

SOCIAL WELFARE POLICY IN THE UNITED STATES

PUBPOL 746 | Winter 2015

1230 Weill Hall

Tuesday and Thursday, 2:30-4:00pm

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Office Hours: Tuesdays & Thursdays, 4:00pm-5:00pm;

Or by appointment

INTRODUCTION

This course examines U.S. social welfare programs and policies targeting the nonelderly poor, examining how they have evolved over the last five decades. The course emphasizes understanding what we know from social science research about the strengths and weaknesses and the intended and unintended effects of these policies and how they are influenced by, and how they affect, labor market outcomes and family structure.

The course begins by addressing basic questions about the measurement and incidence of poverty in the U.S., and then surveys the scope of current social welfare programs. What does it mean to be poor in the U.S. today? How do the extent of poverty and income inequality and the scope of social welfare programs in the U.S. compare to those in other industrialized countries?

We will review the development of social welfare programs and policies from the War on Poverty that was declared by President Lyndon Johnson in 1964. Attention will be given to understanding trends in poverty, mobility and inequality.

A primary focus will be to explore changes to public provision for the poor that were adopted during the 1990s, including expansions of refundable tax credits (most notably the Earned Income Tax Credit), liberalization of eligibility for the Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program) and public health insurance for children. Attention is paid to the passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) and how the cash welfare program, Temporary Assistance for Needy Families (TANF), that replaced Aid to Families with Dependent Children (AFDC), has affected the work effort and well-being of current and former welfare recipients and other individuals.

We will also analyze the effects of the Great Recession that officially lasted from December 2007 through June 2009 on workers and families and the extent to which the stimulus bill, The American Recovery and Reinvestment Act of 2009, offset some of the negative effects of rising unemployment and declining household asset values.

COURSE ASSIGNMENTS

Detailed assignment descriptions will be distributed during the first few weeks of class. The key elements upon which students will be evaluated are as follows:

1. Class Participation: 10%

- This class will draw heavily on the insights of students. *It is critical that students prepare ahead of time by completing the assigned reading. A good grade will only be possible for students who are familiar with course readings and who participate in class.* Regular class attendance is required. If you are going to miss class, please let me know ahead of time. Students who miss 6 sessions will be asked to withdraw from the course, except in extenuating circumstances.

2. A Policy Analysis Paper in Two Parts: 60% (Part 1 = 25%; Part 2 = 35%)

- Each student will prepare a policy analysis paper on a topic of her/his choice. The paper can cover a topic included on the syllabus or one that is related to the broad themes of social welfare programs and policies. The paper should present a research/policy analysis of the social welfare policy issue under study based on a *careful* review of the relevant empirical literature, with data and research evidence that documents the pros and cons of the issue. This paper will be submitted in two parts over the course of the semester (a more detailed accounting of the assignment structure will be provided in the first two weeks of class):
 - **Part 1: Problem Analysis** (25% of final course grade). 6-7 page paper due Friday February 27 at 5pm via your CTools dropbox
 - **Part 2: Revised Problem Analysis + Solution Analysis** (35% of final grade). 16 pages total, due Monday April 6 at 5pm via your CTools dropbox
- All students will workshop their paper topics in small groups over the course of the semester.

3. Final Examination: 30%

- A final examination will be given in class. This exam will consist of a series of short essays and cover topics from the course. I will provide sample exam questions about one week before the exam. The exam will be held in the Ford School Computer Classroom.
- The final examination will take place Wednesday, April 29, from 1:30pm-3:30pm

PREPARING THE CLASSROOM ENVIRONMENT

A successful course is only possible with good discussion and an open classroom environment. Students are highly encouraged to participate in class, offer insights, critique course content, and ask questions. Sometimes students do not ask questions because they fear the answers are obvious. However, it is most often the case that if *you* have such questions, *others* do too, so they can be the most important ones to ask.

A successful class also depends on a respectful exchange of a diversity of views. When someone voices an opinion counter to your own, I challenge you to both respond respectfully with your thoughts, but also to fully consider the merits of the differing view. What has led your colleague to this opinion? Could you make a compelling case for this viewpoint? It is important that policy leaders be intellectually open and thoughtful, and that positions be taken after careful analysis of empirical data and consideration of normative values. Be respectful of others. If you are waiting for someone to finish talking so you can say something, then perhaps you are not listening closely enough. In turn, demand that others respect your views.

