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Introduction

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The system of means-tested transfers in the United States continues to be an important area of research by economists as well as a topic of intense policy interest. Significant transformations in that system have occurred over the last decade, as the Aid to Families with Dependent Children (AFDC) program has been replaced by the Temporary Assistance to Needy Families (TANF) program, as the Earned Income Tax Credit (EITC) has grown from a minor program to one of the most important transfers to low-income families, and as the Medicaid program has greatly expanded eligibility to new groups. Significant caseload and expenditure growth in the Supplementary Security Income (SSI) program has also gathered public attention, and there continue to be important issues debated in the Food Stamp Program, housing programs, and other means-tested transfer programs.

Current policy developments surrounding the major means-tested programs are difficult to follow for those who are not specialists in the area, and even those who are specialists tend to follow developments in one program and not others. In addition, a considerable body of research has grown up around each of the major programs, and new contributions have been made in the last ten years, so most have difficulty keeping up with this evolving body of research as well. To assist economists and other researchers, as well as policy analysts, in learning about recent developments in the programs and in research surrounding them, the National Bureau of

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Economic Research (NBER) convened a conference in Cambridge, Massachusetts on 11–12 May 2000 to hear papers delivered on the major transfer programs in the United States. Sponsored by the Smith-Richardson Foundation, the conference included papers on each major program in the country. Each served the triple purpose of explicating the institutional history and current rules of the program; describing its current caseloads, expenditures, and recipient characteristics; and summarizing recent research on each program. Relative to most literature reviews, these papers were intended to provide more institutional detail on each program, but, relative to most government publications, which describe only the institutional details, the papers provide much more discussion of research evidence. In the end, the papers were intended to provide a succinct introduction to each program for those interested in learning about both history and current policy issues and rules as well as recent research evidence.

This volume contains revised papers from that conference. The nine chapters cover the major means-tested transfer programs in the United States: the Medicaid program, the SSI program, the EITC, food and nutrition programs, the TANF program, housing programs, programs that subsidize child care, employment and training programs, and the child support enforcement program. Taken as a whole, the volume furnishes a picture of the current state of U.S. means-tested programs, and research on those programs, at the turn of the century.

This introduction has two remaining sections. The first provides an overview of trends in expenditures in means-tested transfers in the United States over the last three decades. The second provides a brief summary of each of the chapters.

Overall Trends in Expenditures in Means-Tested Transfer Programs

Figure 1 shows trends since 1968 in per capita expenditures in the eighty largest means-tested transfer programs in the country.¹ The figure reveals that there have been four phases of spending growth: an expansionary phase beginning in the 1960s and running through the early or mid-1970s; a contractionary (or stationary) phase beginning in the mid-1970s and running until the mid-1980s; another expansionary phase running from the late 1980s to the mid 1990s; and another contractionary (or stationary) phase beginning in the mid-1990s.

The first phase saw an increase in AFDC benefits; enactment of a major piece of welfare legislation—the 1967 Social Security Amendments—which raised earnings disregards in the program (i.e., it lowered the tax rate

1. These eighty are those included in the useful volumes by Burke (1993, 1999, 2001). The majority of these programs are very small. Consequently, the volume captures virtually all programs in the United States.

