Cash Assistance in America: The Role of Race, Politics, and Poverty

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Abstract

We examine the predictors of state spending on Temporary Assistance for Needy Families (TANF) cash assistance, which has fallen dramatically since the passage of welfare reform in 1996. Over the 2000s, states allocating 33% or more of their TANF expenditures toward cash assistance are more likely to have higher minimum wages and are more liberal, though with fewer Black residents—both overall and on the TANF caseload. Our preferred empirical specifications suggest a negative link between state basic assistance expenditures—which we use as a measure of cash assistance—and the proportion of Black residents on the state's TANF caseload. These findings contribute to a longstanding body of research examining the political economy of racial disparities within the welfare system and support further investigation into the mechanisms driving these observed associations. Upon considering the Kerner Commission's call to reinvest in economically disadvantaged communities, it is important to consider how reform proposals modeled off of TANF may extend to new domains of the American social safety net. Our findings, as well as those of others within the welfare research literature, recommend a closer look at whether and how race operates within systems of devolved authority.

Keywords

temporary assistance for needy families, poverty, cash assistance, welfare reform, devolution

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Introduction

The "Great Society" social policies and programs of the 1960s greatly expanded access to social welfare programs for Black Americans. In the midst of substantial political and social unrest, this expansion occurred—broadly—amid proposed policy changes to greatly expand employment programs and economic opportunities for Black neighborhoods (Casey & Hardy, 2018; Russell, 2003). The most specific calls for policy reforms to address poverty, unemployment, and limited economic opportunities arose from the Kerner Commission report of 1968, which derived from the commission's assessment of bleak neighborhood conditions and rioting that occurred throughout the United States during that period.

Then, as now, states and local governments exercised substantial autonomy with respect to how they implemented their social welfare and employment programs. Whereas the federal government exercised relatively high levels of control via expansion of these programs. Throughout the 1960s and 1970s, state-level autonomy was further enhanced via the 1996 reform of welfare and the creation of a new program—Temporary Assistance for Needy Families (TANF). TANF provided a block grant to states that was designed to provide income support, job training and search assistance, and general social assistance (Ziliak, 2016) for poor families.

Yet, many states have responded to this enhanced authority by significantly reducing the cash safety net function of their respective TANF programs over the 2000s (Bitler & Hoynes, 2016a). Such state-level decisions with respect to expenditures and welfare sanctioning policy have a historical precedent, with the decision to implement punitive or harsh policy choices potentially operating as mechanisms to either support or punish the poor (Wacquant, 2009). To the extent that income influences educational and socioeconomic outcomes, and amid evidence that an increasing share of families have little-to-no access to welfare cash benefits or employment (Akee, Simeonova, Costello, & Copeland, 2015; Dahl & Lochner, 2012; Rothstein & Wozny, 2013; Shaefer, Edin, & Talbert, 2015), the decision to tilt TANF spending toward or away from cash assistance could have serious implications for socioeconomic well-being. However, some activities outside of cash assistance, such as childcare subsidies, ostensibly promote employment and economic self-sufficiency.

To better understand the determinants of recent state TANF spending allocations, we examine the relationship between state basic assistance spending, which predominantly goes toward cash assistance for families, and a set of state-level demographic, economic, and political factors. We add to a body of work examining welfare policy, political ideology, and race (e.g., Fording, Soss, & Schram, 2007; Schram, Soss, Fording, & Houser, 2009; Soss, Schram, Vartanian, & O'Brien, 2001), and a separate literature focused on the changing provision of benefits and benefit generosity (e.g., Bitler & Hoynes, 2016a; Schmidt, Shore-Sheppard, & Watson, 2016), using a unique data set spanning 2002 to 2014.

Given that much of TANF spending can be broadly categorized as (a) cash assistance, (b) work supports, or (c) childcare, we extend work by Bitler and Hoynes (2016a) by examining the factors that predict an allocation of one third or more of the

block grant toward cash assistance. Our results indicate that, among the states allocating 33% or more of their TANF grant toward cash assistance, they are more likely to have supplemental minimum wages and lower unemployment rates. They are also ideologically more liberal, with a noticeably lower proportion of Blacks residing in the state and a lower proportion of Blacks on the TANF caseload. In considering state allocation of block-grant resources toward cash assistance versus other noncash activities, Bitler and Hoynes (2016a) observe that, although many important TANF program functions fall outside of traditional cash assistance—such as childcare, transportation, and job training—liquidity is a key component and objective of welfare.

Our analysis suggests a negative link between state basic assistance expenditures and the proportion of Blacks on the state's TANF caseload, which persists after controlling for state economic conditions and political factors, as well as region and time fixed effects; a weaker, negative link holds for governors affiliated with the Democratic Party. Overall, these findings add contemporary, descriptive evidence to a body of research examining the political economy of racial disparities within the welfare system and motivate further research into the mechanisms driving this association throughout the post-Welfare Reform period of the 2000s.