Students are encouraged to critique the readings. That said, please extend the same respect to the authors that you do your fellow students. All of them are on the syllabus because they have thoughtfully considered an issue covered in this course. Learning to criticize them is key, but please do so in a respectful way.

Finally to ensure a good course, it is necessary that all students have access to the resources they need to fully engage with the material. **Therefore, please notify me early on if you require any accommodations due to a disability.** Also, please notify me if you will miss a class because of a religious observance, so that alternative arrangements can be made.

*** If you find yourself having trouble with the classroom environment at any point, I hope you will feel welcome to visit me during office hours or by appointment to talk about it. ***

COURSE OUTLINE

January 8: Introduction to the course and each other

- Discussion of the syllabus and expectations
- Discussion of assignments
- Opening questions: How should poverty be measured? What should the goals of social welfare programs be?

No readings

January 13: Social and Economic Trends

- Survey trends in income and wealth inequality over the past few decades
- Survey other key demographic trends over the same period

Readings

- S.H. Danziger. (2007). "Fighting Poverty Revisited: What Did Researchers Know 40 Years Ago? What Do We Know Today?" *Focus*, 25(1), 3-11.
<http://irp.wisc.edu/publications/focus/pdfs/foc251a.pdf>
- E. Saez. (2013). "Striking it Richer: The Evolution of Top Incomes in the United States." <http://elsa.berkeley.edu/~saez/saez-UStopincomes-2012.pdf>
- For fun, watch: <http://www.youtube.com/watch?v=cIAm0OrRKCI>

- K.K. Charles, E. Hurst & M.J. Notowidigdo (2012). “Manufacturing Busts, Housing Booms, and Declining Employment: A Structural Explanation.” http://faculty.chicagobooth.edu/erik.hurst/research/charles_hurst_noto_manufacturing.pdf

January 15: Social and Economic Trends, continued

- The changing face of the low-wage labor market
- The changing face of childhood
- Mass incarceration, its causes and consequences

Readings

- W.J. Wilson. (2009). *More Than Just Race*. Chapter 3: “The Economic Plight of Inner-City Black Males.” Available on CTools.
- B. Western & Pettit, B. (2010). “Incarceration & Social Inequality.” *Daedalus, Summer 2010*, http://www.mitpressjournals.org/doi/pdf/10.1162/DAED_a_00019
- G. Borjas. “The New Face of the Low-Wage Workforce.” National Poverty Center Policy Brief. http://npc.umich.edu/publications/policy_briefs/brief8/policy_brief8.pdf

January 20: Measurement of Poverty in the U.S.

- Explore the nature of the U.S. Official Poverty Measure (OPM), considering strengths and weaknesses
- Consider other poverty measures used by Western industrialized nations
- Explore the nature of the new Supplemental Poverty Measure (SPM), considering strengths and weaknesses
- Survey other measures of well-being

Readings

- D.S. Johnson & T.M. Smeeding. (2013). “A Consumer’s Guide to Interpreting Various U.S. Poverty Measures.” *Fast Focus, No. 14-2012*. <http://www.irp.wisc.edu/publications/fastfocus/pdfs/FF14-2012.pdf>
- L. Fox, I. Garfinkel, N. Kaushal, J. Waldfogel & C. Wimer. (2013). “Waging War on Poverty: Historical Trends in Poverty Using the Supplemental Poverty Measure.” NBER Working Paper No. 198789, <http://www.nber.org/papers/w19789>
- B. Meyer & J. Sullivan. (2013). “Winning the War: Poverty from the Great Society to the Great Recession.” Spotlight on Poverty Exclusive Commentary (Short!), <http://www.spotlightonpoverty.org/exclusivecommentary.aspx?id=79f69d39-55c0-418b-aeb5-cb6802ad552e>.

January 22: In Class Poverty Exercise

- Who’s poor, who’s not? How has poverty changed over time?
- Develop your own definition of poverty and present estimates using the CPS table creator: <http://www.census.gov/cps/data/cpstablecreator.html>

Readings

- Familiarize yourself with (no need to read fully!) Income, Poverty, and Health Insurance Coverage in the United States: 2012.
<http://www.census.gov/prod/2013pubs/p60-245.pdf>

January 27: The War on Poverty, Revisited

- What programs came from the War on Poverty?
- What do we know about their effectiveness?
- Who won? Who lost? Or at least, what's the score?
- What was the road not taken?