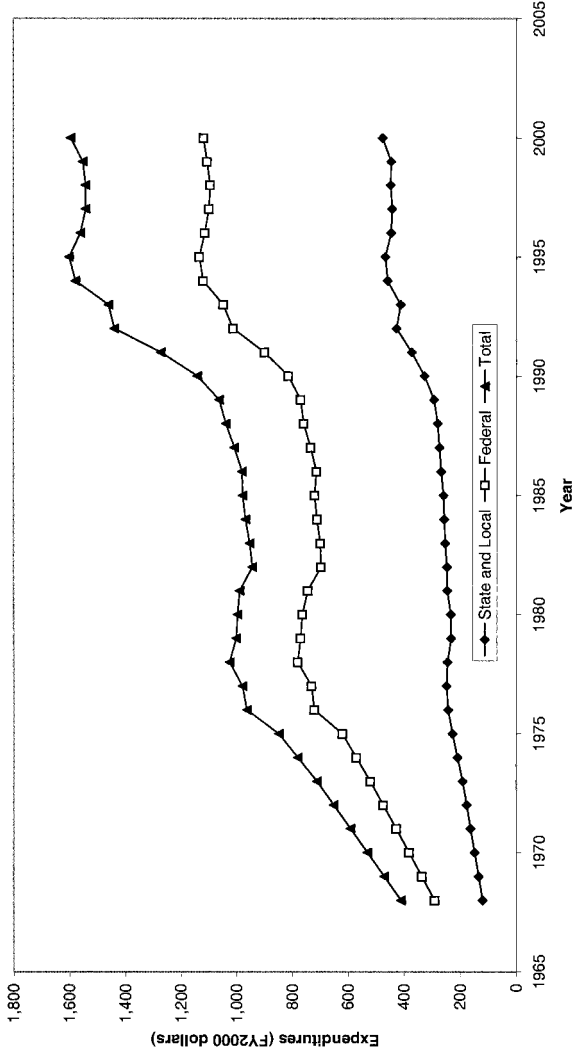


Fig. 1 Real per capita expenditures on means-tested transfers, 1968–2000

Sources: Burke (2001, tables 3 and 4); U.S. Department of Commerce (2002, table 2, Population).

on earnings); and witnessed the creation of the Food Stamp and Medicaid programs and, later in the period, the SSI program. Caseloads grew rapidly in all four of these programs. This period was later termed the era of the “welfare explosion” and set the modern framework of means-tested transfers.

The second phase saw a steady decline in real AFDC benefits; enactment of a major piece of AFDC legislation—the 1981 Omnibus Budget Reconciliation Act—which effectively eliminated the earnings disregards enacted in 1967 and consequently cut thousands of families with earnings from the rolls; and an increasing interest in work requirements and mandatory training programs for welfare recipients among federal policymakers. Declining real AFDC benefits were accompanied by slow but steady growth in the number of single-mother families, and the offsetting effects of these two forces left AFDC expenditures more or less unchanged in real terms.

The third phase—which is not always recognized, for it is often presumed that the system has been in steady contraction since the 1970s—saw a dramatic expansion of the EITC; major expansions of eligibility in the Medicaid program, primarily to non-AFDC families; and sizable expansions of the caseload in the SSI program, arising mostly from increased numbers of disabled adults and children. The Family Support Act of 1988, although occurring in the third phase and seemingly contractionary—it mandated work and training for AFDC recipients more heavily than in the past—is best viewed as neutral, for not only was it never effectively implemented, but it also could be interpreted as expansionary inasmuch as it required new expenditures on work programs for AFDC recipients. The runup of expenditures in this period, although not quite as large in magnitude as that in the welfare explosion of the late 1960s and early 1970s, occurred much more quickly—essentially all taking place in a five-year period between 1990 and 1995.

A fourth phase, which is continuing at this writing, is a combined result of 1996 welfare legislation that contracted the AFDC-TANF program and a robust economy, which has led to declining caseloads in many programs, thereby slowing expenditure growth. The Food Stamp and Medicaid programs have seen declining caseloads as well as AFDC-TANF.²

Table 1 shows the composition of this expenditure by general type of benefit at the approximate turning points of each of the major phases, and at the most recent date (2000). The 1968–78 period saw major percentage expansions across the board in all types of benefits, demonstrating that this was the period in which most of the major programs were introduced or expanded significantly. The 1978–88 period saw continued major growth in

2. The unemployment rate appears to have started to increase in late 2000 or 2001, indicating the beginning of a recession. Whether this will signal the beginning of a fifth phase or a modification of the fourth remains to be seen, and will depend on legislative developments and on the course of expenditure growth over the next few years.

Table 1 **Composition of Real Expenditures on Means-Tested Transfers, 1968–2000**
(millions of fiscal year (FY) 2000 dollars)

| | Medical | Cash | Food | Housing | Education | Jobs/Training | Services | Energy |
|--------------------|---------|---------|--------|---------|-----------|---------------|----------|--------|
| 1968 | 24,122 | 37,810 | 4,486 | 3,933 | 4,320 | 3,777 | 2,507 | 0 |
| 1978 | 65,080 | 65,406 | 25,099 | 20,650 | 11,514 | 26,119 | 11,439 | 730 |
| 1988 | 96,029 | 66,729 | 31,177 | 23,173 | 17,068 | 5,577 | 9,620 | 2,921 |
| 1995 | 196,922 | 103,291 | 43,558 | 35,764 | 18,146 | 6,132 | 12,775 | 1,896 |
| 2000 | 225,858 | 91,703 | 34,347 | 34,906 | 20,385 | 7,347 | 20,724 | 1,715 |
| Share of total (%) | 57 | 15 | 8 | 9 | 5 | 1 | 5 | 1 |

Source: Burke (2001, tables 3 and 4).

