

The Impact of TANF on Single-Mother Participant Employment After the 2008 Financial Crisis

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ECO 495-03

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INTRODUCTION

- TANF goal: to aid participants to employment and thus, self-sufficiency by establishing work requirements and limiting time benefits.
- AFDC (Aid to Families with Dependent Children) welfare program has been criticized for encouraging dependency.
- Data collected from SIPP survey reveal that there are about three million American children living on no income for at least three months in a year since 2012. (Edin & Shaefer, 2016)
- Criticism against TANF: A family must have some source of income that meets TANF's criteria to become participants.

RESEARCH QUESTION

- **How effective has TANF been in aiding its single-mother participants to employment post 2008 financial crisis in the United States?**
 - All fifty states, 2009 - 2019
- **Contribution to literature: examining TANF's impact by taking into account the long-term effects of the 2008 recession**

LITERATURE REVIEW

- A growing number of TANF policies were restrictive as populations of Hispanic persons rose, while a decrease in number of restrictive policies fell as the African American population grew. (Cheng & Lo, 2018)
 - Found through the utilization of the generalized least squares random-effects model
- Child poverty rates for children of single mothers without a college degree had increased by four percentage points after the switch to TANF. (Bruins, 2017)
- Poor mothers with disabilities are more likely to stay on welfare longer and return back to welfare quicker than able-bodied mothers. (Brandon, Hofferth, & Hogan, 2008)
- In 1999 during TANF's prime years, 26% of post-TANF recipients overcame "dependence." (Cancian & Meyer, 2004)
 - External factors involved

KEY HYPOTHESES

- **Hypothesis One:** Employment rate of single TANF mothers will fall as state unemployment rate rises.
- **Hypothesis Two:** Employment rate of single TANF mothers is expected to rise as the number of TANF adult participants with four children falls.
- **Hypothesis Three:** Employment rate of single TANF mothers is expected to fall as the number of active minority cases fall.

METHODS

- **Three interaction terms:**
 - State unemployment rate x active cases of single participants with four children
 - State unemployment rate x active cases on basis of race
 - State unemployment rate x active family cases with one adult
- **Fixed Effects Regression Model**
 - Conducted Hausman test
 - P-value = 0.0249



DATA

- 2009-2019 Data
 - Data on the independent variables, state minimum wage and state unemployment rate, are collected from the *FRED* Database
 - Data on the two elements of the dependent variable and rest of the independent and control variables are collected through the *ACF* database.
- 11 variables, 2 interaction terms
- 550 observations

DATA

Dependent variable: Single-Mother employment rate

- Represented by proxy, ratio of female adult employment rate to the total adult recipient employment rate

- **Key independent variables:**
 - State unemployment rate
 - One-adult TANF participants with four dependent children
- **Control variables:**
 - Active cases based on race (nonwhite)
 - Active cases based on education level
 - Medical assistance

Variable	Obs	Mean	Std. Dev.	Min	Max
momemprate	550	1.006111	.1554865	.2337165	4.322581
stateunemp~e	550	6.023818	2.336929	2.4	13.6
educ	550	54.40418	18.80195	0	87.6
race	550	44.23091	24.2004	4.3	89.9
ethnicity	550	12.73673	14.26494	.2	67.3
oneadultfam	550	45.88782	15.18603	2.4	88.1
childrenfour	550	6.447091	3.085748	.1	17.4
medassist	550	79.84273	35.60359	0	100
stateminwage	495	7.802889	1.209405	2.65	12
adultdisbe~s	550	.5749091	.87615	0	8.2
recession	550	.0909091	.2877415	0	1
surxchildr~r	550	35.89676	17.91504	.6	120.12
surxrace	550	262.2923	182.1349	17.36	853.44
surxoneadu~m	550	285.3178	158.0962	11.76	817.36

SUMMARY STATISTICS

CORRELATION MATRIX

	stateunemp	educ	race	ethnicity	oneadultfam	childrenfour	medassist	stateminwage	adultdisbe	recession
stateunemp	1.0000									
educ	0.1766	1.0000								
race	-0.0704	0.0908	1.0000							
ethnicity	0.0607	-0.1113	-0.3059	1.0000						
oneadultfam	0.2482	0.2056	-0.1351	0.0719	1.0000					
childrenfour	-0.4015	-0.0832	0.4056	-0.0519	-0.2896	1.0000				
medassist	-0.0398	0.0015	0.0317	0.0546	-0.0285	0.1625	1.0000			
stateminwage	-0.3388	-0.1305	-0.1331	0.2303	0.1770	0.0810	0.0914	1.0000		
adultdisbe	-0.0335	-0.0317	-0.0631	0.1660	-0.0786	-0.0251	0.0694	-0.0239	1.0000	
recession	0.3392	0.0500	-0.0132	-0.0084	0.0615	-0.2135	0.1410	-0.2313		1.0000
		adultdisbe	recession							
adultdisbe		1.0000								
recession		0.0505	1.0000							

SUMMARY REGRESSION TABLE

Table 4: Overall Regression Analyses (Dependent Variable = single mother employment rate)

	(1)	(2)	(3)	(4)	(5)
<u>stateunemprate</u>	-.01 (.02)	-.01 (.007)	-.007 (.007)		-.0003 (.003)
educ	.0002 (.0005)		.00004 (.0004)		.00005 (.0004)
race	-.001 (.003)	-.002 (.002)	-.001 (.002)		
ethnicity	.003 (.003)		.004 (.003)		.004 (.003)
<u>oneadultfam</u>	-.004** (.002)			-.003** (.001)	
<u>childrenfour</u>	-.011 (.009)	-.011 (.007)			
<u>medassist</u>	-.0003 (.0002)				-.0003 (.0002)
<u>stateminwage</u>	.026** (.012)				
<u>adultdisbenefits</u>	-.031* (.016)			-.024** (.012)	
recession	.017 (.029)				
<u>surxchildrenfour</u>	.001 (.001)	.001 (.001)			
<u>surxrace</u>	.00009 (.0002)		.0002 (.0001)		
<u>surxoneadultfam</u>	.0001 (.0003)			.00004 (.00007)	
_cons	1.06*** (.185)	1.105*** (.104)	1.012*** (.12)	1.134*** (.042)	.98*** (.049)
Observations	495	550	550	550	550
R-squared	.055	.006	.007	.021	.008

Standard errors are in parentheses

*** $p < .01$, ** $p < .05$, * $p < .1$

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CONCLUSION

- **Findings confirm key hypotheses**
 - The 2008 recession seems to have only exacerbated TANF's lack of provision during years following the recession, but may be on its road to improvement
- **Fixed effects controlled for in all regression analyses conducted.**

LIMITATIONS

- Use of proxy due to lack of data
- Minor and miniscule errors in *ACF* database
- Study does not provide information on level of income TANF participants receive



THANK YOU!