Readings

- M.J. Bailey & S.H. Danziger. (2013). *Legacies of the War on Poverty*. Introduction, "Legacies of the War on Poverty."
http://www.russellsage.org/sites/all/files/Bailey_Danziger_Chap1.pdf
- Moffitt, R.A. (2004). "The Idea of a Negative Income Tax: Past, Present, Future."
Focus, 23(2). <http://www.irp.wisc.edu/publications/focus/pdfs/foc232a.pdf>

January 29: Today's Safety Net, a Totally New Animal

- Introduction to the 1996 Welfare Reform
- Introduction to the hidden (and growing!) welfare state
- SNAP: America's NIT
- Health insurance for all! (kids at least, we like kids)

Readings

- R.A. Moffitt & J.K. Scholz. Trends in the Level and Distribution of Income Support. NBER working paper, <http://www.nber.org/papers/w15488.pdf>

February 3: The 1996 Welfare Reform and the Retrenchment of Cash Assistance

- Discussion of the 1996 Welfare Reform
- What precipitated the welfare reform?
- How did it happen? And what exactly happened?

Readings

- Center on Budget and Policy Priorities (2012). "Policy Basics: An Introduction to TANF," <http://www.cbpp.org/files/7-22-10tanf2.pdf>
- K. Edin & L. Lein. (1997). *Making Ends Meet*. Chapter 2, "Making Ends Meet on a Welfare Check." Available on CTools.

February 5: The 1996 Welfare Reform: The Effects on Labor Market and Other Outcomes

- Survey what is known about the labor market effects of TANF
- Survey estimates of effects on other outcome (material hardship, child development)
- Discuss—why such different views?

Readings

- L. Mead, (2007). “Why Welfare Reform Succeeded,” *Journal of Policy Analysis and Management*. Available on CTools.
- S. Parrott & A. Sherman, 2007. “TANF’s Results are More Mixed than is Often Understood,” *Journal of Policy Analysis and Management*. Available on CTools.
- L. Mead, 2007. “Response to Parrott and Sherman,” *Journal of Policy Analysis and Management*. Available on CTools.
- S. Parrott & A. Sherman, 2007. “Response to Mead,” *Journal of Policy Analysis and Management*. Available on CTools.

February 10: The Supplemental Nutrition Assistance Program: America’s NIT?

- SNAP is probably the most important anti-poverty program in the U.S. How did we get there? Why are people willing to pay for \$70 billion in food assistance but not willing to pay for \$25 billion in cash assistance?
- Does \$1 in SNAP = \$1 in cash? Yes and no
- Why is it so hard to assess SNAP’s effects?
- How efficient is SNAP
- How much fraud is there?

Readings

- Center on Budget and Policy Priorities. (2013). “Policy Basics: Introduction to SNAP,” <http://www.cbpp.org/files/policybasics-foodstamps.pdf>
- H.L. Shaefer & I. Gutierrez (2013). The Supplemental Nutrition Assistance Program and Material Hardships among Low-Income Households with Children. *Social Service Review*. Available on CTools.

February 12: Student Policy Analysis Paper Workshop Session

- Luke is out-of-town this week, so this session will be self-guided
- Paper workshop session—work in groups of 4 to discuss paper topics and brainstorm about them.

No additional readings—Prepare a 10 minute presentation on your paper

February 17: SNAP and Various Outcomes

- Does SNAP reduce food insecurity?
- Does SNAP reduce non-food material hardship?
- How does access to SNAP impact long-term health outcomes?
- Does SNAP impact rates of obesity?

Readings

- H.W. Hoynes, D.W. Schanzenbach & D. Almond (2012). “Long-Run Impacts of Childhood Access to the Safety Net.” NBER Working Paper 18535, <http://www.nber.org/papers/w18535>.

February 19: Other Nutrition Assistance Program

- School Lunch and School Breakfast
- WIC
- What do we know about them?