Note: Combined federal and state and local.

Table 2 **Change in Real Expenditures in Six Major Programs, FY 1990 to FY 1996**
(in millions of 1996 dollars)

| | AFDC | Food Stamps | Medicaid | EITC | Housing | SSI |
|----------------------|--------|-------------|----------|--------|---------|--------|
| 1990 | 24,758 | 20,654 | 84,658 | 8,092 | 16,922 | 20,125 |
| 1996 | 23,677 | 27,344 | 159,357 | 24,088 | 19,877 | 32,065 |
| Change from 1990 (%) | -4 | 42 | 88 | 198 | 17 | 59 |
| Share of growth (%) | -1 | 7 | 60 | 13 | 4 | 10 |

Sources: Burke (1993, table 15); Burke (1999, tables 3 and 12).

Notes: EITC amounts include reduction in tax liability, not just refundable portion. Housing is the sum of expenditures on public and Section 8 housing. Federal and state combined totals are shown.

medical benefits; modest growth in food, housing, education, and energy programs; and slow or negative growth in cash, jobs and training, and services benefits. The 1988–95 period witnessed even greater growth in medical benefits; renewed growth in cash, housing, food, and services programs; and slow but continued growth in the other benefit types. Since 1995, although total expenditures have been very flat, the composition has changed, as medical benefits have continued to rise but cash and food benefit expenditures have declined as caseloads in those programs have fallen. Service expenditures, primarily child care subsidies, have also risen over this period as the government has sought to assist women moving into the workforce. Over the entire period 1968 to 2000, the growth of medical expenditures dominated overall growth (57 percent of the total), growth of cash benefits accounted for a much smaller amount (15 percent), and the other programs accounted for varying amounts of the remainder, with jobs and training, and energy programs, accounting for the least.

The most important recent era of expenditure growth is the third phase noted previously. Table 2 shows the sources of expenditure growth from

1990 to 1996 for the six most important programs over this period. Real AFDC expenditures actually declined, presaging the further decline that has occurred subsequent to the 1996 legislation. The Food Stamp Program expanded by 42 percent, however, indicating robust growth. A very large percentage expansion occurred in the Medicaid program, which grew by 88 percent. As will be discussed further, the Medicaid program covers different types of recipients, and the growth over this period came not only from expansions of expenditures for single mothers and their children, but also from increased expenditures on the disabled. While single mothers and their children represent the largest fraction of the Medicaid caseload, expenditures are greater for the disabled because of their greater medical needs. The largest percentage expansion in table 2, however, occurred in the EITC program, whose expenditures almost tripled over the period. As will be discussed presently, major expansions of the size of the credit resulted in this growth. Housing programs grew modestly during the period but the SSI program grew by a large amount, 59 percent, reflecting, as in Medicaid, increases in expenditures on the disabled.³ Table 2 shows that the growth in cash benefits in the 1990s, which was shown to be significant in table 1, was entirely the result of growth in EITC and SSI expenditures, not AFDC-TANF.

The last row of table 2 shows the shares of total expenditure growth in the largest eighty means-tested transfers from 1990 to 1996 accounted for by each of these six programs. Medicaid expenditure growth, although not the largest in percentage terms, is the largest in dollar terms and accounts for the largest fraction, 60 percent. The EITC and SSI together account for another 23 percent. Altogether, these six programs accounted for 93 percent of the overall increase in means-tested expenditures in the 1990–96 expansionary phase.

Table 3 shows the expenditures and caseloads in the nine means-tested transfer programs covered in this volume.⁴ The largest is Medicaid, as expected, and the next five—SSI, EITC, subsidized housing, child care, and food stamps—are of the same general magnitude but at a large distance from Medicaid. The TANF program, which in the 1960s was the largest of the programs, is now a distant seventh in rank.

The evolution of means-tested transfers that has led to the developments shown in these tables reflects several trends. One is the gradual decline of cash transfers like AFDC relative to in-kind transfers like Medicaid, food

3. If medical care prices are used to deflate Medicaid expenditures instead of a general price index, Medicaid expenditure growth amounted to only 34 percent. Which index should be used depends on whether the goal is to value expenditures from the point of view of the taxpayer or the recipient.

