AN EVALUATION OF TEMPORARY ASSISTANCE FOR NEEDY FAMILIES FROM THE CATHOLIC SOCIAL TEACHING PERSPECTIVE

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ABSTRACT

Any evaluation of an economic policy necessarily involves a normative foundation or a moral perspective. Traditional economic theory often attempts to remain value-free, but it often fails to do so in the sub discipline of welfare economics despite its claims otherwise. Catholic Social Teaching presents one normative foundation with which to evaluate economic policy. Catholics do and are allowed to disagree over the effectiveness of specific policies, but they cannot disagree with the moral teachings of the Church and remain Catholic. This research examines the common foundation of the disparate views within Catholic Social Thought and then applies that moral perspective toward an evaluation of Temporary Assistance for Needy Families, the cash-assistance welfare program in the United States.

Temporary Assistance for Needy Families was introduced in the 1990s with the intent of reducing welfare dependency through more restrictive policies. Evidence is mixed on its effectiveness of achieving this self-stated goal. This research set out to evaluate the policy's effectiveness at reducing welfare dependency by estimating the impact of the relative policy restrictiveness across states and over time on the recipient's success after receiving assistance using panel data from the Panel Study of Income Dynamics. The results indicate that the policy has not effectively reduced welfare dependency and does not meet several basic criteria for a just society according to Catholic Social Teaching.

APPROVAL PAGE

The faculty listed below, appointed by the Dean of the College of Arts and Sciences have examined a thesis titled “An Evaluation of Temporary Assistance for Needy Families from the Catholic Social Teaching Perspective,” presented by Alexander D. Binder, candidate for the Doctor of Philosophy degree, and certify that in their opinion it is worthy of acceptance.

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CHAPTER 1

INTRODUCTION

The discipline of welfare economics poses a difficult predicament for modern neoclassical economists who wish to remain free of value judgments because welfare or well-being necessarily involves value judgments. That is, one has to take a moral philosophical stance on what is good for an individual and for society as a whole in order to make a normative statement regarding welfare policy or the general welfare of society. The problem for neoclassical economists is their penchant for remaining free from normative statements, which they consider unscientific. Instead they have constructed models based on particular behavior of individuals and firms with which they use to 'evaluate' market outcomes.

Mathematical attempts to remain value-free or to minimize value judgments, such as Pareto efficiency tests and Kaldor compensation tests which have long been the standard measure of social welfare, leave much to be desired. Not only do they fail to avoid inter-personal comparisons of utility, they do not accomplish the task of remaining value-free, because such a task is impossible. For example, Paretian welfare economics either explicitly states or at minimum implies that welfare is measured through individuals and not classes, it is purely economic and each person is sovereign in judging his or her own welfare (Lutz 1999).

Behind every judgment on social welfare is a moral philosophy or some sort of moral philosophical stance and each offers its own criteria for evaluating social welfare. In order for one to say that a change is desirable for the good of society, he must first have in mind what is good for society. He must first subscribe to a *telos*, or end toward which social actions must be directed in order for the good of society to be met. One cannot claim that a minimum wage policy is a good thing to enact without having such a *telos* in mind.

There are many moral philosophies, or visions for the good of society, and it is difficult to determine which is correct. There is no empirical test to prove a moral philosophy is true, though evidence may be given in many forms to make a case for one moral philosophy over another. It is just this complication that many scientists, particularly Neoclassical economists, wish to avoid. Yet, as stated above, one cannot remain agnostic and proceed to make moral proclamations or policy prescriptions based on the premise of improving social welfare. Nor is moral relativism acceptable. The idea that each person's morality only applies to him or her is not compatible with economic policy prescriptions that assert improvements in *social* welfare.

The line of argument taken here, is that in order to make any sort of moral proclamation or assert the benefits of an economic policy for social welfare, one must have in mind a moral philosophy which contains an understanding of what is good and what is bad for society. Many make such assertions, but do not reveal their *telos* for society. Economists attempt to avoid this messy sphere of politics when 'doing economic science', but do so unsuccessfully. Value judgments abound in their books and policy prescriptions all in the name of objective science (Nelson 2001).

Welfare policy in modern advanced economies has largely taken the form of cash or in-kind assistance programs run by national governments to varying degrees and for varying purposes. Each policy is at the very least tacit recognition of the failures of the modern socioeconomic system to provide for the maximum or even sufficient welfare of its people. Each policy is also constructed based on a particular moral philosophy, whether implicit or explicit, because each attempt to increase the welfare of society is based on the however loosely agreed upon criteria or measurement of well-being, which as stated above necessarily involves a moral philosophical stance on what is good in general for people and for society.

One problem for any given society, then, is agreeing on the correct moral philosophy with which to judge social welfare. This is problematic because there are numerous moral philosophic stances, each of which is non-verifiable through scientific inquiry. Though one can use logic and evidence to support philosophical positions, they are largely unverifiable through naturalistic methods, which leaves open the door for much disagreement.

Another problem society faces is that even if all agreed on a particular moral philosophy, all may not agree on the best way to achieve the criteria of welfare set out by that philosophy. Differing and even opposing structural prescriptions may arise from the same moral philosophy. However, the objective criteria for a good and just society that spring forth from any particular moral philosophy, provided that particular moral philosophy holds objective criteria, makes it possible to evaluate specific policies in light of those objective conditions.

The present dissertation seeks to identify the objective conditions welfare policy must meet for a good and just society that spring forth from the moral philosophy of Catholic Social Teaching and then to evaluate how well the particular welfare program, Temporary Assistance for Needy Families, achieves those objectives.

Background

The modern day socioeconomic system, often called the free market system or capitalism, has been long been characterized by cyclical crises, unemployment, and income inequality. These conditions have induced many voices to call for substantial reform or even revolution of this system to accomplish objectives for the general welfare that the system alone left unaccomplished.

The Catholic Church was among those who voiced dissatisfaction with the results of the capitalist socioeconomic system (Leo XIII 1891). That is, the social conditions produced by the capitalist economic system were considered woefully inadequate or inconsistent with the Church's moral philosophy and the objective criteria for a good and just society that flow from that philosophy. Pope Leo XIII broke new ground for the Church by writing the first papal encyclical addressing specifically economic matters, *Rerum Novarum*, in 1891. This encyclical started a series of letters written by subsequent Popes on the economic matters that were impacting the laity and that together have formed what is known as Catholic Social Teaching. For my purposes I will regard the Papal encyclicals as official Catholic Social Teaching.

It is worth noting that the capitalist socioeconomic system did not spring out of a vacuum. Rather, it developed over the course of centuries out of a particular social, political, and economic context. Thought the entirety of this context is outside the scope of this inquiry, at least one element is of particular importance—the spread of capitalism came out of or alongside the Protestant Reformation and the greater Enlightenment era. The social and political philosophy known as Classical Liberalism is often associated with the birth of capitalism, as its proponents were also proponents of the free market system against the old Feudal system in which the Catholic Church played a major role.

The Church hierarchy's initial response to Classical Liberalism was negative as they identified it with the Enlightenment and the Protestant Reformation (Holland 2003). Classical Liberalism posed a threat to the existence and evangelical strategy of the Church. Because the Church's power was strong in continental Europe, the practice of liberalism on the continent was very anti-clerical, most notably during the French Revolution. In light of this aggressive stance toward the Church held by liberals, the Popes of this era condemned liberalism directly and capitalism indirectly through their encyclicals. This is most famously evident in the Syllabus of Errors in the encyclical *Quanta Cura* written by Pope Pius IX in 1864 (Holland 2003).

Yet, in what might be considered a remarkable change in the Church's evangelical strategy, Pope Leo XIII's *Rerum Novarum*, written on the conditions of the working class and the growing conflict between capitalists and socialists, sought a sort of alliance with a more moderate version of Classical Liberalism. Leo XIII softened the harsh rebuke of Liberalism characteristic of his predecessors and turned toward more moderate liberals as allies against the increasingly militant and anti-religion socialists (Holland 2003, Pope Leo XIII 1891). The Pope dismissed socialism as a viable alternative for a just and good society, because it took away the right to private property, something the Church argued was a natural right, and even more determinedly because of those socialists who held a materialistic and atheistic worldview or philosophy (Pope Leo XIII 1891). However, he still condemned the failures of unbridled capitalism and demanded that changes be made to protect the working class from the ills it was being held subject to by the capitalists (Pope Leo XIII 1891).

Following Pope Leo XIII, the hierarchy of the Church has written many other encyclicals and documents addressing the social issues of the times, including the failures of capitalism and the inadequacy of the socialists' proposed solution. However, the Popes were not the only Catholics to contribute a voice in this debate. Many other Catholic thinkers have also addressed the ills of capitalism and have proposed remedies since the publication of *Rerum Novarum*. Among the more notable thinkers are Fr. John Ryan and his welfare-state-proponent followers, Dorothy Day, Peter Maurin, the Distributists and the Catholic Worker movement, Fr. Gustavo Gutierrez and the Liberation Theology movement, and neoliberals like Michael Novak, Thomas Woods, and Fr. Robert Sirico. These four groups offer diverse responses to the question of what set of social structures best achieves or maximizes social welfare?

Though the responses to these questions are diverse among the five groups identified above, they each profess to be Catholic. The purpose of this dissertation is to evaluate a particular welfare policy through the lens of a particular moral philosophy. In order to do this, I must first identify the commonality among the Catholic groups on the issue of welfare policy, or rather the agreement on the moral philosophical propositions with which to evaluate any social structure.

The first part of my thesis will be dedicated toward identifying those objective moral conditions necessary for a good and just economy that maximizes social welfare despite the apparent disagreement among Catholic Thinkers over the institutional arrangement that best accomplishes these conditions. It is interesting that those who adopt the same moral philosophy recommend differing and even opposing structural remedies for achieving those objectives, but their apparent disagreement does not inhibit an analysis of particular programs or structures and how well they meet those criteria so long as there is some commonality on the evaluation criteria which we can then consider to be Catholic.

To establish these conditions, I will analyze the Papal encyclicals and primary sources from the four other groups identified above. Each group has voiced a differing opinion on the question of the proper social structures for a good and just society, but with the same primary goals in mind. The goal is to establish the commonalities among the groups from their shared Catholic Moral Philosophical perspective and attempt to better understand why each group proposes different socioeconomic structural organizations so that I may then proceed to analyze Temporary Assistance for Needy Families on how well it achieves those ends.

State Welfare Assistance

State-run welfare programs have existed in various forms throughout history, going all the way back to the Roman Empire and the Song Dynasty in China, but have become quite prevalent in modern society. The development of capitalism and the formation of nation-states brought forth an institutional structure that both enabled the widespread implementation of programs for the poor and made them necessary in order to maintain the stability of the nation and to provide for the general welfare of its people.

Though this appeared to be a successful institutional arrangement by several economic and social indicators in the United States, welfare dependency was becoming a great concern in by the 1980s (Grogger ???). This concern materialized as reform of the federal cash assistance program known as Aid for Families with Dependent Children (AFDC) in 1996 under the Clinton administration with a bipartisan effort. AFDC became Temporary Assistance for Needy Families, and the emphasis was put on *temporary*. New restrictions were put on receiving cash assistance with the idea that this would provide a stronger incentive to find work and to thus prevent free-riding.

These changes were largely based on the moral philosophy of conventional or neoclassical welfare economics which makes use of the utility-maximizing 'homo economicus' approach to human behavior (Lutz 1999). This camp treats work or labor as a disutility. It is necessary to earn one's daily wages, but working comes at the expense of leisure time. The choice, then, between labor and leisure is one of utility maximization where the wages from work are measured against the satisfaction of leisure with time as the constraint in the standard constrained utility maximization analysis (source).

Based on this understanding of work, it is readily observable that the modern Temporary Assistance for Needy Families (TANF) welfare program in the United States was based on the premise that work depends on a choice between wages and leisure. That is, TANF brought forth restrictions on the receipt of welfare with the purpose of ending or reducing welfare dependency. Modern orthodox welfare economic theory advocated for this reform by arguing that incentives needed to be placed on welfare recipients to find work in part because they view work as a disutility. Workers were choosing less work and more leisure because state welfare cash assistance was enabling them to meet their consumption choices with fewer hours of work then would have been chosen otherwise. Welfare payments dis-incentivize the unemployed to find work and thus interfere with the optimal outcome in the labor market.

Aid for Families with Dependent Children was primarily a federal program that provided open-ended funding to those who qualified. Temporary Assistance for Needy Families gave much greater power over cash assistance to the states and converted their open-ended funding into a block grant of $16.5 billion that has lost 30% of its value since 1997 (Falk 2013). The federal government simply enforces three main federal rules on the states: 1) work participation requirements of 90% of two-parent families and 50% of all families, 2) a 60-month time limit, and 3) a certain level of state expenditures they call Maintenance of Effort (MOE) Expenditures (Kassabian 2011). State rules vary greatly and do so in four main categories: 1) initial eligibility, 2) benefits, 3) requirements, and 4) ongoing eligibility (Kassabian 2011).