Readings

- M.K. Fox, W. Hamilton B.H. Lin. (2004). “Effects of Assistance and Nutrition Programs on Nutrition and Health.” ERS FANRP Report number 19-3, <http://www.abtassociates.com/AbtAssociates/files/c1/c1f8d054-3ed4-46a6-8ae0-b71672e61502.pdf>
- In class we will split up sections on WIC, NSLP, and SBP. Students will present key findings.

February 24: The Hidden Welfare State: The Rise of the Earned Income Tax Credit

- What is the EITC, how does it work?
- Why does it keep growing and growing and growing?
- What do we know about its labor market effects?

Readings

- S. Halpern-Meehin, K. Edin, L. Tach & J. Sykes. (In Press). *It's Not Like I'm Poor*. Introduction and Chapter 1. Available in CTools.
- Leigh, A. (2010). Who Benefits from the Earned Income Tax Credit? Incidence among Recipients, Coworkers and Firms. *The B.E. Journal of Economic Analysis & Policy*, 10(1). Available on CTools.

February 26: The Hidden Welfare State, continued

- How do people spend their EITC?
- Tackling fraud in the EITC

Readings

- S. Halpern-Meehin, K. Edin, L. Tach & J. Sykes. (In Press). *It's Not Like I'm Poor*. Chapters 2 and 3. Available on CTools.

***** PAPER 1 DUE FEBRUARY 27 AT 5PM, TO YOUR CTOOLS DROPBOX *****

***** ENJOY SPRING BREAK, MARCH 2 THROUGH 6 *****

March 10: The Minimum Wage

- What are the effects of the minimum wage on income and poverty?
- What are the negative effects of a minimum wage increase?
- To the best of our knowledge, which outweighs the other?

Readings

- Congressional Budget Office. (February 2014). “The Effects of a Minimum-Wage Increase on Employment and Family Income”
<https://www.cbo.gov/sites/default/files/44995-MinimumWage.pdf>

March 12: Changes in the Health Insurance Safety Net

- The exchanges, and Medicaid expansions. What is the state of ACA?
- CHIP Expansion—Where the children go, will we follow?

Readings

- Watch Kaiser Family Foundation video, “The YouToons Get Ready for Obamacare: Health Insurance Changes Coming Your Way Under the Affordable Care Act”
<http://kff.org/health-reform/video/youtoons-obamacare-video/>
- Buchmueller et al. (2013). “The Affordable Care Act has led to significant gains in health insurance and access to care for Young Adults.” *Health Affairs*, 32(1), 165-174. Available on CTools.
- Jonathan Cohn. (September 29, 2014). “7 Charts that Prove Obamacare is Working”
- The New Republic, <http://www.newrepublic.com/article/119623/obamacare-one-year-seven-charts-show-law-working>
- David Hogberg. (November 12, 2014). “14 Ways Obamacare is Still a Disaster.” The Federalist. <http://thefederalist.com/2014/11/12/14-ways-obamacare-is-still-a-disaster-that-you-wont-learn-from-vox/>

March 17: What Are the Benefits of Health Insurance?

- Is Medicaid a good investment?
- Should we just give people money instead?
- What do you expect health insurance to impact?

Readings:

- K. Baicker, S.L. Taubman, H.L. Allen, M. Bernstein, J.H. Gruber, J.P. Newhouse, E.C. Schneider, B.J. Wright, A.M. Zaslavsky, A.N. Finkelstein. (2013). “The Oregon Experiment—Effects of Medicaid on Clinical Outcomes.” *New England Journal of Medicine*. Available on CTools.
- E. Klein (2013). “The Two Most Important Numbers in American Health Care.” Wonkblog, <http://www.washingtonpost.com/blogs/wonkblog/wp/2013/09/19/the-two-most-important-numbers-in-american-health-care/>

- S.L. Taubman, H.L. Allen, B.J. Wright, K. Baicker, A.N. Finkelstein. (2013). “Medicaid Increases Emergency-Department Use: Evidence From Oregon’s Health Insurance Experiment.” *Science*. Available on CTools.

March 19: Problems at the Very Bottom—The Rise of Extreme Poverty

- Reviewing the stratification of the poor
- What does this mean at the very bottom?
- Who are America’s Extreme Poor?