4. The child care and job-training entries in the table actually represent expenditures on a collection of programs, and are consequently slightly noncomparable with the other entries. Also, it should be noted that some of the chapters in the volume (e.g., on housing and food) cover more programs than those whose expenditures are shown in the table.

Table 3 Annual Expenditures and Caseloads in the Programs in This Volume, FY 2000

| | Expenditures (\$ millions) | Caseloads (\$ thousands) | Expenditures per Recipient |
|---------------------------------|-------------------------------|-----------------------------|-------------------------------|
| Medicaid | 207,195 | 42,020 ^a | 4,931 |
| SSI | 35,066 | 6,609 | 5,306 |
| EITC | 25,800 | 55,320 | 466 |
| Subsidized housing ^b | 22,498 | 26,961 | 834 |
| Child care | 20,580 ^c | 11,447 ^d | 1,798 |
| Food stamps | 20,341 | 18,200 | 1,118 |
| TANF | 14,490 | 6,035 | 2,401 |
| Jobs and training | 7,347 | 2,028 | 3,623 |
| Child support enforcement | 3,255 ^e | 11,900 ^f | 274 |

Sources: Burke (2001, table 11); Blau (chap. 7 in this volume, table 7.2); Lerman and Sorensen (chap. 9 in this volume, table 9.6).

Note: Last column equals the ratio of the second to the third, multiplied by 1,000.

^aFY 1999.

^bSection 8 and public housing.

^cFY 1999–2001.

^dFY 1998–2001, children served (incomplete list).

^eFY 1997.

^fFY 1997, custodial mothers.

stamps, housing, and child care. Voters and legislators appear to prefer to make transfers tied to specific consumption items rather than open-ended cash transfers. A second is the increasing narrowness of the targeting of transfers, because the programs that have seen the largest growth in the last decade are tied to specific eligibility groups. The EITC is specifically targeted to families with earnings, the SSI program is targeted to the disabled and elderly, and Medicaid is targeted to the disabled and—in the expansions that have occurred—mainly to single mothers and their children off TANF. This development represents a continued, if not increased, categorization of the nation's welfare population into a system in which different demographic groups are judged to be needy not just on the basis of income but on the basis of some other specific characteristic that leads them to be deserving in the eyes of the public. This also explains why the EITC and SSI programs, which provide cash transfers, have expanded while the AFDC-TANF program has not. As a consequence of these developments, the great expenditure expansion of the late 1980s and early 1990s increased total transfers to the low-income population but also changed the distribution of those transfers. The disabled as well as families off welfare with earnings gained, for example, relative to low-income single-mother families as a whole, especially those on welfare or not working.

The nine chapters in the volume are ordered roughly by their total expenditures and will be summarized in that order as well.

Summaries of the Chapters

As described by Jonathan Gruber, the Medicaid program is really four separate programs rolled into one. One supports the medical expenses of low-income single mothers and their children, while the other three provide public insurance for portions of medical expenditures not covered by Medicare for the low-income elderly, support medical expenses for the low-income disabled, and provide coverage of nursing home expenditures of the institutionalized elderly. The large enrollment and expenditure growth that has recently occurred has arisen primarily among the disabled and children under twenty-one. While the program was originally focused on traditional welfare populations, over time eligibility has been expanded to children in low-income two-parent and one-parent families, sometimes those fairly high up the income distribution. Recent expansions accompanying the Children's Health Insurance Program have occurred as well.

The research reviewed by Gruber primarily focuses on the single-mother and low-income-children portion of the program. Research has been conducted that calculates participation rates of eligibles, showing a declining rate among children; on the extent of Medicaid "crowdout," which occurs when Medicaid expansions displace private insurance coverage; and on the effect of Medicaid expansions on health outcomes, where many favorable effects have been found. Research on the labor supply disincentives of the program has demonstrated that those disincentives were stronger when Medicaid eligibility was closely tied to AFDC receipt but have weakened as that tie has loosened. A final area of research, not on single mothers and children, has concerned the effects of physician reimbursement rates, and how Medicaid affects the quality of long-term care and nursing homes.