Recent data on TANF provided by Falk (2013) indicate states were required to contribute $10.4 billion for MOE expenditures in 2011 but went over that by about $6 billion. Basic assistance was only $9.6 billion however, with much of the expenditures going toward other assistance or administrative costs. There were 4.5 million recipients in 1.9 million families in 2011 with the median benefit to each family totaling $427 per month which is only 28% of the poverty rate. Participation rates came in way below the 90% and 50% required because the federal government grants exemptions for caseload reduction. Only 29.4% of all families and 28.3% of two-parent families participated in work related activities in 2011. Caseload diminished substantially after 1996 from 5.1 million families, but rose again in the Great Recession. Almost half the recipients were for children only households and another 40% were for household with unemployed adults. Total federal aid dropped from $25 billion to $16.5 billion after reform. Yet, poverty rates are higher than in 1996 by nearly 2% and the employment to population ratio is 4.5% lower (Falk 2013).

TANF is just one state welfare program available to those in poverty. The Earned Income Tax Credit (ETIC) is a program that reduces the income taxes owed to the Federal government for those under a certain income level. The credit expands in terms of amount and eligibility for those with children. In order to obtain the credit, the recipient must earn an income through employment, which means that aid from this program does not benefit those who are not working. TANF is directed toward those in poverty with the goal of getting them above poverty through finding employment. EITC is designed to ease the transition and lessen the burden of those who are employed, but making little income.

EITC was enacted in 1975, and has expanded through re-implementations of the program in 1990, 1993, 2001, and 2009. Part of the credit is refundable. It is also just one of the many tax credits offered by the federal government for different criteria. Another credit of importance is the child tax credit (CTC), which isn't specifically targeted toward the poor, but which they may include in their tax return. The Joint Committee on Taxation estimates that the cost of the EITC in 2014 will be $60.9 billion in forgone revenue, and the cost of the CTC is estimated to be $57.3 billion in foregone revenue (Joint Committee on Taxation 2013). These numbers greatly outweigh the federal cost of TANF, which remains a $16.5 billion block grant.

Yet another large welfare program is the Supplemental Nutrition Assistance Program (SNAP), more commonly referred to as food stamps. SNAP is a federal aid program that provides in-kind purchasing assistance for food products administered by the Department of Agriculture as a part of the farm bill. SNAP is directed toward low-income households for the purpose of obtaining food or nutrition. The cost to the federal government in 2013 for SNAP was just over $76 billion.

Administered by the Social Security Administration but funded by U.S. Treasury general funds, Supplemental Security Income also provides support for low-income individuals who are elderly, blind, or disabled. The BEA estimates the federal cost of SSI at $50.3 billion with a $4.2 billion contribution provided by state governments (BEA Interactive tables).

There are also numerous insurance programs, the most significant of which are Medicaid and Medicare, but which also include unemployment insurance, workers' compensation, veterans' benefits and life insurance, and military medical insurance. The costs of Medicaid and Medicare have skyrocketed in recent years due to increasing costs of healthcare and are a significant welfare program for the poor who are otherwise unable to purchase insurance and aren't employed by employers who provide it. The BEA estimates the cost of Medicare at $572.4 billion and the cost of Medicaid at $441.1 billion in 2013 (BEA interactive tables).

Cash assistance (AFDC) was for several decades the most significant welfare program in the United States, but was quickly over taken by Medicaid upon its passage and is recent years has been dwarfed by SNAP and EITC. On the surface, this indicates a more paternalistic approach to welfare assistance with larger in-kind benefits and more stringent requirements for the receipt of cash assistance, including the work requirement. It would also seem to indicate that TANF's role in reducing poverty and welfare dependence is substantially less significant than its big brothers, EITC, SNAP, and Medicaid. This also brings in to question the role of TANF's work requirements as a motive for finding employment. Losing cash assistance is a significant motive when looked at in isolation, but the household would still be eligible for other kinds of assistance that provide more total benefits than TANF. Additionally, welfare recipients have less incentive to increase income as it may mean a reduction in total benefits or in a loss of benefits altogether.

Together, these programs provide a substantial 'safety net' for low-income households. However, the primary concern of this inquiry is the role of TANF in reducing poverty and welfare dependence. Isolating its impact is a difficult endeavor yet cursory glancing at the data indicates that TANF has done an inadequate job of protecting the poor and unemployed. Fewer families are receiving welfare but not because they are no longer poor. Those receiving welfare are receiving substantially less, yet their need has not been reduced. Work-participation rates aren't even close to being met. The poverty rate hasn't been reduced and less of the population is working (Falk 2013).

Without conducting an econometric analysis of the determinants of successful welfare exit, it is already clear the TANF is a great failure in protecting the poor from the nightmare of unemployment and poverty. However, a cursory analysis of the data may not be enough to evaluate TANF on its results, particularly because TANF exists alongside other, much larger welfare programs. I will seek to better understand, using an exploratory econometric analysis, the determinants of successful welfare exit—leaving the TANF welfare program employed and above poverty.

Other studies have largely confirmed that two main factors impacting one's inability to leave welfare on employment are human capital and the unemployment rate of the local area (Vartanian and McNamara 2000, Cheng 2006, Kim 2010). This makes sense with the viewpoint that a capitalist economy has always left some of its workforce unemployed and those likely to be left unemployed are less educated—pinning the blame effectively on the system's inability to achieve full employment. Yet conventional economics typically pins the blame on workers for their lack of human capital. Increasing one's human capital may indeed provide a successful route out of receiving welfare, but if the system as a whole does not employ more workers, then that worker will just replace someone with lower human capital, putting them on welfare. Not only is the logic flawed, but the data over the past 17 years show an increase in poverty and unemployment, despite decreasing welfare caseloads (Falk 2013). It would seem, then, that the intent of welfare reform—the end of welfare dependency through welfare receipt restrictions—does indeed eliminate welfare dependency by reducing welfare recipients and not be reducing unemployment or poverty.

Problem Statement

In summary, I am pursuing a dissertation dedicated toward capturing the full breadth of interdisciplinary research in Economics and the Social Sciences by evaluating the success of TANF in eliminating the problem of welfare dependency in the modern welfare state from a traditional or conventional economic perspective and whether or not it is consistent with Catholic social teaching.

CHAPTER 2

EXAMINATION OF TANF

An examination of the rules of TANF is necessary to understand the intent of the policy. The motivation for TANF was to reduce caseloads and increase work participation among poor households (Grogger 2005). State TANF policies reflect those goals.

Perhaps the most significant factor of state TANF policies is the flexibility and autonomy granted to the states in determining eligibility, benefits, and sanctions. AFDC rules were largely determined at the federal level (Kassabian 2011). This newly granted autonomy allows states to adapt to their unique situations according to their political preferences, but also makes for a complex structure of varying policies. Some states even vary their policies within their borders. It is for this reason that estimating the effects of TANF can be particularly difficult at a national level, and why so many studies are done using state administrative survey data.

States are periodically required to submit their welfare plans to the federal government, and though they are expected to notify the federal government any time they make changes to their policies, they are not required to do so (Kassabian 2011).

Many states attempt to divert initial applicants to welfare programs from receiving cash assistance so as to prevent an increase in caseloads and potential dependence on those funds. These states either provide diversion grants, a one-time cash payment for immediate needs, or require a job search. Accepting diversion grants typically eliminates that applicant from eligibility for some period. A required job search often involves a quota of applications, or participation in a work readiness program, which may postpone receipt of assistance for a few weeks. Existence of these policies, their extent, and value all vary across states. Thirty-three states offer diversion grants, which vary in form of payment, whether that payment counts toward future time limits, and how long that payment disqualifies the recipient from monthly assistance. Only three states had formal diversion payments at the inception of TANF. Twenty-one states require a job search prior to receiving assistance, which vary by type of search, penalty for noncompliance, and exemptions from the process (Kassabian 2011).

States also employ a number of non-financial tests for initial eligibility. Most states require that the family include a child, or even that the woman applicant is pregnant. Some states allow teenage mothers to apply, while others do not. Many states prohibit stepparents from being a part of the assistance unit, but some require their inclusion. The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) significantly restricted assistance to non-citizens, which is allowed in special cases depending on date of arrival or in the case of special groups like refugees typically after a five-year waiting period.

After passing the nonfinancial tests, the applicant must then undergo a number of financial tests, which include asset limits, income limits, the counting of earned and unearned income toward those limits, the counting of stepparent income, and eligibility standards. Asset limits vary from $1,000 in a few states to no limit in others with further variance on the inclusion of vehicles toward those limits. States typically don't count all of a family's income when determining eligibility, they vary greatly in their treatment of what counts as earned income and what counts as unearned income. Unearned income is generally not counted toward income limits for eligibility. An example of such would be child support payments.

Additionally, states will grant earned income disregards to the applicant attempting to approximate the amount of income required to meet their basic needs. Earned income disregards come in the form of a flat monthly amount or as a percentage of gross income.

Based on these considerations, states then formulate their income standards for eligibility generally based on family size and calculate a benefit for those whose income falls under that standard (Kassabian 2011). Maximum monthly earnings for initial eligibility for a family of three vary from a low of $269 in Alabama to a high of $1,740 in Hawaii. The average maximum monthly earnings limit for a family of three has increased about 23% since the passage of PRWORA.

A benefit is computed once a family has passed all nonfinancial and financial tests. Calculation of the benefit typically involves subtracting net income from the state-determined standard, which is often called the income deficit. However, some states also apply a statutory maximum and pay whichever is the smaller amount. Still other states multiply the income deficit by a benefit reduction rate to calculate the benefit. The maximum monthly benefit for a family of three with no income varies from a low of $170 in Mississippi to a high of $923 in Alaska. The average maximum benefit for a family of three has increased 10% since PRWORA (Kassabian 2011).

Aside from the state-to-state variation in policies, TANF is perhaps most well-known for its requirements for ongoing eligibility, more specifically, the work participation requirements. Most states require recipients to sign contracts indicating the requirements they must follow to remain eligible, which include the work participation requirements but also a number of behavioral requirements. Many states require dependent children to attend school or even achieve a minimal grade point average. Some instead offer bonuses for meeting attendance and achievement standards. Most states also require dependent children to receive health screenings and immunizations.

Much of the attention given to TANF focuses on the work participation requirements, because this reform was one of the most significant changes from AFDC. The federal government mandates that states meet the federally determined annual work participation rate and that states ensure every recipient is working when they are deemed able to or after 24 months of receipt. States are allowed to define what activities count as work. Heads of assistance units are required to perform these state defined and federally mandated work activities or be penalized by receiving less assistance or losing it altogether. However, states are allowed to and many do grant exceptions or exemptions to heads of assistance units for particular characteristics. In the 2005 reauthorization of TANF, the federal government narrowed the definitions of work activities and generally increased states' accountability, presumably in response to lax policies at the state level (Kassabian 2011).

Examples of reasons for exemption from the work participation requirements include working in an unsubsidized job for a certain number of hours, being ill or incapacitated, caring for someone who is ill or incapacitated, old age, being in third-trimester pregnancy, and caring for a child younger than a certain number of months usually no more than twelve. Nearly all states require that the head of the assistance unit begin meeting the work participation requirements immediately upon receipt of benefits. States choose among the possible allowable activities, including job skills training, job readiness activities, job development and placement, job search, several education and training activities, and actual employment in an unsubsidized job, subsidized job, and community service. Many states allow all of these activities to count toward the work participation requirement, but some will not allow post-secondary education, for example. States vary their minimum weekly hours requirement from a low of 20 hours to a high of 40 hours and some add a cap to weekly hours allowed (usually 10) for education and training (Kassabian 2011).

States sanction assistance units for not complying with the work participation requirements. Many states simply take away the entire benefit until compliance, but others will reduce the benefit by a percentage for a number of months for noncompliance. Some will close the assistance unit's case and require reapplication for benefits. Some states will increase the severity of the sanction upon further instances of noncompliance. Sanctions have generally become more severe since the end of AFDC, which allowed a maximum sanction of the loss of the adult's portion of the benefit for six months (Kassabian 2011).

Families who pass initial eligibility tests, begin receiving benefits, and meet all behavioral and work participation requirements still face ongoing eligibility tests. Nonfinancial ongoing eligibility requirements generally do not vary from initial eligibility tests, however, financial rules often do. Perhaps counterintuitive to the goal of ending welfare dependence by inducing more work, a handful of states will take away eligibility if one of the parents in a two-parent household works too much (typically 100 hours). States also vary greatly on their treatment of child support income, with some counting all or a proportion of it toward income eligibility tests (Kassabian 2011).

Most states increase or hold steady the asset limits with some granting exemptions for vehicles and restricted asset accounts designated for some purpose such as for secondary education or purchase of a home. Asset limits have increased since 1996 and most states now exempt all vehicles. Income eligibility tests for recipients generally match the income eligibility tests for applicants, but some states will reduce the amount of maximum income for eligibility through extended receipt of assistance. For example, Colorado reduces its maximum income for eligibility for a family of three from $1,387 in month 7 to $779 in month 13 to $551 in month 25. In month 25 for a family of three, the lowest maximum income for ongoing eligibility is $268 in Alabama and the highest is $1,979 in Alaska. Recipients may continue to qualify for assistance but receive no benefit if their income exceeds the maximum amount to receive a benefit in that state (Kassabian 2011).