Background on Welfare Policy, Socioeconomic Outcomes, and Race

Our inquiry into the determinants of state TANF spending choices adds to an expansive literature examining income support programs in the United States. See Ziliak (2016) for an in-depth synthesis of the state of research on TANF, which we draw upon in this section. A subset of the welfare literature, disproportionately situated within economics, has investigated the link between TANF and employment (e.g., Bloom, Loprest, & Zedlewski, 2011; Ziliak, 2016). Where employment gains are identified, the evidence suggests that earnings are lower subsequent to completing a welfare spell (Mueser, Stevens, & Troske, 2009) and that contemporary macroeconomic growth alongside earned income tax credit (EITC) expansions appear to explain a greater share of the observed overall employment growth than the actual transition to TANF (e.g., Fang & Keane, 2004; Gundersen & Ziliak, 2004).

The specific elements of TANF policy driving employment could include time limits at the extensive margin (e.g., Kaushal & Kaestner 2001) or training and job search assistance on the hours margin (Grogger, 2003). With respect to earnings impacts, Bollinger, Gonzalez, and Ziliak (2009) and Schoeni and Blank (2000) conclude that earnings rise among single mothers in the transition to TANF, though Bollinger et al. (2009) and Primus, Rawlings, Larin, and Porter (1999) note that this growth is largely offset by losses in transfer income. Research examining the full package of welfare benefits, including but not limited to TANF, finds that generous benefits at the state level (e.g., adding up food assistance, cash assistance, and refundable credits) reduce food insecurity (Schmidt et al., 2016), while, in contrast, TANF alone generally had little-to-no recent impact on deep poverty reduction and failed to respond in a

countercyclical manner—driven, in part, by very low cash assistance spending in many U.S. states (Bitler & Hoynes 2016a, 2016b; Hardy, 2017).

In addition to labor market and socioeconomic outcomes, researchers have investigated the role of race, political ideology, and devolved state authority in shaping welfare policy choices (e.g., Kim & Fording, 2009). This literature, largely situated within political science, complements studies examining historical labor market discrimination, exclusion from government benefits, and sociohistorical accounts of racial animus and stereotyping surrounding welfare use. Dating back at least as far as the 1960s Great Society expansions of social welfare programs, and the Kerner Commission report of 1968, efforts to expand social welfare policies, including interventions to grow employment and income levels among Black Americans, have met with resistance from some policy makers.

Whether nationally or subnationally, some policy makers harbored negative, discriminatory views surrounding the pathologies and behavioral norms of minority welfare recipients; meanwhile, some prominent scholars of poverty raised concerns surrounding order, discipline, and work effort among Blacks generally, and in particular within low-income Black neighborhoods, drawing upon their observations of socioeconomic conditions throughout the 1960s and 1970s (Darity, Lopez, Ajilore, & Wallace, 2013; Mead, 1988; Murray, 1984; Stigler, 1965). Owing, in large part, to a presumed lack of deservingness, this, in turn, promoted a posture in human service delivery that, at times, was and is observed to be relatively paternalistic and harsh (Barnes & Henly, 2018; Hardy, Logan, & Parman, 2018; Russell, 2003). This shapes policy makers' desire for providing cash assistance versus interventions and benefits that target hypothesized behavioral "root causes."

In the contemporary welfare literature, a central finding holds that Blacks may face harsher sanctions within the TANF program; states with higher shares of Blacks on the welfare caseload tend to be harsher with respect to sanctioning policy and administrative burdens (e.g., Fording et al., 2007; Johnston, 2018; Moynihan, Herd, & Harvey, 2014; Schram et al., 2009; Soss et al., 2001). Our inquiry is, thus, heavily influenced by this literature, as we conduct an updated and related inquiry looking into state-level correlates of cash welfare spending. Given that Blacks, on average, have lower income and wealth amid higher levels of unemployment and income volatility (Hardy, 2017; Hardy & Ziliak, 2016; Morduch & Schneider, 2017), barriers to insurance mechanisms via the social safety net represent a salient problem.

An additional set of related welfare research studies considers the connection between broader state-level welfare policy variation and socioeconomic well-being, generally concluding that the decline in welfare caseloads and cash benefit allotments since 1996 leads to lowered resources, increased deprivation for many individuals and families, and lowered educational attainment (e.g., Covington & Spriggs, 2004; Seefeldt & Sandstrom, 2015; Shaefer et al., 2015). More granular snapshots of the policy apparatus driving such outcomes include Schmidt et al. (2016; described above), who construct a measure of combined state welfare program generosity inclusive of cash, food, medical, and disability programs, and Bitler and Hoynes (2016a,

2016b), who describe the stark variation in state TANF spending on cash assistance and the lack of responsiveness to macroeconomic conditions.

Data and Empirical Model

We largely build upon Bitler and Hoynes (2016a), Kim and Fording (2009), and Soss et al. (2001) by examining the predictors of state choices to allocate one third or more of their block grant toward cash assistance over the 2000s. To do so, we construct a state-level data set of demographic, political, and economic variables from multiple sources. TANF expenditures and demographic information on TANF caseloads are collected from the U.S. Department of Health and Human Services (HHS) Administration for Children and Families (ACF).[1] We draw state-level information on supplemental state EITCs, minimum wages above the federal level, unemployment and poverty rates, and the political party of the state's sitting Governor, from the University of Kentucky Center for Poverty Research (UKCPR). We then further augment this information with data on state government political ideology constructed by Richard Fording and Byungkyu Kim[2] and state racial composition data from the U.S. Census Bureau's Statistical Abstract of the United States and American Factfinder, respectively. To capture state fiscal health, we use data tracing state pension health and obligations from the Federal Reserve Bank Board of Governors.