Mary C. Daly and Richard V. Burkhauser discuss SSI, a federal program that pays cash benefits to low-income individuals who are sixty-five or older, or who are blind or disabled. The high caseload growth in the 1990s primarily occurred among the blind and disabled, children, and noncitizens. Eligibility requires not only low income and assets but also, for the blind and disabled, a medical test that is quite complex and stringent and which denies benefits to 63 percent of applicants. The medical test for children is less onerous and has fluctuated over time in its stringency; it was relaxed in 1990 but tightened up again in 1996. The program also has work incentives in the familiar negative income form, by reducing benefits by only fifty cents for every dollar of earnings.

Research on the SSI program has focused on several issues. One is the reason for the high caseload growth in the program. The most common factor identified is variation in the stringency of the medical tests, which has fluctuated greatly over time, but the business cycle has caused considerable fluctuation in caseloads as well. Yet another reason identified is an incentive for disabled children on AFDC to move to SSI. Another area of

research is on work incentives, where the major issue has been the encouragement of work in light of the fact that only about 4 percent of recipients take advantage of the 50 percent tax rate in the program. Several SSI innovations have been attempted that seek to increase financial and other work incentives but have found recipient labor supply to be rather unresponsive. This therefore remains as one of the major issues in the program.

The EITC, as V. Joseph Hotz and John Karl Scholz note, has been one of the fastest-growing means-tested programs in the country. Its popularity stems from its emphasis on rewarding families that have significant levels of employment and earnings. The program provides a refundable tax credit to families with earnings that can be as high as \$3,800 a year (1999). The program was introduced into the tax code in 1975 but did not see significant expansion in terms of generosity until the 1980s, when the size of the subsidy was increased and then indexed to inflation. Tax bills in 1990 and 1993 increased the amount of subsidy greatly and have led to the sizable growth in expenditures in the 1990s. The size of the tax credit is proportional to earnings up to some maximum level, and then it is phased out as earnings increase; it is possible for families with incomes up to \$30,580 to still be eligible for the credit. An important administrative issue in the program has been overpayment of subsidies, which in 1995 were estimated to be 25 percent of tax expenditures, most of which results from inaccuracies in the claim for qualifying children.

Research on the EITC has concerned several issues, but its effects on work incentives has been one of the most important since this is one of the main appeals of the program. Most studies have indicated that there is a strong and significant positive effect of the EITC on the labor force participation rates of single-mother households. But research has also suggested that the program may have had a slight negative effect on the employment rates of married women, for many women are married to men who earn sufficiently high wages that additional earnings from the wife fall into the phaseout region of the EITC. In addition, there is some evidence that, while increasing employment rates overall, the EITC may have dampened hours of work of men and women in two-earner families. Research has also been directed at the effect of the credit on marriage, for there has been some concern that it may discourage marriage because men and women in certain earnings ranges can receive a greater EITC sum by not marrying and filing separate returns than by marrying and filing joint returns. The empirical evidence to date, however, suggests little effect of this incentive on actual patterns of marriage. A third area of research has been on the advance payment option, under which recipients can receive their credit over the tax year in question, as they earn wages, rather than in a lump sum at the end of the year or in the following spring. The high administrative costs of this option as well as the potential for fraud and noncompliance constitute significant barriers to its adoption.

Janet Currie surveys several programs that support food expenditure and nutrition among low-income families. The Food Stamp Program (FSP) is the largest, but also important are the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), the National School Lunch Program (NSLP), and the School Breakfast Program (SBP). Expenditures on the latter three programs are over 50 percent of those of the FSP, thus constituting a sizable additional amount of spending. All of these programs are federally financed and uniform across the states. The FSP provides food assistance to individuals and families, regardless of family structure, who meet income and asset conditions; has benefits that are indexed to inflation; and has a 30 percent nominal tax rate on earnings. The WIC, NSLP, and SBP are quite different. The WIC program provides financial assistance for the purchase of nutritious foods, nutrition education, and access to health services for pregnant or lactating women and children under five and requires for eligibility not only low income and assets but also that the women and children be at “nutritional risk.” The NSLP and SBP allow children in low-income families to receive reduced-price or free school lunches or breakfasts. The NSLP is the far larger program of the two, having almost five times larger expenditure than the SBP.