Concerned with incentives to increase family size so as to increase cash assistance under old AFDC rules, the TANF reform allowed states to deny an increase in assistance to those families who have children while receiving a benefit. Most of the states who implement such a family cap policy exclude a child born to an assistance unit 10 months after their case is opened. Some states will relax this policy after the case has been closed for a certain number of months, that is, families who lose benefits then reapply may include the additional child after those months have passed. Despite the concern with this aspect of AFDC, only 17 states currently have in place family cap policies, which is only 3 states more than when PRWORA was passed (Kassabian 2011).

The other significant portion of the PRWORA reform is the time limit policies. The federal limit is 60 months, but states may reduce that limit, or grant exemptions and extensions to that limit. Most states adopt the 60-month lifetime limit, but one state (Connecticut) imposes a limit of 21 months and three others a limit of just 24 months. In most cases the entire assistance unit is banned from future cash assistance, but some states just ban the parents from further assistance. This means there are children of assistance units who have met the time limit who are disqualified from assistance as adults. The time limit of 60 hours applies to use of federal dollars only. Some states also adopt other time limit policies such as the periodic limit, which limits the number of months of assistance in any given period. For example, in Louisiana, assistance units are eligible only 24 out of 60 months. (Kassabian 2011).

States are allowed to grant up to 20 percent of their caseload exemptions or extensions on the time limit. Exemptions effectively stop the clock for a month and extensions add a month upon reaching the limit. Reasons given for exemptions and extensions include the head of the assistance unit working a minimum number of weekly hours or having earned income, cooperating with employment search policies but unable to find employment, being ill or incapacitated, caring for someone who is ill or incapacitated, caring for a child under a certain age, being pregnant, being a minor parent, being elderly, and being a victim of domestic abuse. Many states do not grant exemptions, but most do grant extensions on the federally mandated time limit for TANF receipt.

Statistical studies conducted concerning welfare policy, including TANF, are extensive. The studies vary in focus and type, aided by the complex nature of TANF and the difficulty in measuring its impact on the welfare of American citizens. Additionally, several sources of data and different types of models are utilized to estimate the impact of TANF on caseloads and behavior of welfare recipients. The findings of these studies provide an important body of knowledge concerning the impact of TANF, which is necessary for normative evaluation from a Catholic perspective and which will be discussed in chapter five.

Research on TANF has subsided in the most recent decade as it has largely taken a backseat to other welfare policies such as Supplemental Nutrition Assistance Program (SNAP) and the Earned Income Tax Credit (EITC), both in terms of funding and attention. Evaluative studies were much more common both before and immediately after welfare reform in 1996. Rebecca Blank (2002) conducted an extensive review of these studies in her article "Evaluating Welfare Reform in the United States."

Evaluating TANF presents some enormous challenges, the most difficult of which is accounting for the differences in policies between states. The diversity and complexity in policies makes it very difficult to code and measure them accurately. Most data sets were better equipped to collect information useful for analysis on AFDC, but are now far less useful for analysis of TANF because cash assistance levels have diminished and are less descriptive of the overall impact of TANF as much of TANF is now supplied in in-kind benefits such as child care. It's also difficult to separate the policy effects of TANF from the economic effects of other simultaneous events such as economic expansions and recessions. Furthermore, multiple policy changes were occurring simultaneously, such as the passing and growth of EITC, which all but ensures there will be interaction between them. There is also the difficulty in measuring the implementation practices of the new policies insofar as they differ from the program rules. Because of these difficulties, more and more studies are focusing on administrative data from a single state.

Blank (2002) identifies three types of empirical approaches to study the effects of welfare program changes: 1) random assignment experiments, 2) Leavers' studies, and 3) econometric evaluations. Random assignment experiments select an experimental group randomly from those eligible to receive assistance and a control group, which is refused entrance into the program, and then compare the two. Leavers' studies follow persons as they leave welfare assistance to analyze their behavior and well-being using a combination of administrative data and survey data. Econometric evaluations use national and administrative data to study the impact of policies on dependent variables such as case-loads or labor force participation rates. Each type of study has its limitations, but the following analysis will primarily concern itself with econometric evaluations.

Econometric evaluations typically involve the use of panel data to regress caseloads, participation rates, or other dependent variables against a set of policy-specific variables, economic variables, demographic variables, and vectors to control for state and year fixed effects. Many of the policy variables are represented as dummy variables.

All of the usual econometric conditions for estimation are necessary for identifying the true effects of the policy on the chosen dependent variable such as correct specification, and accurate and complete coding of the policy variables where the effects are able to be separated from the effects of the other variables. Fixed effects models are common because of the need to control for the inevitably large number of omitted variables. Most studies that adopt more complex specifications tend to find smaller and less significant policy effects (Blank 2002).

Many of the econometric studies analyzing TANF regressed a number of independent variables against caseloads as a dependent variable. The most common economic variable adopted was the unemployment rate and many studies have found a significant correlation between the unemployment rate and caseload levels, though with varying impacts. Other economic variables used include state-specific minimum wages, employment to population ratios, or state income levels. Though virtually every study conducted on TANF indicates economic variables matter for caseload levels, economic changes alone are unable to explain the entirety of caseload changes. Policy variables, generally specified as dummy variables in the estimated models, have also been found to have a significant impact on caseloads. Despite the interest in and impact of policy and economic variables, demographic variables typically carry the strongest correlation with need for cash assistance and successful exit from cash assistance.

Grogger (2004) estimates the impact of the economy, welfare reform, and the earned income tax credit among other factors on the entries and exits from the welfare caseload. He used panel data from the Survey of Income and Program Participation (SIPP) from 1986 to 1999 to estimate a discrete-time hazard model including economic variables, a policy dummy variable, demographic variables, an EITC credit rate, a baseline hazard, and a term for unobservable, state-specific factors. His model finds that unemployment and many demographic variables (age and number of children, marital status, education, race and ethnicity) are strongly correlated with caseload entry and exit. It also found that TANF had a significant impact on exit from ongoing spells only. The strength of the economy as measured by the unemployment rate and 25th percentile weekly wage, the real value of welfare benefits, and the EITC rate had a statistically significant correlation with entry into welfare caseloads. However, the strength of correlation of demographic variables like race, being a high school dropout, and marital status greatly outweighed the strength of correlation of the economic and policy variables for entry, exit, and re-entry. Grogger found that only 31.6% of the decline in the caseload from 1993 to 1996 was attributable to economic and policy variables, though this may be due to the inability to control for unobservable state-level factors that closely resemble nation-wide trends.

Another more recent study performed by Danielson and Klerman (2008) attempting to account for the decline in welfare caseload found that measured policies and the economy explain only about 15 percent of the 56 percent caseload decline from January 1992 to February 1995. They use caseload data from the U.S. Department of Health and Human Service's Office of Family Assistance for the years 1990-2005. They then regress the caseload against state variations in policies concerning four categories: work-related sanctions, financial incentives, time limits, and diversion programs. The policies were obtained from the Welfare Rules Database. The economic variables used were the monthly state unemployment rate and the quarterly natural log of real per worker earnings by state. For estimation of impact on caseload, policy variables were treated as a step function, which assumes that the policy goes in to full effect immediately. To account for this, they also included lagged values of the policy variables. The results suggest that the lagged values of the policy variables are more statistically significant than the current values, indicating that policies become more strongly correlated with caseload reduction 1-3 years after implementation.

Teitler, Reichman, and Nepomnyaschy (2007) used multilevel models to estimate the effects of state policies, local economic variables, and individual characteristics on TANF participation of unmarried mothers with 1-year-old children. They attempt to account for differences between implementation of policies between metropolitan areas, rather than the more typical use of state-level analysis, which is primarily due to policies being determined by state governments. More specifically, they argue that the local metropolitan area is the most appropriate setting for characterizing economic opportunities. They use data from the Fragile Families and Child Wellbeing study, which is a panel study involving families in 20 large U.S. cities within 15 states, for the years 1999-2001.

Results from this model are striking in that they find that estimated coefficients of local economic variables and state policies are statistically insignificant. The only statistically significant policy variable was the provision of benefits before being required to work. Combined, the economic and policy variable also only account for about one-quarter of the adjusted between-city variance. Teitler et al. (2007) interpret this result, which contradicts most other studies' findings, by arguing that the national effects of TANF implementation must dwarf the state policy effects. That is, the overall implementation of TANF rules applicable to all states accounts for a greater impact on caseload than does the variation in the policies implemented by states. Additionally, a perhaps overlooked result, demographic variables in the form of the mother's characteristics produced large coefficients that were statistically significant confirming other studies which indicate that demographic variables play a much larger role in welfare participation than do economic or policy variables.

Schoeni and Blank (2003) examined the effect of the 1996 welfare reform on caseload decline. They note that most studies prior to reform attributed roughly 15 percent of the decline in caseload to changes in welfare policies, most notably waivers from AFDC rules, and about 30-40 percent of the decline could be explained by improvement in labor market conditions during the 1990s expansion. Using data from the Current Population Survey from 1977 through 1999, they found that implementation of TANF had no significant effects on work participation, hours worked, or family earnings. Their findings suggested that federal waivers granted to states prior to wholesale reform in 1996 had larger effects than the wholesale reform itself on caseload reduction. However, reform still contributed to lower caseloads and about 2 percentage points less poverty.

Another type of econometric study attempts to examine more specific behavioral questions regarding welfare policies. These often involve estimation of particular policies of TANF on welfare participation, success after receipt of welfare, and likelihood of returning to welfare among others.

Hetling, Ovwigho, and Born (2007) use administrative data from Maryland to estimate the impact of welfare avoidance grants on cash assistance. The sample of avoidance grant recipients was taken from October 1998 to September 2000 and is compared to a sample of welfare leavers over the same time period. The survey includes event history of the participants with a three-year follow-up period. Diversion grants are used by states to prevent prolonged dependency on welfare assistance by preventing an initial spell in welfare receipt. They are generally given to those who are deemed work-ready and who have an immediate but one-time need for assistance, those who are least likely to need long-term assistance.

Operation of avoidance grants vary by state, but generally involve a lump say payment equal to several months' worth of welfare assistance that then disqualifies the recipient from welfare receipt for those months. Their findings indicate that diversion grants lower the odds of future cash assistance among first-time applicants, but not for those who already have a history of welfare receipt. Avoidance grants recipients were also less likely to receive assistance in the follow-up period than TANF leavers.

Ribar (2005) also used data from special versions of the SIPP in 1992 and 1993 to estimate county-level measures of economic variables including low-skill employment opportunities and state measures of welfare policies. Employment conditions and benefit levels were found to be significantly correlated with single mothers' economic success participation in welfare (at this time AFDC) over the four-year period from 1992-1995.

"How is welfare to work shaped by contingencies of economy, welfare policy and human capital?" (Cheng 2006) estimates the impact made by the economy, welfare policy, and human capital on unemployed welfare mothers. It uses data from the SIPP for the years 1996-2000 and finds that high unemployment combined with restrictive welfare policies increase the number of working poor by cutting them off from TANF. Human capital variables, as measured by educational level, occupational skills, and years of work experience, were the biggest factors in the recipient finding employment above the poverty level after receipt of TANF. Welfare-use history, age, and marital status also played significant roles. In addition to these variables, the unemployment rate had a large and significant impact on those who remained on welfare but were employed and those who were off of TANF but employed below the poverty level. Total number of restrictive policies was only a significant factor for those whose outcome was finding employment below the poverty level. Cheng then concludes that the goal of forced employment may not be best for everyone, because restrictions are simply acting to increase the working poor and are not decreasing poverty. Like many of the other studies using data from the SIPP, Cheng employed a discrete-time event method to estimate his model.

"State Welfare Rules, TANF Exits, and Geographic Context: Does Place Matter?" (Irving 2008) compares exiting TANF with and without employment in more disadvantaged areas with less disadvantaged areas. It takes data from the SIPP waves from 1996-99 and 2001-03 and shows that poor southern rural areas have fewer leaving welfare for work than northern urban areas, which in turn have fewer exits than other urban areas. Other conclusions are:

- Structural conditions limit opportunities to exit TANF with work
- Failure-to-comply sanctions enforced more harshly on minorities than majorities
- Sanctioned are unlikely to enter the labor force
- Stringent sanctions are significantly related to non-work exits for the entire sample

The method is a multinomial logistic regression model. The study limits the role of place to that of spatial heterogeneity and does not consider spatial dependence. The argument is more about the characteristics of space rather than the actual effect of space.

Another study examining TANF recipients' success after TANF found that "recipients generally show economic progress, but that there is considerable instability and heterogeneity of experience [because] employment insecurity and poverty cycling are common" (Wood, Moore, Rangarajan 2008, p. 3). Like many others, this study uses data from a one-time longitudinal survey commissioned by a particular state, in this case, New Jersey. The survey covers a 5-6 period following recipients after they entered the TANF program. The study found that 41 percent of TANF recipients re-entered the program after leaving it within the follow-up period. Cycling between jobs was common among recipients, but the median unemployed spell lasted about 8 months. Only 40 percent of those surveyed were employed above the poverty level and off of TANF at the end of the follow-up period. Fifty-seven percent achieved such status at some point during the survey, but were unable to maintain it. Human capital variables, health status, and whether the recipient gave birth during the period were the most statistically significant and had the largest coefficients for obtaining and sustaining overall economic progress. Local economic characteristics influenced the likelihood that recipients sustained economic progress, but were much less influential on initially achieving the chosen benchmarks. Overall, the authors interpret the results to mean that setbacks and reversals are the norm for TANF recipients.