Due to data reporting irregularities throughout the late 1990s within the TANF expenditure data, which includes several states with missing observations or negative expenditure values, as well as the limited availability of state pension health data from the Board of Governors of the Federal Reserve, which begins in the early 2000s, we conduct our analysis from 2002 to 2014. Our final analysis sample consists of 600 state-year observations, excluding the District of Columbia (D.C.), as no measure of state government ideology was constructed for D.C.; pension funding status as a proportion of state revenues is missing from the Federal Reserve data for 2003, resulting in 12 years of panel data spanning 2002 to 2014. We augment our main models with a set of regressions that includes D.C., thereby excluding state political ideology. Below, we provide a more detailed discussion of the HHS-ACF expenditure and caseload data.

State TANF Cash Expenditure Data

States annually report their TANF spending to the HHS and, within this reporting requirement, expenditures are differentiated across two broad categories, assistance and nonassistance. Expenditures on assistance include benefits directed at so-called "basic needs," including food, clothing, shelter, and utilities, as well as childcare and transportation expenses. Basic assistance spending lies within this broad category and is characterized as cash or voucher payments targeted toward the aforementioned basic needs; this category is predominantly cash assistance. Additional components of assistance include childcare, and transportation, and activities to support work

participation—such as job search and education and training programs. Nonassistance is inclusive of a range of subcomponent activities, including a range of work-related activities such as childcare provided to employed families, two-parent family formation interventions, and refundable state EITCs.[3]

To capture state spending on cash assistance, we use the basic assistance subcategory, which we refer to as cash assistance, to construct an indicator variable capturing whether—in a given year—one third or more of annual state TANF expenditures are allocated to cash assistance.

Empirical Model

To assess the relationship between the share of TANF funds spent on cash assistance and state-level demographic, political, and economic factors, we estimate the following linear probability model (LPM):

$$y_{jt} = \alpha + + Z_{jt}\delta + \theta_r + \varphi_t + u_{rjt} \tag{1}$$

where y_{jt} is a (0/1) indicator equal to 1 if state j in year t allocates 33% or more of its TANF expenditures toward basic assistance. Z_{jt} is the main vector of interest, capturing state-by-year factors reflecting political, economic, fiscal, and racial demographic differences across states. These include (0/1) indicators for a state minimum wage above the federal minimum wage, any state supplemental EITC, and the poverty and unemployment rate; we also include indicators for the political party of the governor and state government political ideology, as well as a measure of pension obligations as a share of state revenues. The raw state political ideology score (Kim & Fording, 2009) is a linear measure running from 0 to 1, where 1 represents the most ideologically liberal score. For the purposes of our study, the LPM can approximate marginal effects of interest, even if the true model is nonlinear (Angrist & Pischke, 2008; Wooldridge, 2002).

To group states, we transform the raw score into an indicator for Center-Left ideology equal to 1 if the raw score is 0.5 or higher. Finally, we examine the descriptive role of race by including controls for the percentage of Blacks residing in the state, as well as the percentage of Blacks on the TANF caseload. We follow Kim and Fording (2009) by controlling for θ_r fixed, unobserved regional-specific factors based on four Census regions: Northeast, Midwest, South, and West. These fixed effects are meant to capture permanent, unobservable characteristics—for example, cultural norms and attitudes—which do not fit neatly along state lines. φ_t represent year fixed effects to control for secular, macroeconomic, and policy factors affecting states and households that vary over time, and u_{rjt} is a random error term. Standard errors are clustered at the Census four-region level.

Results

We first investigate broad trends in both TANF basic assistance spending, which, as stated above, largely consist of cash assistance, and the characteristics of states that make varied choices along this margin. Figure 1 confirms that the move
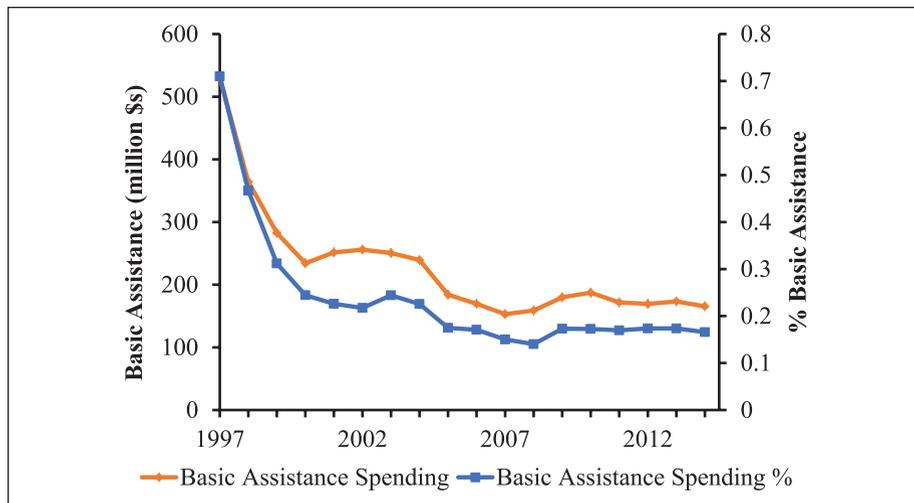
Figure 1. Average TANF basic assistance spending.
Note. Author tabulations of HHS TANF expenditure data, 1997-2014. TANF = Temporary Assistance for Needy Families; HHS = U.S. Department of Health and Human Services.