Readings:

- H.L. Shaefer & K. Edin. (2013). The Rise of Extreme Poverty in the United States and the Response of Federal Means-Tested Income Transfers. *Social Service Review*. Available on CTools.
- K. Edin & H.L. Shaefer (Forthcoming). *\$2 a Day*. “Perilous Work” Available on CTools.

March 24: Problems at the Very Bottom, continued.

- What should be done, if anything, for those at the very bottom?
- How much would it cost?
- How feasible would it be to do the things the extreme poor really need?

No Readings

March 26: Student Policy Analysis Paper Workshop Session

- Students will organize into small groups and discuss their paper. Each student will present on their paper topic for 10 minutes, and student groups will engage in feedback for 10-15 minutes.

March 31: Concentrated Poverty

- An American dilemma
- Race-based residential segregation
- Access to jobs, access to schools
- But what do we do about it?

Readings:

- W.J. Wilson. 2009. *More Than Just Race*. Chapter 2, “The Forces Shaping Concentrated Poverty.” Available on CTools.
- P.A. Jargowsky. (n.d.). Concentration of Poverty in the New Millennium: Changes in Prevalence, Composition, and Location of High Poverty Neighborhoods. The Century Foundation and Rutgers Center for Urban Research and Education,

[http://tcf.org/assets/downloads/Concentration of Poverty in the New Millennium.pdf](http://tcf.org/assets/downloads/Concentration_of_Poverty_in_the_New_Millennium.pdf)

April 2: Concentrated Poverty? What's to Be Done?

- Review of limits of our strategies for reducing neighborhood effects
- Impacts on parents and children
- There goes selection, mucking everything up again
- Why would MTO families move back to poor neighborhoods?

Readings

- G.J. Duncan. "New Lessons from the Gautreaux and Moving to Opportunity Residential Programs,"
<http://merage.uci.edu/ResearchAndCenters/CRE/Resources/Documents/Duncan.pdf>

******* PAPER PART 2 DUE APRIL 6 AT 5PM, TO YOUR CTOOLS DROPBOX *******

April 7: The United States in Comparative Perspective

- How does the U.S. compare to with other industrialized countries?
- What are new strategies for poverty alleviation internationally?

Readings

- T.M. Smeeding (2006). "Poor People in Rich Nations: The United States in Comparative Perspective." *Journal of Economic Perspectives*, 20(1), 69-90,
http://www.ssc.wisc.edu/irpweb/aboutirp/people/affiliates/Smeeding/5-JEP-20V5_2006.pdf
- J. Waldfogel. (2007). "Welfare Reforms and Child Well-Being in the US and UK." Center for Analysis of Social Exclusion,
<http://sticerd.lse.ac.uk/dps/case/cp/CASEpaper126.pdf>

April 9: Comparisons with Social Welfare Programs in the Developing World

- Conditional Cash Transfer Program
- Micro-lending—A path out of poverty?

Readings

- H.H. Son (2008). "Conditional Cash Transfer Programs: An Effective Tool for Poverty Alleviation?" <http://www.adb.org/sites/default/files/pub/2008/PB051.pdf>
- T. Cowen & A. Tabarow. Development Economics. Watch:
 - <http://mruniversity.com/courses/development-economics/introduction-microfinance-portfolios-poor>
 - <http://mruniversity.com/courses/development-economics/why-microcredit>
 - <http://mruniversity.com/courses/development-economics/microcredit-evidence>

April 14: Wrap Up: International Comparisons

No Readings

April 16: The American Recovery and Reinvestment Act: A Shock to System

- If a tree falls in the forest, and no-one is around to hear it, does it make a sound?
- If a massive economic stimulus works, but no-one believe it, did it work?
- What lessons should we draw from ARRA?

Readings

- S.H. Danziger (2013). "Evaluating the Effects of the Great Recession." *ANNALS of the American Academy of Political and Social Science*, 650(6). Available on CTools.
- R. Moffit. (2013). "The Great Recession and the Social Safety Net." *ANNALS of the American Academy of Political and Social Science*, 650(6). Available on CTools.

April 21: Class Wrap Up, Discussion of the Final

*** FINAL EXAM WILL BE HELD WEDNESDAY, APRIL 29th, 1:30PM-3:30PM ***