Bruce, Barbour, and Thacker (2004) also examined the factors associated with re-entry into TANF. They use data from a Families First study performed on TANF leavers in Tennessee from October 1996 until April 2001. They find that younger, black recipients, single, female caretakers, and those with more children are most likely to re-enter TANF.

"Welfare-to-work programs and the Dynamics of TANF use" (Kim 2010) examines the effects of participation in welfare-to-work programs on the dynamics of TANF recipients' welfare use. The study uses the Survey of Program Dynamics and the Welfare

Rules Database. The programs are NOT more significant in work exits than the local labor market conditions. In other words, Kim found that human capital improving supply-side techniques did not improve work exits, but local economic conditions did.

"Roles of Employment Barriers in Welfare Exits and Reentries after Welfare reform" (Nam 2005) examines the factors associated with welfare exits and reentries after welfare reform. It takes panel data from the Women's Employment Study in an urban Michigan county conducted by Michigan Family Independence Agency. The study finds that employment barriers do have an effect on leaving and reentering welfare. Those with greater barriers to obtaining employment are less likely to leave welfare for work and are more likely to return to welfare. Barriers to employment include: no diploma, little work experience, drug dependency, health issues, domestic violence history, and a lack of transportation. Nam also used the discrete-time event method to estimate his model.

Another study examined the relationship between the receipt of housing assistance and post-TANF well-being (Mancuso, Liberman, Lindler, and Moses, 2003). The authors used survey data from recipients in three California counties in combination with local government administrative data and found that housing-assisted TANF leavers were less likely to recede back onto TANF and more likely to be working 18 months after leaving TANF. This finding demonstrates the significance of all forms of assistance in reducing welfare caseloads and finding employment above the poverty level. That is, TANF alone may be insufficient to achieve its designed outcomes, but may be beneficial working in accord with other welfare assistance.

Other behavioral studies regarding the impact of TANF on fertility and abortion may be of interest to the Catholic moral philosophy. "From Welfare to Work: Has Welfare Reform Worked?" (Kaushal and Kaestner 2001) estimates the effect of welfare reform as measured by the imposition of time limits and family cap provisions, on the employment and fertility of less educated unmarried women. The primary result is that welfare reform has induced less educated unmarried women to move from welfare to work in significant numbers. It uses the Current Population Survey for sample using data from 1995-1999 and the difference-in-differences methodology.

Hussey (2011) examined the role of TANF in low-income women's choices concerning abortion and childbirth. The study finds that welfare recipients are less likely to choose abortion than comparable low-income women, but only in states where abortion policies reflect a pro-life orientation. Whereas, in states with less restrictive abortion policies, welfare participation is a positive predictor of abortion. The result of the study suggests that a state's abortion policies, then, are the underlying reason behind any correlation between welfare participation and women's choice to have an abortion.

Still other behavioral studies found the following:

- Asset limits have no effect on the saving of at-risk households (Hurst and Ziliak 2006).
- Decreases in state welfare benefit levels are associated with increases in foster care placement (Paxson and Waldfogel, 2002).
- Welfare benefit levels are not a significant determinant of migration, which offers evidence against the argument that variation in welfare benefit levels

induce migration to those states with higher benefits (Allard and Danziger, 2000).

- Children are more likely to obtain less education the more they are exposed to welfare receipt in terms of years on welfare and total amount of welfare income received (Ku and Plotnick, 2003).

In addition to econometric studies examining the effects of TANF on caseloads and behavioral outcomes, econometric studies examining general economic trends concerning poverty and income are also important for a robust evaluation of TANF and other welfare programs. Observing general trends is important because more specific studies might miss the big picture. For example, a study indicating a declining caseload based on various factors including demographic variables, human capital variables, and local economic variables might miss the fact that poverty is rising or remains constant in the face of declining caseloads. Some might be eager to deem TANF a success based on declining caseloads because this indicates reduced welfare dependency, but on the other hand, increasing poverty during this same period would seem to indicate that TANF is a failure by reducing caseloads when there is greater need for assistance. The following studies examine this bigger picture more closely.

Meyer et al (2012) put forth an argument for consumption-based measures of poverty over the traditional income-based measures of poverty. They argue "consumption better reflects the material circumstances of disadvantaged families not only because it more closely captures permanent income but also because it is measured with less error than income among this group, and studies have shown that consumption is a better predictor of well-being than income" (Meyer et al, 2012, p. 134).

Using this argument, they find that consumption-based measures report a greater decline in poverty from 1960 to 2010 than do income-based measures. The income-based measure of poverty is overstated due to the well-known upward bias in the consumer price index and fails to take into consideration tax credits, such as the EITC. Accounting for these discrepancies reduces poverty by an additional 4.7 percentage points since 1980 (Meyer et al, 2012). Using the consumption-based measure also reduces poverty an additional 3.8 percentage points beyond that indicated by after-tax income plus noncash benefits (Meyer et al, 2012).

They attribute much of the reduction in poverty since 1960 to changes in the tax policy, specifically the cuts in tax rates and the expansion of tax credits, exemptions, and deductions. Social security benefits also account for much of the decline, but other government transfer programs, including TANF (and AFDC previously) have had a small impact since 1980. However, the authors believe these programs are useful in reducing poverty at a moment in time despite their lack of effectiveness in reducing poverty over time (Meyer et al, 2012).

Irving (2011) compared families participating in TANF with similarly poor but non-TANF participating families before and during the Great Recession. Performing simple means tests using data from the SIPP from the 2004 and 2008 waves, she found several interesting results. Participation increased by about 300,000 from 2006 to 2009, an increase from 3.8 percent of all families to 4.8 percent of all families. Female-maintained families were most likely to receive TANF. TANF recipients tended to be younger, less educated, have more children, and are more likely to be a citizen, unmarried, and belong to a racial minority than the general population. Poor non-TANF families tended to be more likely to be married, be non-citizens, and belonging to the racial majority.

The recession contributed to a statistically significant increase in both TANF and poor non-TANF families while lowering or maintaining their income-to-poverty ratio at 0.6 (Irving 2011). Married-couple families, who have the lowest overall rates of participation in TANF, were the only group to see a statistically significant increase in participation.

The above provides a preliminary examination of TANF, its rules and procedures as well as its statistical correlations with caseload, post-welfare success, and other behaviors. The variation in the specific policies illustrates the immense difficulty in statistically analyzing TANF at the national level.

Statistical analyses indicate that demographic variables are strongly correlated with entry into and exit from TANF caseloads (Schoeni and Blank 2003, Grogger 2004, Teitler et al 2007) as well as their success after TANF (Cheng 2006, Wood et al. 2008) and whether or not they're likely to re-enter TANF (Bruce et al 2004). Demographic variables include age, race, sex, marital status, and number of children. Marital status's correlation with caseload may be a reflection of policies that make it more favorable for unmarried parents with children to receive TANF assistance, but the other variables' correlation could signify deeper social issues such as discrimination.

Economic variables and educational attainment were also generally found to be statistically correlated with TANF caseloads and success after TANF (Grogger 2004, Danielson and Klerman 2008, Schoeni and Blank 2003, Ribar 2005, Cheng 2006, Wood et al. 2008, Kim 2010, Nam 2005), though one study found that welfare-to-work programs designed to improve human capital did not improve work exits while local economic conditions did (Kim 2010). These two variables draw a lot of interest from economists because of mainstream economic theory and the political practicality of addressing them. Economic theory predicts that local economic conditions, educational attainment, and work experience are the dominant determinants of a person's employment and earnings. Furthermore, policies are more readily drawn up to improve economic conditions and education than racism or discrimination.

Policy variables are the most difficult to estimate because of their heterogeneity across states, but studies have found that the change to TANF contributed to some of the caseload decline experienced during the 1990s (Grogger 2004, Danielson and Klerman 2008, Schoeni and Blank 2003) though Teitler et al (2007) dispute this general finding in their study focusing on state policies and metropolitan areas. However, a correlation of policy variables with a declining caseload do not prove any causation and do not indicate which aspect of the policy is responsible for the caseload reduction. Without knowing the specific components' impact on caseload, employment, and income it is difficult to draw any conclusions regarding the policy's efficacy at achieving its own goals or to recommend any changes in those components so as to more effectively achieve those goals.

The complexity of TANF makes it difficult to draw any conclusive, robust findings regarding its impact on states' caseloads and families' economic health, but a general picture emerges from the statistical literature and the welfare rules database. States are granted an incredible amount of autonomy in the implementation of their policies along various aspects of the TANF policy. This autonomy reflects a Federalist or state-centered approach to handling welfare. However, the federal government indicates its preferences for the program by mandating work participation requirements, a 60-month time limit, and incentivizing caseload reductions. Most of the state implemented rules in place are designed to provide assistance for those who are in the greatest need and to incentivize independence from state welfare either by preventing initial assistance through avoidance grants and an arduous application process or by leaving assistance through time limits and work participation requirements. In other words, the bulk of the policy is designed to change the behavior of cash recipients, rather than the structures that contributed to their situation of need. States design their specific policies along these lines with great variation in laxity of eligibility and generosity of benefit.

The findings report a mixed bag of success. Caseload has certainly fallen since the early 1990s, but it is unclear just how much is due to TANF policies. A number of obstacles remain for those in need of cash assistance, particularly minority, unmarried, single parents with little education or work experience. Successes, defined as exit from welfare with an above-poverty wage job, appear to depend more on economic conditions and demographic variables than on the design of the policy. The data analysis provided in the following chapter will help to complete our picture of TANF.

CHAPTER THREE

ECONOMETRIC EVALUATION OF TANF

Data and Sample

The data used to estimate my models was drawn from the Panel Study for Income Dynamics longitudinal survey from years 1986 to 2013. These years were selected because of the availability of variables included in the model. Specifically, the variables tracking the amount of AFDC or TANF received by the family are unavailable prior to 1986. Each year of the sample asks questions corresponding to the previous calendar year. Starting with 1986 has the advantage of estimating the impact of the TANF restrictions as compared to its less restrictive predecessor, AFDC. The PSID surveyed its sample every year until 1997 when it began issuing the survey every other year. The first 12 periods of data correspond to AFDC years, 1985-1996, and the last 8 periods correspond to TANF years, 1998-2012. My sample includes only heads of household because welfare cash assistance is received by household units to aid their monthly expenditures.

Model and Dependent Variable

Two models are employed to estimate the impact of TANF. The first model of estimation is a multinomial logit with four possible dependent variable outcomes. Maximum likelihood estimates are obtained of the probability of heads of household receiving AFDC/TANF, the probability of heads of household remaining in poverty after previously receiving AFDC/TANF, and the probability of heads of household earning a household income above poverty after previously receiving AFDC/TANF. The dependent variable was obtained from three variables available in the PSID: receipt of TANF by anyone in the household (requires a combination of five different PSID questions/variables), total income received by the family of the head of the household, and the federal needs or poverty standard as defined by the Census. A combination of three different variables in the PSID were combined to make one binary variable of AFDC/TANF receipt where a record of 1 corresponds to any AFDC/TANF receipt by anyone in the household during the year in question. Household income was compared to the needs standard to obtain a binary variable for poverty status.

The general form of the model appears in equation 1, where p_{ij} is the probability that individual i falls into category j, $\boldsymbol{x}_i$ is a column vector of variables pertaining to individual i and $\boldsymbol{\beta}_j$ is a row vector of coefficients for each category j (Allison 2012). Equation 1 is the log odds of falling in category j and not falling in category j. Solving the equation for the probability of one outcome yields equation 2. The coefficient estimates will represent the value at the mean of the function.

(1) $$\ln\left(\frac{p_{ij}}{p_{iJ}}\right) = \boldsymbol{\beta}_j \boldsymbol{x}_i \qquad j = 1, \dots, J-1$$

(2) $$p_{ij} = \frac{e^{\boldsymbol{\beta}_j x_i}}{1+\sum_{k=1}^{J-1} e^{\boldsymbol{\beta}_j x_i}} \qquad j = 1, \dots, J-1$$

The second model of estimation employed is the conditional multinomial logit. Controlling for fixed effects, the observed and unobserved time-invariant characteristics of the person, is typically done by either including a dummy variable for all persons minus one or by differencing the observation with the previous observation or the mean. However, these methods cannot be utilized with a multinomial response variable specification because the inclusion of dummy variables triggers the incidental parameters problem which produces biased estimates of the coefficients that would not be present with a linear dependent variable and differencing the dependent variable with the mean or past observations has no meaning with an unordered multinomial specification of the response variable as it would with a linear response variable. Conditional maximum likelihood is a common method for obtaining unbiased estimates of the coefficients (Chamberlain 1980, Allison 2009).