toward the TANF block-grant structure in 1996 coincides with lowered spending (Bitler & Hoynes, 2016a; Stiglitz & Rosengard, 2015) overall and on TANF cash assistance spending (Johnston, 2018). Much of the decline in TANF spending occurs between 1997 and the early 2000s; for example, at the mean, the proportion spent at the state level on basic assistance falls from 71% in 1997 to 24% by 2003. Moving to Table 1, we observe that, over the 2002-2014 period—the focus of our regression analysis—this trend hides variation across states: 32% of states spend 33% or more of their TANF block grant on basic assistance, though with a standard deviation of 46%.

Looking across states above and below this cutoff, states spending above 33% on basic assistance are likely to have higher state minimum wages relative to the federal level, fewer state supplemental EITCs, lower unemployment and poverty, and a more liberal-leaning state government ideology. These relatively generous cash assistance states have substantially lower percentages of Black residents, as well as lower proportions of Black residents on the TANF caseload. Interestingly, gubernatorial political affiliation is practically indistinguishable across state-type, and pension health seems slightly better for the Above 33% Spending states.

In Table 2, we disaggregate descriptive statistics by time (panel A) and region (panel B). Here, we observe that states in the South, where most of the Black population reside, are less likely to allocate their TANF block grant toward basic assistance. Also (panel A), whereas welfare reform occurred 6 years prior to the beginning of our data, in 1996, the retreat of block-grant resources away from cash nonetheless persists over the 2000s. Overall, our analysis suggests that Southern states generally boast a

Table 1. Descriptive Statistics, 2002-2014.

	All		Below 33%		Above 33%	
	M	*SD*	*M*	*SD*	*M*	*SD*
Share Basic Assistance	0.282	0.127	0.212	0.073	0.434	0.075
33% Basic Assistance	0.315	0.465	—	—	—	—
State Minimum Wage	0.365	0.482	0.321	0.467	0.460	0.500
State EITC	0.405	0.491	0.428	0.495	0.354	0.480
State Unemployment Rate	6.223	2.097	6.409	2.026	5.817	2.196
State Poverty Rate	12.952	3.371	13.310	3.341	12.172	3.313
Center-Left Ideology	0.507	0.500	0.484	0.500	0.556	0.498
Governor is Democrat	0.478	0.500	0.482	0.500	0.471	0.500
% Black	10.429	9.474	12.478	10.087	5.974	5.912
% TANF Caseload Black	33.138	25.550	39.296	25.697	19.747	19.406
Pension Funding Status	−34.434	30.222	−35.780	31.631	−31.506	26.750
Sample Size	600		411		189	

Note. Summary statistics on state-level data for 2002-2014. State Minimum Wage, State EITC, Center-Left Ideology, and Governor is a Democrat are (0/1) indicator variables. EITC = earned income tax credit; TANF = Temporary Assistance for Needy Families.

less generous package of labor market and safety net benefits—at least those selected for our analysis—a higher proportion of Black residents, and higher poverty rates.

We next move to our main set of regression results, shown in Table 2. From Table 1, descriptive differences are evident between relatively cash-generous states—as measured by whether the state allocates 33% or more on cash assistance—and those that are not as generous. To begin assessing the association between basic assistance spending and our set of state-level predictors, we first estimate a series of relatively parsimonious regressions to separately examine economic, political, racial, and state fiscal factors. In all four models, we control for both region and year fixed effects and find no statistically significant relationships with our explanatory variables of interest. This actually reflects, in part, a criticism of TANF policy: that the program has lost its countercyclical properties relative to the predecessor program, Aid to Families with Dependent Children (AFDC) (Bitler & Hoynes, 2016a; Hardy, 2017); the lack of a basic assistance-poverty or basic assistance-unemployment link is consistent with other studies on transfer program responsiveness to economic conditions.

In Table 3, we combine our full set of state-level racial, political, and economic factors, to help explain the differences between states spending above or below 33% of their TANF grant on cash (basic) assistance. In column 1, none of our economic factors—state minimum wages, state EITCs, unemployment or poverty rates—are statistically significant predictors of cash assistance spending. These economic factors remain statistically insignificant throughout all of the empirical models shown in Table 3; likewise, state political ideology does not explain spending—here or in the remaining models—although states with a democratic governor are almost 6 percentage points less likely to spend 33% or more on welfare cash assistance.

Table 2. Descriptive Statistics by Region and Time.