There has been a considerable amount of research on the FSP, WIC, and NSLP programs. One area of research has focused on the effects of these programs on food expenditures, nutrient availability, and nutrient intake, showing that the FSP increases food expenditures (although not dollar for dollar) and increases the nutritional content of the foods purchased or brought into the home, but not necessarily nutritional intake (i.e., taking account of wastage and food eaten away from home). Evidence on the WIC program generally indicates favorable effects on child birth weight but also that the program tends to discourage breastfeeding, which is generally preferable to using infant formula. The effect of WIC on infant outcomes is more variable, but the evidence does indicate increases in nutrient consumption and reductions in the incidence of anemia. Research on the NSLP indicates that it improves nutrient intake. Other topics of research have concerned the reasons for relatively modest rates of participation of eligibles in the FSP (approximately 60 percent), the effects of converting the FSP to a cash program, and the work disincentives of the FSP.

In his survey of the TANF program and its precursor, AFDC, Robert A. Moffitt describes the major restructuring that followed 1996 Congressional legislation. In replacing the AFDC program with TANF, the legislation changed the program in fundamental ways by devolving the responsibility of major program design elements as well as financing to the individual states, converting a matching grant to a block grant, imposing strict work requirements on recipients and requiring that significant benefit penalties (or “sanctions”) be assessed on those who do not comply, and imposing a lifetime limit of five years of benefit receipt that could be paid

to a parent out of federal funds. The entitlement nature of the program was eliminated, and states were given the freedom to provide in-kind services instead of benefits and to set eligibility rules, benefit levels, tax rates, and family composition requirements at their discretion. States have vigorously pursued their options by modifying their programs in many ways, with a consequent proliferation of different programs around the country.

Research on the AFDC and TANF programs is large in volume. The most heavily researched issue relates to work incentives and programs that seek to improve employment and training outcomes. Most research indicates that the overall effect of lowering the tax rate on earnings in the program, a familiar reform since the discussion of the negative income tax in the 1960s, is likely to be small or zero, contrary to expectations of many economists. However, work requirements have a more positive effect although they come at the cost of requiring a categorization of the caseload into those who can and cannot work, which may be difficult to implement. Research comparing the TANF philosophy of encouraging recipients to enter the workforce immediately rather than undergoing education and training has shown it to have superior short-run payoffs but possibly lower long-run returns. Other research has shown that the TANF program, taken as a whole, has almost certainly increased employment and earnings and reduced the caseload, although its effects on income have been more mixed because increased earnings are often offset by reduced benefits. Findings from studies of the effect of welfare reform on demographic outcomes such as marriage and nonmarital fertility fail to show strong evidence of major effects. In addition, little is known about the separate and independent effects of time limits, work requirements, and other individual components of the TANF program or about their relative contributions to the overall effects of reform.

Edgar O. Olsen reviews the complex mix of housing programs for low-income families in the United States. Programs divide into those that are project-based, either owned by the government or by private contractors who are subsidized by the government, and tenant-based programs, in which eligible families receive subsidies to defray the rent in private housing. The public housing program, begun in the 1930s, is the best-known project-based program, consisting of units owned and operated by the government. Housing projects that are instead built by contracting with private parties to construct low-income housing or to rehabilitate existing housing were begun in 1954 but were largely terminated in 1983. The largest housing subsidy program today is tenant-based and uses vouchers to pay a portion of the rent of eligible low-income households who locate housing in the private market that meets the program's minimum housing standards. Eligibility for the programs is generally based on income, but space is not guaranteed and there are waiting lists for units and vouchers. The nominal tax rate on income varies but is most commonly 30 percent.

Research on housing programs has concerned a number of issues. One is cost-effectiveness, with research showing that tenant-based assistance provides housing equal in quality to that of project-based assistance but at a lower cost. Housing assistance has been shown by research to increase the consumption of housing by recipients and to do so more than would a cash grant. Supply effects have been studied as well, showing that an entitlement program of housing assistance would call forth a new supply of housing units but would have little effect on rent levels. Other topics that have received research attention are the work disincentives of housing programs and the effect of subsidized housing on constraining neighborhood location of recipients.

Means-tested child care programs are reviewed by David M. Blau. One of the most important is the Child Care and Development Fund (CCDF), a block grant intended to support child care services both for the TANF population and for nonwelfare poor families. States have some discretion in eligibility rules and much discretion in setting the subsidy mechanisms in their programs. A second is the Title XX Social Services Block Grant, which is again a block grant to the state for social services in general but of which 15 percent is spent on child care for low-income families. A third is the Dependent Care Tax Credit, a nonrefundable tax credit in the federal income tax. The Head Start and Title I-A programs, which are not tied to parental employment but are intended to improve child development for children in low-income families, are a final set of child-care-related programs.