The conditional logistic regression is done by decomposing the multinomial model into a set of binary models with one model to compare each category against a reference category. Conditional maximum likelihood conditions the person-specific unobserved time-invariant factors out of the likelihood function by conditioning the likelihood function on the total number of events observed for each person (Allison 2009). For example, for a person who received AFDC/TANF for 5 out of 20 years, the model would estimate the probability of those five years occurring in say the first 5 years out of the 20 as opposed to any other combination of any five years. The conditional maximum likelihood function can only estimate the characteristics that vary over time, unless the time-invariant factors are interacted with time-variant factors.

Equation 3 displays the fixed effects version of the multinomial logit where p_{ij} is the probability that individual i falls into category j, μ_{tj} is a time-specific effect constant over individuals, $\boldsymbol{x}_{it}$ is a column vector of variables pertaining to individual i at time t and $\boldsymbol{\beta}_j$ is a row vector of coefficients for each category j, $\boldsymbol{z}_i$ is a vector of time-invariant predictors constant across all individuals and γ_j the corresponding coefficients, and α_{ij} is a term for all unobserved time-invariant characteristics pertaining to individual i (Allison 2009). In order to do conditional likelihood estimation equation 3 must be broken down into a set of simultaneous binary equations (Allison 2009). The equation for the conditional logistic regression model appears in equation 4 where p_{ij} is the probability that individual i falls into category j, α_i is a term for all unobserved time-invariant characteristics pertaining to individual i, $\boldsymbol{x}_{it}$ is a column vector of variables pertaining to individual i at time t, and $\boldsymbol{\beta}_j$ is a row vector of coefficients for each category j (Allison 2012). The coefficient estimates again represent the value at the mean of the function. Note that the constants have been *conditioned* out of the equation.

(3) $$\ln\left(\frac{p_{ij}}{p_{iJ}}\right) = \mu_{tj} + \beta_j \boldsymbol{x}_{it} + \gamma_j \boldsymbol{z}_i + \alpha_{ij} \qquad j = 1, \ldots, J-1$$

(4) $$p_{ij} = \frac{e^{\boldsymbol{\beta}_j x_{it} + \gamma_j z_i}}{\sum_{j=1}^{J} e^{\boldsymbol{\beta}_j x_{it} + \gamma_j z_i}} \qquad j = 1, \ldots, J-1$$

The first model of estimation has the advantage of estimating the impact of observed time-invariant characteristics of the person, such as sex or race, and for estimating between individual variations, but it has the distinct disadvantage of not accounting for the impact of unobserved time-invariant variables and thus is vulnerable to omitted variable bias (Allison 2009). It ultimately treats the data as one big cross section rather than as longitudinal data. Another advantage to this approach is the ability to compare the results to a model that does account for observed and unobserved time-invariant factors to better understand the effects of the time-varying person-specific characteristics.

Explanatory Variables

The intent of the model is to estimate the impact of TANF on the success of the recipient. The success of the recipient is gauged by the dependent variable specification outlined above. The explanatory variable chosen to estimate TANF is a count variable measuring the relative restrictiveness of each state's policy. Accounting for the jurisdictional and temporal variations in TANF policies is a monumental task. One of the hallmarks of TANF was the devolution of power and flexibility to the state governments which vary their particular policies across eligibility requirements, benefits, ongoing requirements, and sanctions. Within each of these four categories of policy variation are further variations. Overall, each state can vary its policy across at least 30-40 categories which include initial eligibility requirements such as mandatory job searches, asset and income limits, treatment of various types of households and its members; benefit determination such as earned income disregards, maximum monthly benefits, and benefit standards; participation requirements such as behavioral requirements, work-related activity requirements, and sanction policies; and ongoing eligibility requirements such as time limits, family cap policies, and income and asset limits.

There are also within-state variations in TANF policy, which occurs in a few states, such as Colorado. Though complete identification of the variation in TANF policies is impossible, a few studies have adopted a strategy of measuring the relative restrictiveness of state TANF policies (Cheng 2006, Irving 2008, Kim 2010). Cheng (2006) measures the restrictiveness of TANF using six elements: immediate work requirement, benefit time limit, severity of initial non-compliance sanction, no exemption for a young child, denial of benefits for non-compliance with additional newborn, and denial of benefits for non-compliance with individual responsibility plan. Five out of the six of these policies are available in the Welfare Rules Database (noncompliance with individual responsibility plan is missing). While this classification is also imperfect, it provides insight into the relative restrictiveness of each state's policy based upon key restrictions that likely play a role in incentivizing recipients to find work as is the goal of the policy.

Taking each restriction individually, some states require immediate compliance with the work requirement in order to obtain and continue receipt of assistance. Other states allow for a buffer period as long as two years in which you can find employment or perform another activity to meet the work requirement. States also are able to implement a shorter lifetime limit of eligibility than the federal 60-month limit, though most states allow the full federal time limit. All states adopt some benefit reductions to non-compliant recipients, but many states deny all benefits to non-compliant recipients. Some states grant exemptions from the work requirement to heads of household when a child under the age of one is present in the household, but many do not. Finally, some states will increase the benefit to households in which another child is born, but many states will not as a way to disincentive recipients from having more children. Table 3.1 displays the restrictions, their specification, and number of states in 2012.

Based upon these policies, a restrictiveness score was given to each state, with least strict obtaining a score of 0, and most strict, 5. For example, a 'strict' state would require immediate compliance with the work requirement, limit the benefit eligibility period to less than 60 months, deny all benefits to those who stop meeting work requirements while receiving assistance, provide no exemption to households with children under the age of one, and would not increase the monthly benefit when a household has a newborn.

Table 3.1.--State TANF Restrictions Variable

Restriction	Code	No. of states in 2013
Lifetime Limit		
Full federal time limit of 60 months	0	38
Less than 60 months	1	13
Immediate Work Requirement to receive benefit		
No	0	9
Yes	1	42
Non-compliance with work requirement initial sanction		
No loss or loss of less than entire benefit	0	35
Loss of entire benefit	1	16
Work requirement exemption for young child		
Some exemption	0	40
No exemption	1	11
Benefits change with additional newborn		
Yes	0	17
No	1	34

The response outcome of the individual is also likely to depend on the state of the macro economy in their location. The state's unemployment rate is included to control for local economic conditions on the person's outcome. The state unemployment rate is imperfect as a measure of the economy near where the recipient lives, for example because of within state variation, but is still widely used as an approximation of the state of the economy. State unemployment rates were obtained from the Bureau of Labor Statistics for each state in each year. A higher unemployment rate will likely correspond to more recipients of AFDC/TANF and to fewer past recipients earning a household income above the poverty line.

A person's income and hire-ability do not depend on the economic conditions alone, but also on their skills and demographic characteristics. Individuals may face discrimination in employment and income as a result of their race or sex which would affect their outcome. Unfortunately, the survey question for race of the head of household in the PSID has changed over time and confusingly includes an option for Latino descent in some years but not in all years. Other variables for ethnicity are inconsistent or not available for the years under examination which leaves only the possibility of measuring race/ethnicity by three categories: white, black, and other. These characteristics can be estimated in the multinomial logit, but not in the conditional multinomial logit which controls for time-invariant factors.

Married households often enjoy higher incomes primarily because they have multiple income earners and also relatively lower poverty standards as defined by the Census Bureau. Similarly, the number of children in a household increases the poverty level impacting the outcome. Number of children can also impact the need for and qualification for receiving AFDC and TANF as well as the amounts received. For these reasons, marital status and number of children are included as time-variant explanatory variables.

Educational level as measured by grades achieved, 0-17, and work experience measured by number of years worked since the age of 18 are included to account for the skills or human capital of the individual. Economic theory argues that a person's human capital, or collection of skills, training, and education plays a large role in the employment and income of that individual. Though grades completed is an imperfect variable to estimate the impact of human capital on a recipient's success after receiving AFDC/TANF as it does not account for other types of skill variation, it is widely used as the primary estimator for human capital. All of the above information was obtained from questions asked in the PSID survey. Variable codes can be viewed in the appendix.

Summary Statistics

Table 3.2 displays summary statistics. Summary statistics for each sub-sample are included in the appendix. Looking at the summary statistics of each sub-sample, heads of household who have never received AFDC/TANF are disproportionately male, white, and married; they have fewer children, and have completed higher levels of education when compared to the overall sample. Heads of household receiving AFDC/TANF are disproportionately black, female, younger, unmarried, have more children, and have completed fewer grades of education when compared to the overall sample and when compared to those who never received AFDC/TANF.

Table 3.2.—Summary Statistics

Variable at time of observation	N	%	mean
Total	318882		
Dependent Variable			
Never received AFDC/TANF	263523	82.64%	
Currently receiving AFDC/TANF	18744	5.88%	
Had AFDC/TANF, below official poverty line	12095	3.79%	
Had AFDC/TANF, above official poverty line	24520	7.69%	
Sex			
Male	224936	70.54%	
Female	93946	29.46%	
Age			
16-18	733	0.23%	
19-35	114018	35.76%	
36-64	171141	53.67%	
65+	32990	10.35%	

Table 3.2.--Continued

Variable at time of observation	N	%	mean
Grades			
1-11	50131	15.72%	
12-13	98344	30.84%	
14-15	31121	9.76%	
16	24046	7.54%	
17+	16053	5.03%	
Married			
Yes	195367	61.27%	
No	123515	38.73%	
Race			
White	188000	58.96%	
Black	113222	35.51%	
Other	17660	5.54%	
Children			
0	129593	40.64%	
1	63154	19.80%	
2	68911	21.61%	
3	36781	11.53%	
4+	20443	6.41%	
Years of Work Experience			19.31
Never received AFDC/TANF			19.91
Currently receiving AFDC/TANF			12.51
Had AFDC/TANF, below official poverty line			16.27
Had AFDC/TANF, above official poverty line			19.57
State Unemployment Rate			6.17
Never received AFDC/TANF			6.14
Currently receiving AFDC/TANF			6.58
Had AFDC/TANF, below official poverty line			6.38
Had AFDC/TANF, above official poverty line			6.12
Restrictions			0.58
Never received AFDC/TANF			0.55
Currently receiving AFDC/TANF			0.24
Had AFDC/TANF, below official poverty line			0.91
Had AFDC/TANF, above official poverty line			1.02

Heads of household *below* the poverty level after receiving AFDC/TANF are also disproportionately black, female, younger, unmarried, have more children, and have completed fewer grades than the overall sample, but are comparatively more male, black, educated, older, and have fewer children than those who were receiving AFDC/TANF.

Likewise, heads of household *above* the poverty level after receiving AFDC/TANF are disproportionately black, female, younger, unmarried, have more children, and have completed fewer grades when compared to the overall sample, but are more male, older, married, have fewer children and more grades completed when compared to those receiving AFDC/TANF and those who exited below the poverty level.

Results

The sample consists of 318,882 person-years and nearly 25,000 individual heads of household. The reference category of heads of household who never received AFDC/TANF is composed of 263,523 person-years and 22,825 persons, the dependent variable outcome—receiving AFDC/TANF—yields 18,744 person-years and 4,844 persons; the outcome—previously received AFDC/TANF and now in poverty—yields 12,095 person-years and 3,358 persons; and the outcome—previously received AFDC/TANF and now above poverty—yields 24,520 person-years and 3,907 persons.

Tables 3.3-3.5 display the results of the multinomial logit models. Each outcome is compared to the reference category of all heads of household who never received AFDC/TANF. In each model, female heads of household are more likely to receive AFDC/TANF and are slightly more likely to earn an income above poverty than after receipt of AFDC/TANF. Black heads of household are also more likely to receive AFDC/TANF, but are more likely to be below the poverty line after receiving AFDC/TANF. Households with more children are more likely to receive AFDC/TANF and less likely to earn an income above the poverty level after receiving AFDC/TANF. Married households are less likely to receive AFDC/TANF which is unsurprising since the original purpose of the program was to fund single mothers and many states retain eligibility rules favoring unmarried (or non-cohabiting) heads of household. Married heads of household are also more likely to earn an income above poverty after receiving AFDC/TANF, but this might be partly due to the Census bureau's definition of poverty. Irving (2011) found similar results for each of the demographic variables and Harris's (1996) analysis of AFDC found that the demographic variables also played a factor in the probability of welfare dependency all in the same direction and similar magnitude as the impact of the demographic variables on likelihood of poverty after receiving welfare in the multinomial specification.

Table 3.3—Multinomial I Results

	Coefficient			Odds Ratio		
Variable	On A/T	Post A/T < poverty	Post A/T > poverty	On A/T	Post A/T < poverty	Post A/T > poverty
Intercept	-3.688**	-3.709**	-2.712**			
Age	-0.037**	-0.021**	-0.023**	0.963	0.979	0.977
Female	1.595**	0.273**	0.384**	4.926	1.313	1.468
Black	1.162**	1.597**	1.334**	3.196	4.937	3.796
# Children	0.692**	0.498**	0.249**	1.998	1.646	1.283
Married	-0.838**	-1.74**	-0.252**	0.433	0.175	0.777
Grades completed	-0.004**	-0.0002**	0.001**	0.996	1	1.001
Years of Work Experience	-0.001**	0.002**	0.006**	0.999	1.002	1.006
Unemployment rate	0.069**	0.045**	-0.007**	1.071	1.046	0.993
State TANF restrictions	-0.293**	0.319**	0.397**	0.746	1.375	1.487

* $p < 0.05$; ** $p < 0.01$.