Panel A. Time-period differences

	All		02-08		09-14	
	M	SD	M	SD	M	SD
Share Basic Assistance	0.282	0.127	0.317	0.122	0.246	0.122
33% Basic Assistance	0.315	0.465	0.417	0.494	0.213	0.410
State Minimum Wage	0.365	0.482	0.380	0.486	0.350	0.478
State EITC	0.405	0.491	0.350	0.478	0.460	0.499
State Unemployment Rate	6.223	2.097	4.919	1.103	7.526	2.045
State Poverty Rate	12.952	3.371	11.932	2.998	13.971	3.419
Center-Left Ideology	0.507	0.500	0.557	0.498	0.457	0.499
Governor is Democrat	0.478	0.500	0.510	0.501	0.447	0.498
% Black	10.429	9.474	10.417	9.458	10.441	9.506
% TANF Caseload Black	33.138	25.550	33.675	26.074	32.600	25.046
Pension Funding Status	−34.434	30.222	−22.129	26.150	−46.738	29.019
Sample Size	192		300		300	

Panel B. Census regions

	South		Midwest		Northeast		West	
	M	SD	M	SD	M	SD	M	SD
Share Basic Assistance	0.225	0.104	0.270	0.117	0.320	0.125	0.335	0.133
33% Basic Assistance	0.167	0.374	0.257	0.438	0.370	0.485	0.513	0.501
State Minimum Wage	0.099	0.299	0.285	0.453	0.676	0.470	0.551	0.499
State EITC	0.292	0.456	0.625	0.486	0.704	0.459	0.135	0.342
State Unemployment Rate	6.521	1.986	5.779	2.159	6.137	1.895	6.324	2.246
State Poverty Rate	15.230	3.402	11.847	2.012	10.756	2.540	12.687	3.235
Center-Left Ideology	0.458	0.500	0.319	0.468	0.852	0.357	0.500	0.502
Governor is Democrat	0.479	0.501	0.417	0.495	0.565	0.498	0.474	0.501
% Black	20.314	9.510	7.339	4.660	7.545	5.521	3.112	2.182
% TANF Caseload Black	55.986	21.368	34.389	20.007	24.868	19.680	9.587	8.328
Pension Funding Status	−29.057	23.993	−29.809	37.317	−52.185	29.903	−33.031	25.319
Sample Size	192		144		108		156	

Note. EITC = earned income tax credit; TANF = Temporary Assistance for Needy Families.

This potentially reflects the complex interaction of relationships between state government workers, legislators, and the governor that shape such policy choices. In this model (column 1), which does not control for year or region fixed effects, neither the state's Black population nor the percentage of Blacks on the TANF caseload is associated with cash assistance spending.

In column 2 of Table 3, we add controls for year fixed effects to better account for secular factors, such as time-period-specific events and policies occurring on a national level, that could influence the results. What emerges is striking. Controlling for our full set of economic and political factors, and after holding the percentage of Blacks in the state constant, a 1% increase in the percentage of Blacks on the TANF caseload is

Table 3. State Predictors of Spending on Basic Assistance.

33% Basic assistance				
State Minimum Wage	0.0671	0.0339	0.0401	0.0162
	(0.1286)	(0.0978)	(0.0941)	(0.0600)
State EITC	−0.0494	0.0255	0.0549	0.0365
	(0.0424)	(0.0201)	(0.0345)	(0.0372)
Unemployment Rate	−0.0044	0.0333	0.0352	0.0353
	(0.0173)	(0.0290)	(0.0270)	(0.0261)
Poverty Rate	−0.0076	−0.0042	−0.0090	−0.0085
	(0.0049)	(0.0081)	(0.0071)	(0.0088)
Center-Left Ideology	0.0764	−0.0042	0.0009	
	(0.0508)	(0.0529)	(0.0539)	
Raw Government Ideology				0.0020
				(0.0026)
Governor is Democrat	−0.0588*	−0.0123	−0.0244	−0.0914
	(0.0245)	(0.0275)	(0.0341)	(0.1184)
% Black	0.0046	0.0068	0.0040	0.0027
	(0.0066)	(0.0039)	(0.0048)	(0.0066)
% TANF Caseload Black	−0.0072	−0.0095**	−0.0091*	−0.0086
	(0.0033)	(0.0027)	(0.0039)	(0.0043)
Pension Funding Status	0.0009	−0.0014	−0.0019	−0.0017
	(0.0019)	(0.0015)	(0.0014)	(0.0016)
Year FE	No	Yes	Yes	Yes
Region FE	No	No	Yes	Yes
Observations	600	600	600	600
R^2	.1442	.2703	.2765	.2799

Note. Standard errors in parentheses, clustered by region. EITC = earned income tax credit; TANF = Temporary Assistance for Needy Families; FE = fixed effects.
*$p < .10$. **$p < .05$. ***$p < .01$.

associated with a nearly 1 percentage point lower likelihood that the state spends a third or more on cash (basic) assistance. This result is statistically significant at the 90% level and holds in our third model specification (column 3), which controls for both region and year fixed effects.