Research on the effects of child care programs has been concentrated on a few selected issues. One is whether child care subsidies in general increase the employment of mothers, where the evidence strongly suggests that they do even though the magnitude of the effect is quite uncertain. Price elasticities of employment response are relatively low but are still statistically significant. Research on the effect of price on the quality of care chosen by parents using formal day care centers shows that child care subsidies may lead parents to use more care but at lower-quality centers, as measured by child-staff ratios and staff training. Yet other research shows that child care subsidies lower the probability that a single mother would be on AFDC. There is also a large literature on the effect of early childhood education on child outcomes, where the evidence supports an effect of such education on some outcomes for some programs. Whether the effects fade out over time or persist is more controversial, although some studies do show persistent effects.

As discussed by Robert J. LaLonde, the main omnibus employment and training program in the United States at the present time is the set of programs created by the Workforce Investment Act (WIA). The WIA provides block grants to the states to fund employment and training programs for adults and youth and has several titles with different programs and differ-

ent services, including titles that cover adults, youth, and the Job Corps, a high-cost training program for disadvantaged youth. Except for the Job Corps program, states have great freedom to design their own WIA-funded programs. Training is primarily provided through “individual training accounts” that allow the individual to choose from a list of acceptable providers, and thus retains some features of a voucher. Training is typically provided in one of three types: one aimed at enhancing skill development, and which includes both classroom training and on-the-job training; a second called “work experience,” which involves temporary placement in an actual job; and a third called “employability development,” which includes job search assistance and career counseling.

There is no research on the WIA program because it has been put in place very recently (2000) but there is a large body of research on its predecessor, the Job Training Partnership Act (JTPA), which should still be quite relevant to WIA given that the basic types of programs are unlikely to change markedly. For adult women, the research shows that low-cost training programs have a fairly large impact relative to cost and constitute what appears to be a worthwhile investment. Higher-cost programs may be cost-effective as well, but this depends on the size of their long-term impact, about which little is known. For youth, it appears that only high-cost comprehensive training programs are likely to be productive social investments, the best example being the Job Corps. For adult men, however, most evaluations show essentially little impact on employment and earnings overall. Some programs appear to have positive impacts for certain subgroups of men, but the pattern does not have any clear explanation.

Robert I. Lerman and Elaine Sorensen review the Child Support Enforcement (CSE) system, the governmental program aimed at enforcing private child support obligations, particularly for the low-income population. The CSE program was established by Congress in 1975 to provide matching funds to states to collect child support obligations, establish paternity, and obtain support awards. Reducing welfare costs as well as increasing child support were both goals of the system. Since 1975 Congress has steadily increased pressure on the states to strengthen the CSE system by setting numeric goals for paternity establishment, increasing pressure on states to require judges to adhere to state child support guidelines governing the setting of child support awards, and increasing requirements to use wage withholding to obtain payments from noncustodial parents. Despite these increased efforts, only 24 percent of low-income custodial mothers received any child support at all in 1997, and even fewer received the full amount that has been awarded by the court. However, only 17 percent of mothers received support twenty years ago, when enforcement was much weaker, suggesting that CSE has had some impact. Much of that impact is thought to be from increased paternity establishment per se.

Research on child support issues has focused on several issues. One is

aimed at determining the income levels of poor noncustodial fathers in order to determine how much they are capable of paying, a difficult task because there is no ready data set to identify noncustodial fathers and their incomes. Estimates indicate that, overall, noncustodial fathers could pay three to four times more than they are actually paying, given their incomes and given customary guidelines for how child support awards are based on income, although no estimates are available for low-income fathers alone. Other research indicates that strengthened CSE reduces AFDC caseloads and that increases in child support reduce rates of AFDC participation and increase employment rates. Another body of research focuses on the effect of CSE on absent fathers, indicating that CSE tends to drive many men into the underground economy, where income is not reported, and that the AFDC policy of capturing all child support payments to the custodial mother and using them to reduce AFDC expenditures instead of to increase her and her child's income results in a lack of incentive for the non-custodial father to pay support.

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