to those families could have beneficial effects on our most disadvantaged adults and children.

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Finally, to summarize my conclusions one last time: I have, in the first place, argued that U.S. society has gotten much more generous over time in supporting low income families, spending 74% more in 2007 than they did in 1975. But that increase has gone to families deemed as deserving and not to those deemed as not deserving. And, in fact, support for those deemed as not deserving as dropped. That includes single mothers, whose transfer receipt dropped by 20% between 1983 and 2004. And it especially includes anyone who does not work or has very low earnings. So, for example, the 2.5 million single parent families with the absolute lowest levels of earnings saw their safety net transfers drop 35%, while those with slightly higher earnings saw their receipt grow by 74%. These unexpected developments deserve our closest attention.

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That concludes my talk. Thank you for listening and I look forward to your comments and critiques at the reception just outside the room.