When we control for region and fixed effects but use the raw state ideology score instead of our Center-Left control, the statistically significant relationship no longer holds, although the direction is the same. In Table 4, we test whether the exclusion of state political ideology impacts our main findings; overall, the results are not sensitive to its exclusion, although we now find that the percentage of Blacks on the TANF caseload is a significant negative predictor in our models without region or year fixed effects—where it was previously insignificant.[4] In Table 5, we again suppress state political ideology, though now with the aim of retaining observations for D.C. Here, we find slightly higher magnitudes for the race-basic assistance link, though consistently in the same direction as in our main results shown in Table 3.

Table 4. State Predictors of Spending on Basic Assistance (Excluding State Ideology).

33% Basic assistance			
State Minimum Wage	0.0829	0.0331	0.0403
	(0.1218)	(0.0923)	(0.0894)
State EITC	−0.0412	0.0249	0.0550
	(0.0421)	(0.0197)	(0.0355)
Unemployment Rate	−0.0039	0.0332	0.0352
	(0.0160)	(0.0288)	(0.0268)
Poverty Rate	−0.0093	−0.0041	−0.0090
	(0.0057)	(0.0089)	(0.0077)
Governor is Democrat	−0.0111	−0.0149	−0.0238
	(0.0359)	(0.0333)	(0.0265)
% Black	0.0061	0.0067	0.0040
	(0.0062)	(0.0037)	(0.0047)
% TANF Caseload Black	−0.0076*	−0.0094**	−0.0091*
	(0.0031)	(0.0026)	(0.0038)
Pension Funding Status	0.0008	−0.0014	−0.0019
	(0.0018)	(0.0016)	(0.0015)
		(0.0430)	(0.0426)
Year FE	No	Yes	Yes
Region FE	No	No	Yes
Observations	600	600	600
R^2	.1411	.2703	.2765

Note. Standard errors in parentheses, clustered by region. EITC = earned income tax credit; TANF = Temporary Assistance for Needy Families; FE = fixed effects.
*$p < .10$. **$p < .05$. ***$p < .01$.

The selection of a threshold at 33% is based upon the notion that state-level social assistance has historically—taking a longer view—prioritized liquidity alongside other work-promoting activities. Still, the selection of a threshold could be deemed as arbitrary. We, therefore, reestimate the baseline models in Equation 1, replacing the dependent variable with the percentage spent on basic assistance. We again (Table 6) find evidence of a negative association between the proportion Black on the TANF caseload and basic assistance spending. It is worth noting that, in level terms depicted in Table 7, states with a higher share of Black residents overall, as well as those with a higher proportion of Blacks on the TANF caseload, are associated with higher spending *levels* on basic assistance. This is a noteworthy distinction and one that reflects our emphasis on assessing the relative balance of basic assistance spending vis-à-vis other priorities in the TANF budget; Blacks are certainly more likely to reside in relatively high-poverty and/or more populous states (Rastogi, Johnson, Hoeffel, & Drewery, 2011), which can boast somewhat larger TANF block grants overall.

Table 5. State Predictors of Spending on Basic Assistance (Including D.C.).

33% Basic assistance			
State Minimum Wage	0.0857	0.0441	0.0536
	(0.1103)	(0.0818)	(0.0769)
State EITC	−0.0377	0.0318	0.0608
	(0.0401)	(0.0230)	(0.0369)
Unemployment Rate	−0.0040	0.0333	0.0347
	(0.0149)	(0.0291)	(0.0271)
Poverty Rate	−0.0095	−0.0043	−0.0088
	(0.0062)	(0.0085)	(0.0068)
Governor is Democrat	−0.0094	−0.0104	−0.0150
	(0.0422)	(0.0394)	(0.0363)
% Black	0.0078	0.0097	0.0092
	(0.0056)	(0.0046)	(0.0054)
% TANF Caseload Black	−0.0082*	−0.0103**	−0.0105**
	(0.0027)	(0.0023)	(0.0033)
Pension Funding Status	0.0009	−0.0012	−0.0016
	(0.0016)	(0.0014)	(0.0013)
Year FE	No	Yes	Yes
Region FE	No	No	Yes
Observations	612	612	612
R^2	.1416	.2738	.2790

Note. Standard errors in parentheses clustered by region. Regression results exclude state government political ideology. EITC = earned income tax credit; TANF = Temporary Assistance for Needy Families; FE = fixed effects.
*$p < .10$. **$p < .05$. ***$p < .01$.

Discussion and Conclusion

The Kerner Commission emphasized reinvestment in Black and urban communities facing high levels of unemployment and poverty, including programs and policies to promote employment, fair housing access, and improved economic well-being. A total of 50 years after the Commission's report, assessments of state-level policy choices—and whether race explains these choices—serve as important indicators of social and economic progress since that time. Using a data set from 2002 to 2014 with information on race, economic policy, poverty and unemployment, pension health, and political ideology, we examine the predictors of state spending on TANF basic assistance, which largely consists of cash assistance spending. We observe that states allocating more of their block grant to cash are politically more liberal, with higher minimum wages and fewer supplemental state EITCs. States allocating more of their TANF block grant toward cash are less likely to be situated in the South; they have slightly better pension health, and have fewer Blacks residing in the state overall as well as on the TANF caseload.