The human capital variables had little to no effect on the response variables, but the small and statistically significant effect does conform to expectations that more education and work experience increase the probability of earning an income above poverty after receipt of AFDC/TANF. Cheng (2006) found a similar result for years of work experience, but much bigger effects for education and industry of occupation. Also expectedly, a higher unemployment rate increases the probability of a head of household receiving AFDC/TANF and lowers the probability of that household being above the poverty line after receipt.

Finally, the main variable of interest--AFDC/TANF restrictiveness--lowers the probability of receiving AFDC/TANF, but increases the likelihood of being below poverty after receipt of AFDC/TANF and above poverty after receipt of AFDC/TANF. Cheng (2006) found that a more restrictive TANF policy increased the odds of a former welfare recipient working with an income below the poverty level. Likewise, Irving (2008) found that a more restrictive TANF policy increased the odds of a recipient exiting without work and Kaushal and Kaestner (2001) found that the newly introduced TANF time limits likely pushed poor women into the workforce. Kim (2010) did not find the policy variables to be statistically significant.

Model 2 in table 3.4 estimates the same model but substitutes the TANF restrictiveness score with a simple denoting households who only received TANF. For each outcome, the coefficients are closer to 0 producing lower odds ratios, which makes sense because the dummy variable specification does not capture between-state differences in the policy. The relative restrictiveness of TANF compared to AFDC still shows up, as those who only received TANF were less likely to receive AFDC/TANF, but TANF still had the result of increasing the probability that former welfare recipients would receive an income above poverty. However, model specification 3 (table 3.5) muddies the conclusion that TANF's restrictiveness enables more families to earn above-poverty incomes. When a dummy for households who received only AFDC is also included, its effect on the response variable dwarfs the effect of the TANF variable. AFDC recipients are way more likely to have received AFDC/TANF and the probability of earning an income above poverty post-receipt is nearly twenty times greater than TANF's effect. Ozawa and Yoon's (2005) finding that AFDC leavers did better than TANF leavers supports this result. Ribar (2005) likewise found that pre-TANF waivers, which enabled states to enact often more restrictive policies before welfare reform, had no effect on participation or success suggesting that more restrictive policies did not improve the probability of a former recipient's success. This suggests that welfare reform did not have the desired effect of reducing households in poverty through its various requirements and time limits.

Table 3.4—Multinomial II Results

	Coefficient			Odds Ratio		
Variable	On A/T	Post A/T < poverty	Post A/T > poverty	On A/T	Post A/T < poverty	Post A/T > poverty
Intercept	-3.836**	-3.412**	-2.306**			
Age	-0.039**	-0.02**	-0.021**	0.962	0.981	0.979
Female	1.598**	0.277**	0.393**	4.942	1.319	1.481
Black	1.163**	1.597**	1.331**	3.2	4.938	3.787
# Children	0.7**	0.488**	0.219**	2.015	1.63	1.245
Married	-0.811**	-1.789**	-0.271**	0.444	0.167	0.763
Grades completed	-0.006**	0.002**	0.004**	0.994	1.002	1.004
Years of Work Experience	-0.001*	0.002**	0.006**	0.999	1.002	1.006
Unemployment rate	0.081**	0.029**	-0.034**	1.084	1.03	0.967
All TANF	-0.115**	-0.247**	0.116**	0.892	0.781	1.123

* $p < 0.05$; ** $p < 0.01$.

Table 3.5—Multinomial III Results

Variable	Coefficient On A/T	Coefficient Post A/T < poverty	Coefficient Post A/T > poverty	Odds Ratio On A/T	Odds Ratio Post A/T < poverty	Odds Ratio Post A/T > poverty
Intercept	-4.423**	-4.278**	-3.973**			
Age	-0.03**	-0.01**	-0.006**	0.97	0.99	0.994
Female	1.512**	0.129**	0.146**	4.536	1.138	1.157
Black	1.085**	1.321**	0.984**	2.959	3.746	2.675
# Children	0.652**	0.406**	0.111**	1.918	1.5	1.118
Married	-0.645**	-1.63**	-0.219**	0.525	0.196	0.803
Grades completed	-0.003**	0.009**	0.011**	0.997	1.009	1.011
Years of Work Experience	-0.001*	-0.0002	0.002**	0.999	1	1.002
Unemployment rate	0.017**	-0.024**	-0.078**	1.017	0.976	0.925
All TANF	0.738**	1.058**	2.018**	2.091	2.88	7.524
All AFDC	3.226**	3.847**	4.874**	25.177	46.864	130.813

* $p < 0.05$; ** $p < 0.01$.

Another approach to estimating the effect of TANF on household outcomes is to control for the observed and unobserved time-invariant characteristics of the head of household with conditional maximum likelihood estimation (results displayed in table 3.6-3.8). This has the benefit of eliminating the potential bias of omitted variables but has the detriment of leaving out information because only observed time-variant characteristics can be estimated. The interpretation of the results is also a little different, as each coefficient represents the probability of an outcome as each independent variable changes for the head of household over time.

For example, adding a child to the household increases the odds of receiving AFDC/TANF by 40% and decreases the probability of earning an income above poverty by 6%. Becoming married or entering cohabitation with another adult lowers the probability of receiving AFDC/TANF by 82%, but heads of household who become married are more likely to earn an income above the poverty line than an income below the poverty line. The human capital variables again had very little effect, but a less expected result than in the multinomial specification. Increasing the number of grades completed slightly increases the probability of receiving AFDC/TANF, but does increase the probability of earning an above-poverty income as compared to earning a below-poverty income.

Table 3.6—Conditional Logit I Results

	Coefficient			Odds Ratio		
Variable	On A/T	Post A/T < poverty	Post A/T > poverty	On A/T	Post A/T < poverty	Post A/T > poverty
# Children	0.338**	0.127**	-0.064**	1.402	1.135	0.938
Married	-1.717**	-1.187**	-0.06	0.18	0.305	0.942
Grades completed	0.041**	0.039**	0.065**	1.042	1.04	1.067
Years of Work Experience	-0.015**	-0.007**	-0.004**	0.985	0.993	0.996
Unemployment rate	-0.227**	-0.344**	-0.303**	0.797	0.709	0.739
State TANF restrictions	2.15**	3.88**	3.632**	8.584	48.425	37.79

* $p < 0.05$; ** $p < 0.01$.

An increase in the restrictiveness of a state's TANF policy greatly increases the probability of receiving AFDC/TANF and former recipients are more likely to be below the poverty line than above it. Such a result could be because states are responding to strained welfare budgets by restricting their policies.

Despite not being able to estimate time-invariant characteristics on their own, they can be interacted with time-variant variables. Doing so enables one to estimate how the time-variant variables impact the time-invariant characteristics. For example, interacting a female dummy variable with the TANF restrictions variable yields an estimate of the restrictions variable when the head of household is female—the effect of the interaction is added to the effect of the restrictions variable. The results in table 3.7 indicate that the restrictions variable increases the probability of each outcome for female heads of household over male heads of household, but increases the probability of the second outcome (being in poverty after receive AFDC/TANF) the greatest with very little effect on earning an income above poverty after receipt. Verification for such a finding could not be found in another study, because nearly every other study consisted of a female heads of household sample only.

Table 3.7—Conditional Logit II Results

	Coefficient			Odds Ratio		
Variable	On A/T	Post A/T < poverty	Post A/T > poverty	On A/T	Post A/T < poverty	Post A/T > poverty
# Children	0.333**	0.123**	-0.064**	1.395	1.131	0.938
Married	-1.637**	-1.106**	-0.048	0.195	0.331	0.954
Grades completed	0.042**	0.04**	0.065**	1.043	1.04	1.067
Years of Work Experience	-0.015**	-0.007**	-0.003*	0.985	0.993	0.997
Unemployment rate	-0.233**	-0.35**	-0.303**	0.792	0.705	0.739
State TANF restrictions	1.973**	3.646**	3.596**			
Restrictions*Female	0.43**	0.526**	0.09			

* p < 0.05; ** p < 0.01.

Despite not being able to estimate time-invariant characteristics on their own, they can be interacted with time-variant variables. Doing so enables one to estimate how the time-variant variables impact the time-invariant characteristics. For example, interacting a female dummy variable with the TANF restrictions variable yields an estimate of the restrictions variable when the head of household is female—the effect of the interaction is added to the effect of the restrictions variable. The results in table 3.7 indicate that the restrictions variable increases the probability of each outcome for female heads of household over male heads of household, but increases the probability of the second outcome (being in poverty after receive AFDC/TANF) the greatest with very little effect on earning an income above poverty after receipt. Verification for such a finding could not be found in another study, because nearly every other study consisted of a female heads of household sample only.

Similarly, interacting black heads of household with the restrictions variable indicates that black heads of household are more likely to receive AFDC/TANF (table 3.8). They are also more likely to be below the federal poverty line *and* above it after receipt of AFDC/TANF than nonblack heads of household with the greater likelihood of being above the poverty line than below it after receipt.

Table 3.7—Conditional Logit III Results

	Coefficient			Odds Ratio		
Variable	On A/T	Post A/T < poverty	Post A/T > poverty	On A/T	Post A/T < poverty	Post A/T > poverty
# Children	0.339**	0.128**	-0.062**	1.404	1.136	0.94
Married	-1.718**	-1.197**	-0.069	0.179	0.302	0.934
Grades completed	0.042**	0.039**	0.068**	1.043	1.04	1.07
Years of Work Experience	-0.015**	-0.007**	-0.004*	0.985	0.993	0.996
Unemployment rate	-0.227**	-0.348**	-0.306**	0.797	0.706	0.736
State TANF restrictions	1.791**	3.123**	2.971**			
Restrictions*Black	0.728**	1.289**	1.448**			

* $p < 0.05$; ** $p < 0.01$.

Conclusion

Both models and their specifications clearly show that welfare reform and the increased restrictiveness of the state's cash assistance welfare program did not have the desired effect of reducing welfare dependency. Caseloads have certainly diminished, but this is a result of many factors, including the states' implementation of avoidance grants. States have a strong incentive to reduce caseloads to meet the federal work participation requirement. AFDC had a much greater impact on the likelihood of a former recipient earning an income above the federal poverty level than did its successor TANF and increasingly restrictive TANF policies across the states decrease the likelihood of earning an income above the federal poverty level. Other studies largely confirm these results as well as the comparatively small effects of human capital variables and the large effects of demographic variables.

CHAPTER FOUR

THE CONDITIONS FOR A GOOD AND JUST SOCIETY

ACCORDING TO CATHOLIC SOCIAL TEACHING

Catholicism is more than an organized religion. It is also a philosophical paradigm, offering a specific view of ontology, epistemology, and human nature much like other social sciences or philosophical paradigms. Though centered on belief in a God and the supernatural, this paradigm proclaims that divine revelation and reason are in no way contradictory.

A significant part of this paradigm is its moral philosophy, or its understanding of what is good and just and what is bad and unjust. This moral philosophy is believed to be objectively true and the purpose of the Church as an institution is to proclaim its philosophical paradigm, to convince others of its validity, to "spread the good news", which in its eyes consists of more than its moral teachings, but of which its moral teachings form a considerable part.

There are numerous moral directives or imperatives one must follow to be holy and thus to form a good and just society—the common good—as proclaimed by the Catholic Church. However, only a handful of these imperatives directly apply to the TANF welfare program. For example, the right to worship God according to one's conscience is very indirectly related to TANF if it is related at all. The objective of this content analysis of Catholic Social Teaching is to discover those directives that are relevant to the evaluation of TANF. Overall, this chapter will provide the reader with a strong understanding of the criteria that must be met by social welfare programs or any economic institutional arrangement as set forth by Catholic Social Teaching.

Examining the Schools of Thought within Catholic Social Teaching

Official Catholic Social Teaching

As defined above, official Catholic Social Teaching (CST) is composed of all the Papal Encyclicals written on social or economic issues. Though the Church's teachings on social matters go back to the Bible and the writings of early Church fathers, CST is often considered to begin with Pope Leo XIII's *Rerum Novarum* written in 1891. Each encyclical is written in a specific era addressing the specific issues and conflicts facing society. Because of this, there are historical differences in the encyclicals. Furthermore, each Pope is unique in style or tone and in the issues he finds deserving of attention. However, the Church maintains that its social teaching constitutes a single teaching that is at once consistent and ever new (Pope Benedict XVI, 2007, 12). Each encyclical heavily references scripture and the writings of the early and scholastic Church doctors and the more recent encyclicals heavily reference previous encyclicals to maintain continuity. The task of this analysis is to draw out the consistent, enduring moral principles with which the Popes evaluate social and economic conditions so that a more pointed analysis of a particular welfare program—Temporary Assistance for Needy Families—may be conducted.

To that end, it is important to first understand the authority of the Church's teaching. From the Church's perspective, the encyclicals themselves do not wholly constitute infallible teaching nor do they promulgate specific items of extraordinary dogma. There are in each encyclical teachings that could be considered infallible insofar as they are proclaimed universally by the episcopacy, but determining which do and do not fit this definition is difficult and often debated by theologians. Despite lacking dogmatic certainty, Papal teachings on matters of faith and morals, including those concerning the economy and society more broadly, do require religious submission of mind and will. However, there are many statements made in each encyclical that would not be considered teachings on faith and morals and which may then be opposed out of prudential good will, thus opening the door for differing perspectives on specific economic matters that may still be considered Catholic.