This latter point with respect to Black welfare participation is robust to regression adjustment, where we find evidence that a higher proportion of Blacks on the state

Table 6. State Predictors of Proportion Spent on Basic Assistance.

% Basic assistance				
State Minimum Wage	0.0326	0.0271	0.0255	0.0147
	(0.0369)	(0.0339)	(0.0359)	(0.0266)
State EITC	−0.0197	0.0002	−0.0037	−0.0121
	(0.0152)	(0.0072)	(0.0079)	(0.0100)
Unemployment Rate	−0.0011	0.0075	0.0068*	0.0071*
	(0.0017)	(0.0034)	(0.0028)	(0.0029)
Poverty Rate	−0.0038	−0.0026	−0.0018	−0.0018
	(0.0039)	(0.0044)	(0.0044)	(0.0052)
Center-Left Ideology	0.0352	0.0135	0.0156	
	(0.0217)	(0.0183)	(0.0215)	
Raw Government Ideology				0.0011
				(0.0008)
Governor is Democrat	−0.0165	−0.0046	−0.0033	−0.0317
	(0.0126)	(0.0140)	(0.0148)	(0.0346)
% Black	0.0023	0.0029	0.0039	0.0033
	(0.0020)	(0.0015)	(0.0017)	(0.0023)
% TANF Caseload Black	−0.0024	−0.0030**	−0.0031*	−0.0029
	(0.0011)	(0.0009)	(0.0011)	(0.0012)
Pension Funding Status	0.0005	−0.0000	0.0000	0.0001
	(0.0004)	(0.0004)	(0.0005)	(0.0005)
Year FE	No	Yes	Yes	Yes
Region FE	No	No	Yes	Yes
Observations	599	599	599	599
R^2	.2253	.3452	.3478	.3606

Note. Robust standard errors in parentheses, clustered by region. Dependent variable is percentage of total TANF funds used on basic assistance. EITC = earned income tax credit; TANF = Temporary Assistance for Needy Families; FE = fixed effects.
*$p < .10$. **$p < .05$. ***$p < .01$.

TANF caseload is associated with a lower likelihood of cash assistance spending, even after controlling for a fairly comprehensive set of state-level controls, as well as region and year fixed effects. This result is broadly consistent with prior research documenting a connection between Blacks—both individually and on the caseload—and stricter sanctions within AFDC and TANF (e.g., Fording et al., 2007; Johnston, 2018; Parolin, 2019; Schram, 2009; Soss et al., 2001; Wacquant, 2009). It also suggests, though in no way proves, that the retreat from cash assistance observed throughout the 1990s and 2000s (e.g., Danziger, 2010) may have a race-specific component.

Importantly, these results provide newer descriptive evidence on the link between race and welfare policy during the post-Welfare Reform era of the 2000s, with a focus on the provision of cash assistance. Our results are consistent with related work (e.g., Soss et al., 2001) suggesting that Blacks may face harsher sanctioning and negative encounters (Barnes & Henly, 2018) within the welfare system. Still, our study has

Table 7. State Predictors of Basic Assistance Spending Levels.

Basic assistance ($'s)				
State Minimum Wage	0.6928*	0.4743	0.3784	0.3968
	(0.2189)	(0.2310)	(0.3069)	(0.2096)
State EITC	0.0178	0.1735	0.0048	0.0120
	(0.1398)	(0.1314)	(0.1521)	(0.2346)
Unemployment Rate	0.1419**	0.2916***	0.2533**	0.2569**
	(0.0338)	(0.0420)	(0.0783)	(0.0797)
Poverty Rate	−0.0036	−0.0097	0.0326	0.0287
	(0.0375)	(0.0439)	(0.0695)	(0.0728)
Center-Left Ideology	0.4572	0.3454	0.3207	
	(0.3653)	(0.3883)	(0.4282)	
Raw Government Ideology				0.0033
				(0.0144)
Governor is Democrat	0.0324	0.0918	0.1721	0.2481
	(0.3121)	(0.3410)	(0.3287)	(0.3695)
% Black	−0.0412*	−0.0389*	−0.0202	−0.0207
	(0.0159)	(0.0124)	(0.0402)	(0.0341)
% TANF Caseload Black	0.0247***	0.0194**	0.0211*	0.0211*
	(0.0033)	(0.0046)	(0.0076)	(0.0077)
Pension Funding Status	0.0043	0.0005	0.0043	0.0043
	(0.0031)	(0.0029)	(0.0041)	(0.0048)
Year FE	No	Yes	Yes	Yes
Region FE	No	No	Yes	Yes
Observations	599	599	599	599
R^2	.2493	.3059	.3533	.3477

Note. Robust standard errors in parentheses, clustered by region. Dependent variable is defined as natural log transformation of TANF dollars used on basic assistance. EITC = earned income tax credit; TANF = Temporary Assistance for Needy Families; FE = fixed effects.
*$p < .10$. **$p < .05$. ***$p < .01$.

several limitations. Evidence of lowered cash assistance, particularly on an aggregate level, is not directly comparable with prior evidence on family-level benefits or sanctioning differences. The research design does not allow for a causal interpretation, and the results should, therefore, be understood accordingly. Because of this, we cannot rule out that the proportion of Blacks on a state's TANF caseload is confounded by other, omitted factors. That said, we do control for region fixed effects as well as a range of state-level political, social, and economic characteristics. Finally, while the focus of the article is on post-Welfare Reform TANF policy, states have long boasted substantial autonomy with respect to how they administer social welfare programs.