The Church is also a human institution in that it is composed of and run by humans and is thus subject to human error. The leaders of the Church have an interest in the success of that institution which may be assessed by many measures, the most fundamental of which is survival. The Church has existed for nearly 2,000 years and has outlived nearly every other human institution despite many threats confronting it. Despite this human and historical element, the Church itself maintains that its teachings on faith and morals are divinely inspired and protected. To better understand these teachings, it is appropriate to begin with what may be considered official Catholic Social Teaching and its first encyclical *Rerum Novarum*.

Rerum Novarum

Rerum Novarum is widely considered to be the first social encyclical and, as such, is considered the cornerstone document for all of official CST. Pope Leo XIII wrote it amidst the ideological conflict between capitalism and socialism with the purpose of "speak[ing] on the condition of the working classes" so that a remedy could be found for the "misery and wretchedness pressing so unjustly on the majority of the working class" (Pope Leo XIII, 1891, 2-3).

Leo XIII quickly worked to rebuke the socialist response in part because of its wish to do away with private property, which Leo XIII defends as a right (Pope Leo XIII, 1891, 4-15). According to Leo, private property is a right because those who work deserve the fruit of their labor and because it is how persons care for their current and future welfare. Humans also precede the state and thus possesses the right to provide for himself or herself rather than it being provided for him or her by the state. The seventh (thou shalt not steal) and tenth (thou shalt not covet they neighbor's possessions) commandments also imply the right to private property.

However, the right to private property is conditioned by a significant moral principle, which existed since the early Church fathers and would become known as the universal destination of goods (Pope Leo XIII, 1891, 22). This principle maintains that though humans have the right to private property, he or she may not consider it as his or her own because it was given to all humankind by God. Therefore, the use of the property must be for the common good, even though its ownership is private. Though the Church defends the right to private property, it does not do so fundamentally but conditionally, never separating it from the responsibility to use it for the common good.

Leo's position is not all that unlike John Locke's famous argument for private property made in the late 17th century. Locke also argued that the accumulation of property was the right of the laborer, but that this right to accumulate was restricted by conditions—one must not let the property spoil and must leave sufficient property for others (Locke 1689). Both Locke's and the Church's arguments appeal to reason and to God, the Creator, via the natural law governing humanity and all of creation. Any influence or connection between Locke and Leo is unclear, but Leo did take a clear stand against socialism and, though he still criticized liberalism heavily, took a softer approach toward it than his predecessors (Holland 2003).

Rerum Novarum appears to enter the private property discussion late and against the rise of Marxist socialism, but traces of the Church's modern position on private property goes back to at least Thomas Aquinas in the 13th century who justified private property conditional on its use for the common good (Chroust and Affeldt 1951). However, Leo's assertion that private property is a fundamental right (subject to conditions) was the Church's strongest position on this issue to date. Aquinas did not assert the existence of private property as a fundamental right.

The role of the state is also of concern for Leo XIII, who affirms that the state must "make sure that the laws and institutions, the general character and administration of the commonwealth, shall be such as of themselves realize public well-being and private prosperity" (Pope Leo XIII, 1891, 32). The state should be concerned with all persons or citizens, but because some persons face greater vulnerability than others, they deserve special attention (Pope Leo XIII, 1891, 37). Among these persons, Leo includes the working class (Pope Leo XIII, 1891, 34). It is this special concern for the poor that later became known as the principle of the 'preferential option for the poor', a term adopted by the hierarchy from the Latin American Liberation Theology movement. That is, Leo does not limit the role of the state to the safety of its citizens, but also includes the protection of rights and general welfare of its citizens.

Rerum Novarum also deals at length with the conditions and nature of the work process, establishing several conditions that would be elaborated throughout the other encyclicals. Here, work is established as a right and responsibility, something that is good for humankind and mandated by God (Pope Leo XIII, 1891, 41-44). Workers must be given time for rest, particularly on Sundays, they must not be overworked, and wages must be enough to support the worker and his family. Leo does not disregard wage labor or the free consent of the wage contract as inherently disordered, but does not consider the free consent to necessarily be in accord with natural justice. For example, the worker may have recourse to no other options: "if through necessity or fear of a worse evil the workman accepts harder conditions because an employer or contractor will afford him no better, he is made the victim of force and injustice" (Pope Leo XIII, 1891, 45). Leo finds it preferable that this process be regulated among men without intervention from the state, but mandates that the state step in if recourse to intermediate organizations does not properly handle the conflict.

Among these intermediate institutions, Leo XIII places great emphasis on the workingman's association or labor unions. Here, Leo upholds the right to form associations of all kinds (the right to free association), and in particular, the right to form a labor union to bargain for just wages and working conditions (Pope Leo XIII, 1891, 49). The state must not interfere with the rights and freedom of these associations and indeed must protect them from other forces, but Leo does grant room for the state to act against any association deemed dangerous to the common good (Pope Leo XIII, 1891, 52-53).

Finally, Leo wraps up *Rerum Novarum* by urging 'societies' to ensure "a continuous supply of work at all times and seasons" (Pope Leo XIII, 1891, 58), clearly supporting the right to work, and by reminding them that charity is the center of the Christian life and the "surest antidote against worldly pride and immoderate love of self" (Pope Leo XIII, 1891, 63).

From this first and most important document one can gather several criteria important for the common good in the temporal order: the right to private property with the responsibility to use it for the common good, the state's responsibility to give preferential option to the poor, the right to free association including labor unions, the right to just wages and decent working conditions, and a state that watches over all of these rights while interfering as little as possible with the freedom of individuals, families, and other intermediate associations.

Quadragesimo Anno

Pope Pius XI wrote the next social papal encyclical forty years later amidst the Great Depression and re-affirmed and updated many of Leo's teachings, while also adding some of his own. He did not overturn or disregard any of Leo's teachings. His primary purpose was to address the doubts that had arisen concerning some of Leo's teachings and the new developments that had taken place in those forty years (Pope Pius XI, 1931, 40).

Pius went in to far greater detail on the conflict between liberalism and collectivism, which he called 'the twin rocks of shipwreck' (Pope Pius XI, 1931, 46). He did not condemn capitalism in and of itself, but criticized it for its apparent abuses of the working classes, its concentration of power and wealth into the hands of a few, and for the conflicts it generates between men, the state, and other states: "free competition has destroyed itself; economic dictatorship has supplanted the free market; unbridled ambition for power has likewise succeeded greed for gain; all economic life has become tragically hard, inexorable, and cruel" (Pope Pius XI, 1931, 109). Yet, Pius is even more harsh toward the socialist response, regarding it as inimical to Christianity for it collectivist and materialist philosophy as well as for its desire to abolish private property and its view that all of history is that of class conflict (Pope Pius XI, 1931, 111-120).

The sentiment of working to find a middle way between the perceived extremes of liberalism and socialism was common in the 1930s and produced alternative approaches in different places. For example, we see the emergence of the "welfare state" in the United States with the creation of the New Deal programs and alternatively Italy adopted a corporatist state that many believed Pius to be supporting with the writing of *Quadragesimo Anno*. Pope Leo XIII did commission a report to study and define corporatism in 1881 and the Church was well known to be supporting this form of socioeconomic organization. Benito Mussolini was perhaps pushing his form of fascist corporatism as a way of achieving the Vatican's approval and thus the approval of most Italians who were Catholic. The Lateran Treaty of 1929 appeared to cement this relationship by settling the ongoing dispute between the Church and the Italian unification efforts known as the Roman Question. The Vatican recognized the sovereign state of Italy in exchange for its own sovereignty and a financial refund. However, there is no official endorsement to be found in any of the encyclicals and the conflict between Italian Fascism and the Vatican was far from over. Pope John Paul II would later articulate that the Church's teaching did not constitute a third way between the two extremes, but was rather a guide to Christian behavior belonging to the field of moral theology (Pope John Paul II, 1987, 41). The Church has since distanced itself from corporatism, not because of its precepts, but perhaps because of its association with fascism which the Church would come to regard as nearly as evil as Stalinism in the build up to the Second World War (Pollard 2005).

Continuing with *Quadragesimo Anno*, Pius is quite harsh on the owners of capital remarking that they have long been able to appropriate too much to themselves and so he affirms the right of the state to tax and redistribute in order to bring "private ownership into harmony with the needs of the common good" so as to protect the overall institution of private property and the general well-being of the commonwealth (Pope Pius XI, 1931, 49-54). Pius finds a more equitable distribution of goods to be preferable and encourages the wage-contract be modified into a partnership-contract where workers can then share in ownership and management (Pope Pius XI, 1931, 65).

For establishing a just wage, Pius adds to the Leonine condition that it must support the family with the concern of the condition of the business and the greater public good. That is, the wage should support the family without causing undue strain on the business and the society at large (Pope Pius XI, 1931, 71-74). For example, a business would not be required to pay what would be considered a just wage if the business would fail for doing so. At that point, the employer would have a difficult decision that should be made in light of all of the Church's teaching. Pius reminds his readers that the main purpose of a just wage is to pursue the greater good of a life of Christian virtue (Pope Pius XI, 1931, 75).

The major contribution of *Quadragesimo Anno* is what has become known as the principle of subsidiarity. Pius asserts that a just society requires a correction of morals and reform of institutions, but that in recent history societies have placed a greater emphasis on social structure changes and have thus placed a great burden on the state. Pius's principle of subsidiarity requires that all levels of society work together united by the bond of solidarity to achieve its ends and that larger institutions not interfere with the tasks proper to smaller institutions (Pope Pius XI, 1931, 80-84). This principle becomes the defining principle for the role of the state and all intermediate organizations in their service of the common good. Each of the following Popes makes reference to it when defining the scope and role of the state in its purpose of providing for social justice and thus it constitutes a significant objective criterion for the ordering of society in accord with justice.

However, this principle is intentionally left very general or wide open to interpretation, as it does not state specifically how much or how little the state must get involved. It only states that the national government should only get involved when smaller, more immediate social institutions and organizations are unwilling or unable to perform the function necessary for the common good. Some defenders of American Federalism invoke the principle of subsidiarity as an official Church endorsement of states' rights against the federal government's power (Woods 2005). However, how this principle is applied is left open for prudential judgment, and thus leaves open the door for widely varying interpretations or applications of public policy on matters concerning social justice, which helps explain the divergence in opinion among Catholics, particularly the groups under examination below.

Pius again rejects the ordering of society upon the conflict between classes or a staunch competition among individuals, which in both cases end up in economic dictatorship (Pope Pius XI, 1931, 87-88). Instead of class conflict and free competition, society is to be ordered according to social justice and social charity. Here again, Pius stresses that a return to Christian life is needed to correct the ills that have befallen the world in the early 1930s, and blames the root of the defection on preferring the goods of this world to the goods of the after-life (Pope Pius XI, 1931, 132-136).

Mater et Magistra

Mater et Magistra, written by Pope John XXIII, came thirty years later on the 70th anniversary of *Rerum Novarum* and prior to the Second Vatican Council. John's purpose was to commemorate the prior encyclicals and confirm and make more specific the teaching of his predecessors in light of the new developments of his day (Pope John XXIII, 1961, 50). Those new developments include: technological advancements in communication and transportation, social insurance and security programs in advanced nations, and decaying colonialism but with more involved governing bodies.

In light of these changes, John re-affirms the principle of subsidiarity laid out by Pius XI and solidifies the right to personal initiative in the sphere of economics with a cooperating state to facilitate personal initiative and responsibility (Pope John XXIII, 1961, 51-56). Here, John remarks that the more involved state welfare programs have brought some positive changes in human welfare, but have also narrowed the sphere of a person's freedom of action (Pope John XXIII, 1961, 62). Yet, this restriction in personal freedom isn't regarded as a complete negative. Instead, the increase in social relationships occurring at this time (enabled by the improvements in communication and transportation technology) must be fostered toward the common good with all associations ordered toward that end (Pope John XXIII, 1961, 59-67).

John goes on to condemn the unjust wages of many, particularly in the third world: “in some of these lands the enormous wealth, the unbridled luxury, of the privileged few stands in violent, offensive contrast to the utter poverty of the vast majority” (Pope John XXIII, 1961, 69). Remarkably, John’s remedy to this situation stands in stark contrast to the recommended solution of those who favor the free market: “We therefore consider it Our duty to reaffirm that the remuneration of work is not something that can be left to the laws of the marketplace; nor should it be a decision left to the will of the more powerful. It must be determined in accordance with justice and equity; which means that workers must be paid a wage which allows them to live a truly human life and to fulfill the family obligations in a worthy manner” (Pope John XXIII, 1961, 71). He then reaffirms the standards for a just wage as articulated by Leo and Pius.