Cash, due to the flexibility and liquidity it provides, is preferred to in-kind benefits within a standard microeconomic framework, which, therefore, focuses attention on the potential consequences for well-being among poor families, particularly those both out-of-work and without sufficient income transfer benefits (e.g., Seefeldt &

Table 8. Race and Political Ideology Correlation Matrices.

Panel A

	% TANF caseload Black	Center-Left ideology	Governor is Democrat
% TANF Caseload Black	1.000		
Center-Left Ideology	−0.043	1.000	
Governor is Democrat	0.022	0.6678	1.000

Panel B

	% Black	Center-Left ideology	Governor is Democrat
% TANF Caseload Black	1.000		
Center-Left Ideology	−0.0323	1.000	
Governor is Democrat	−0.0056	0.6667	1.000

Note. TANF = Temporary Assistance for Needy Families.

Sandstrom, 2015; Shaefer et al., 2015). Extensions to this work can and should examine the underlying mechanisms driving the negative within-region relationship between Black welfare caseloads and state spending on cash assistance observed over the 2000s. Such mechanisms might include the intersection of race, state resources, and political ideology at the legislative, gubernatorial, and state government level.

Ideally, we would examine state welfare, social, and economic data spanning the Kerner Commission era to the present day, though, unfortunately, we were unable to acquire such historical state-level expenditure data in any comprehensive form. Our examination of contemporary welfare policy is situated within a literature profiling a long, damaging history of U.S. public policies leveraged against Black Americans on a national and subnational basis, across welfare, education, housing, public finance, and criminal justice (e.g., Burnside & Floyd, 2018; Hardy et al., 2018; Jackson, 2018; Leachman, Mitchell, Johnson, & Williams, 2018). While operating in a more opaque manner than explicit acts of discrimination or racially motivated violence, these decisions impact resource allocation between and within cities, with substantial consequences.

Examining the arc of progress since the 1960s, by some measures, Black poverty has maintained an elevated steady state in comparison with the overall population. Over the past 50 years, approximately one third to one fifth of Black Americans are poor in any given year—not accounting for Blacks who churn between poverty and near-poverty, at 150% or 200% of the poverty line (Fontenot, Semega, & Kollar, 2018; Hokayem & Heggeness, 2014). Still, improvements have been made over this time period. Historically, evidence shows that safety net expenditures (Hoynes, Schanzenbach, & Almond, 2016) as well as school spending (Jackson, Johnson, & Persico, 2016) have improved socioeconomic outcomes, which have, thus, benefited many Black Americans.

Many safety net programs, including but not limited to cash welfare, have improved well-being amid labor market conditions that have been very often unfavorable for less-educated and otherwise economically disadvantaged participants (Hardy et al., 2018).

It is from this vantage point that we add to the literature on contemporary assessments of the nation's reformed welfare system, which has altered the package of resources available to low-income families (Danziger, Danziger, Seefeldt, & Shaefer, 2016). Given the evidence on the incidence of families with limited liquidity (Shaefer et al., 2015), and the role of income and wealth as a potential driver of educational and socioemotional outcomes (Akee et al., 2015; Dahl & Lochner, 2012; Rothstein & Wozny, 2013), extensions might also consider whether and how state-level TANF policy variation potentially impacts individual and family-level socioeconomic outcomes, and whether such policy choices lead to differential outcomes across groups, including by race, education, and family structure.

Today, many reform proposals suggest a devolution of authority to states across other domains of the social safety net, similar to that which occurred in the transition to TANF from AFDC. Upon considering the role of policy interventions in the years since the Kerner Commission, the specter of racial inequality with respect to the provision of expenditure policy 50 years after Kerner underscores the importance of monitoring such policy choices (e.g., Leachman et al., 2018). Indeed, subnational resource allocation choices will continue to have important implications for many economically vulnerable families—including but not limited to many Black Americans.

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Notes

1. U.S. Department of Health and Human Services (HHS) data on Temporary Assistance for Needy Families (TANF) basic assistance expenditures generously provided by Ife Floyd.

2. Information on the state government political ideology measure can be found at https://rcfording.wordpress.com/state-ideology-data/
3. HHS background information on assistance and nonassistance can be found at https://www.acf.hhs.gov/sites/default/files/ofa/categories_and_definitions_for_tanf_and_moe_funds.pdf
4. The relationship between race and state political ideology is mixed. In Table 8, panel A, democratic governor-led states are slightly and positively correlated with a higher proportion of Blacks on the TANF caseload, whereas states scoring higher on the Fording-Kim ideology measure are negatively correlated with Black TANF caseload proportions. The share of Blacks in a state is negatively correlated with democratic governor-led states and state political ideology (Table 8, panel B).

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