John disparages economic growth for its own sake, calling for a proportionate emphasis on social growth and a shared distribution of the gains a nation makes economically (Pope John XXIII, 1961, 73-76). Concerning economic systems as a whole, John has this to say: “if the whole structure and organization of an economic system is such as to compromise human dignity, to lessen a man’s sense of responsibility or rob him of opportunity for exercising personal initiative, then such a system, We maintain, is altogether unjust—no matter how much wealth it produces, or how justly and equitably such wealth is distributed. It is not possible to give a concise definition of the kind of economic structure which is most consonant with man’s dignity and best calculated to develop in him a sense of responsibility” (Pope John XXIII, 1961, 83-84). Though John refrains from approving any particular economic system, he points to Pius’s directive to the state to safeguard small industry and promote cooperation among businesses and other economic associations, as well as to increase the participation of workers in the decision making processes of the business and the state.

Of immediate interest to this inquiry, John approves of the increased confidence in the future people have as a result of social security systems adopted by many nations, and similarly the policies working for a wider distribution of property (Pope John XXIII, 1961, 105-115). In the same context, John reaffirms the right to private property, including productive property, as a guarantor of personal initiative and other freedoms that often go hand in hand, but does not deny the power of the state to own productive property especially were that property "[carries with it] a power too great to be left to private individuals without injury to the community at large" (Pope John XXIII, 1961, 116). The guiding principle of prudential application in these decisions is of course the principle of subsidiarity.

Continuing on the same line of thought, John asserts that the state will never be able to remedy all of the tragic situations that arise within a nation and thus "there will always remain…a vast field for the exercise of human sympathy and the Christian charity of individuals" (Pope John XXIII, 1961, 120). Within a long section concerned with the agricultural industry, John once again remarks that systems of social security "can be instrumental in reducing imbalances between the different classes of citizens" (Pope John XXIII, 1961, 136). In fact, it is the duty of the state to reduce imbalances and to bring the standard of living in less developed areas into line with the national average through policy designed to promote employment, enterprising initiative, and the exploitation (use) of local resources with consideration of the supply of labor, the drift of population, wages, taxes, credit, and the investment of money (Pope John XXIII, 1961, 150). The justification for such policy being the common good, that is, the good of all citizens with preferential attention given to the most vulnerable.

John concludes *Mater et Magistra* by reminding its readers that scientific, technological, and economic progress are only instrumental in character and are not supreme values in themselves (Pope John XXIII, 1961,175). He laments that, in his time, these values have primacy of place over the spiritual values articulated by the Church; indeed, he regards the imagining of humankind's natural sense of religion as nothing more than mere fantasy and as an obstacle to human progress as the fundamental modern error (Pope John XXIII, 1961, 176 & 214). Recognition of the moral order whose existence is in God is needed as is taking account of the whole person, his or her material body and his or her deep-rooted sense of religion (Pope John XXIII, 1961, 208 & 213). Indeed, "to search for spiritual perfection and eternal salvation in the conduct of human affairs and institutions is not to rob these of the power to achieve their immediate, specific ends, but to enhance this power" (Pope John XXIII, 1961, 257).

John mostly confirms what had already been taught by his predecessors, but he does further elaborate those principles. In fact, his elaboration can in places be quite maddening because he demands that the state do more to reduce imbalances among its people and internationally and in general took a positive attitude towards its policies of social security, but in others seems to castigate it for claiming too much for itself. Throughout his comments on the state, is the concern for the common good guided by the principle of subsidiarity. His view of the common good includes private property, employment, personal initiative, just wages, reduced imbalances between the rich and poor, right use of resources, and protection of small industry especially agriculture. These, then, could be considered objective criteria for the evaluation of public welfare policy.

Above all, as with the other popes, the moral and religious order must hold primacy over the economic and technical order. Policy must not place material progress above spiritual progress; rather the pursuit of the latter should enable the former. This is most certainly the criterion placed above all others for evaluation of policy, though measuring any policy by this standard may prove quite difficult.

Pacem in Terris

Pacem in Terris, or Peace on Earth, was written just two years later, by the same John XXIII. It broke the tradition of writing on the anniversary of *Rerum Novarum*, but had a somewhat alternative purpose. Instead of a primary focus on economic activities, such as the rights of workers and the role of the state in economic affairs, John's focus in *Pacem in Terris* was on international relations and global peace. Its insertion in the body of official Catholic social thought stems from its broad overall social purpose and for its inclusion of economic teachings. I have included in this examination because it most directly and succinctly tackles the issue of human rights, providing the clearest 'bill of rights' of all the encyclicals.

The Church again was behind other institutions, including the government of the United States and the United Nations, this time in outlining a clear bill of rights. The foundation for most of the rights included in the Church's unofficial bill of rights had existed for centuries in the teachings of Church fathers, but had not been clearly articulated in one place until *Pacem in Terris*. There is considerable commonality with the U.S. Bill of Rights and U.N. Universal Declaration of Human Rights, perhaps signifying the Christian history and character of Europe and America during the time those bills were written.

At the outset John remarks that humans are created in God's image, and is thus endowed with the dignity that comes with it as well as the rights and responsibilities to actualize that dignity (Pope John XXIII, 1963, 3-9). Indeed, it is because he or she is a person created in God's image that he or she has rights and obligations that are universal and inviolable. Among these rights are "the right to life, bodily integrity, and to the means which are suitable for the proper development of life…primarily food, clothing, shelter, rest, medical care, and… social services. [Also], the right to security in cases of sickness, inability to work, widowhood, old age, unemployment, or in any other case in which he is deprived of the means of subsistence through no fault of his own" (Pope John XXIII, 1963, 11).

Furthermore, "by the natural law every human being has the right to respect for his person, to his good reputation; the right to freedom in searching for truth and in expressing and communicating his opinions, and in pursuit of art, within the limits laid down by the moral order and the common good; and he has the right to be informed truthfully about public events" (Pope John XXIII, 1963, 12). "The natural law also given man the right to share in the benefits of culture, and therefore the right to a basic education and to technical and professional training in keeping with the stage of educational development in the country to which he belongs" (Pope John XXIII, 1963, 13).

Additionally, the right to practice one's religion both privately and publicly according to one's own conscience, the right to choose freely the state of life which they prefer including the right to a family, with equal duties and rights for both the man and the woman (Pope John XXIII, 1963, 14-15). The family is grounded on monogamous and indissoluble marriage and is the first and most essential institution of human society (Pope John XXIII, 1963, 16). In the economic sphere, one has the right to an opportunity to work, to work without coercion, to work with a safe physical and moral environment, to a just wage, to private property, and to assemble and form workers' associations (Pope John XXIII, 1963, 17-23).

Continuing, humans have the right to the freedom of movement within his own country, and when necessary to emigrate to other countries (Pope John XXIII, 1963, 25). Humans have the right to take an active part in public affairs and to juridical protection of his rights that is impartial and efficacious (Pope John XXIII, 1963, 26-27).

John immediately follows his bill of rights with a 'bill of duties: "The natural rights with which we have been dealing are, however inseparably connected, in the very person who is their subject, with just as many respective duties; and rights as well as duties find their source, their sustenance and their inviolability in the natural law which grants or enjoins them" (Pope John XXIII, 1963, 28). Rather than a comprehensive list, however, he cites a few examples such as with the right to life comes the corresponding duty to preserve it and with the right to the search for truth comes the responsibility to pursue it ever more completely (Pope John XXIII, 1963, 29). For "it is not enough, to acknowledge and respect every man's right to the means of subsistence if we do not strive to the best of our ability for a sufficient supply of what is necessary for his sustenance" (Pope John XXIII, 1963, 32). This requires mutual recognition of rights and much collaboration to see them actualized

(Pope John XXIII, 1963, 33 & 44). Force and coercion are unacceptable means of attaining this ideal, as the right to act freely is among those rights (Pope John XXIII, 1963, 34). John is confident that reflecting on one's rights will lead to the recognition of spiritual values such as truth, justice, charity, and freedom (Pope John XXIII, 1963, 45).

Though force and coercion are unacceptable, John considers a legitimate public authority as necessary to preserve its rights and institutions (Pope John XXIII, 1963, 46). However, this authority must appeal primarily to the conscience of its citizens rather than use threats and fear of punishment to achieve its end of the common good (Pope John XXIII, 1963, 48). Furthermore, all authority comes from God, so in cases where civil authority passes laws against God's eternal law or moral order, those civil laws are not considered binding on its citizens (Pope John XXIII, 1963, 51).

Authority coming from God does not deny citizens the right to choose those who are to rule the state or to decide the form of government; democracy as such is not ruled out (Pope John XXIII, 1963, 52). Indeed, John does not endorse any one form of government, but instead gives the state directives it must meet for a good and just society (Pope John XXIII, 1963, 66-70). The state's sole purpose is the realization of the common good consisting of both material and spiritual values, which citizens are expected to conform their wants and desires to, and which requires special attention given to those who are less able to defend their rights (Pope John XXIII, 1963, 53-57). Protection of individual rights and duties is chief among the tasks of the state in its duty to realize the common good (Pope John XXIII, 1963, 60-61). In fact, the first requisite for any juridical organization is drawing up a charter of fundamental human rights (Pope John XXIII, 1963, 75). The second requisite is a constitution outlining the various offices of the government and their spheres of competence or duties expected of them in their performance of their office (Pope John XXIII, 1963, 76). The final requisite is that the relations between government and governed are clearly defined in terms of rights and duties with particular attention paid to the first requisite: the protection of the rights and duties of citizens (Pope John XXIII, 1963, 77).

Protection of rights is important for the avoidance of growing inequality, but the state's participation should not be such that individuals are robbed of their freedom (Pope John XXIII, 1963, 63, 65). John also assigns these tasks to the state: provision of infrastructure, insurance systems, and employment which are all necessary for a person's authentic development (Pope John XXIII, 1963, 64).

Much of the rest of *Pacem in Terris* is dedicated to the relations between states and is, as such, only indirectly related to the present inquiry. One comment of note is John's stance on revolution versus reform, a topic that becomes more relevant among the other Catholic writers: "It must be borne in mind that to proceed gradually is the law of life in all its expressions; therefore in human institutions, too, it is not possible to renovate for the better except by working from within them, gradually" (Pope John XXIII, 1963, 162). Thus, John takes a clear stance against revolution, preferring instead gradual, peaceful reform, a sentiment echoed by his successors.

Pacem in Terris in invaluable as the clearest source of a Catholic bill of rights, while noting that each and every right comes with it an equally important duty on the part of every citizen. It is also quite valuable in its expectation of the role of the state in the manifestation of those rights and duties belonging to all persons. To the objective criteria for a good and just society with which one can evaluate public policy, can be added the bill of rights and duties provided by *Pacem in Terris*.

Populorum Progressio

Populorum Progressio (PP) was written just four years later by Pope Paul VI focusing on the 'development of peoples'. This encyclical is notable in that it started a new line of social encyclicals that would commemorate it as a landmark document just as previous popes had done for *Rerum Novarum*. Though *Populorum Progressio* is noteworthy for this reason, it is limited in its contribution to the criteria with which to evaluate public policy, mostly because it is a further explication of the principles already outlined by previous popes.

The main message of *Populorum Progressio* is that authentic development is more than just economic growth, because humans are more than material (Pope John XXIII, 1967, 14). Yet, because humans are material, the right ordering of the economic sphere is important for their overall authentic development. For this right ordering, the state has an important role to play (Pope John XXIII, 1967, 33).

State programs "should reduce inequalities, fight discriminations, free man from various types of servitude, and enable him to be the instrument of his own material betterment, of his moral progress and of his spiritual growth…It is not sufficient to increase overall wealth for it to be distributed equitably" (Pope John XXIII, 1967, 34). Yet, people have the prime responsibility to work for their own development (Pope John XXIII, 1967, 77). Notably, proper development does not lead to complete fulfillment on earth as humans are unable to attain perfect happiness in this life, a stance that is anti-worldly and often runs counter to the normative foundation of modern economics (Nelson 2001).

Laborem Exercens

Laborem Exercens (LE), on Human Work, was the first social encyclical written by Pope John Paul II. It was written in 1981, on the ninetieth anniversary of *Rerum Novarum*, but is unusual in that its focus was solely on the 'worker question,' which John Paul believed was at the center of the broader social question (Pope John Paul II, 1981, 2). The limited focus of *Laborem Exercens* also provides a limited offering of criteria with which to judge social policy, but is the best encyclical when it comes to policy concerning employment making it very important for the evaluation of Temporary Assistance for Needy Families.

For John Paul, work is an activity specific to humanity, a sharing in the act of the Creator, God (Pope John Paul II, 1981, 0, 4, 25). It is bound up with the greater social question and because it is a fundamental dimension of a person's existence, it is also the center of economic morality (Pope John Paul II, 1981, 3-6). The technology used by workers and the produce that results from the work are the objects of work, while the worker is the subject of work (Pope John Paul II, 1981, 5-6). So while capital goods and machinery are good and can be useful for a person's development, they are not to be considered or placed above the subject of work, the worker: "the primary basis of the value of work is man himself, who is its subject…work is for man and not man for work" (Pope John Paul II, 1981, 6). Therefore, treating work as a mere commodity or as some impersonal force is in violation of right order (Pope John Paul II, 1981, 7). John Paul comments that this was a common error in the capitalism of the early 19th century, but that that attitude toward work had largely disappeared (Pope John Paul II, 1981, 7). He does not condemn wage labor in and of itself in this context, but merely comments on the attitude toward wage labor.

John Paul's understanding of work as a human activity isn't all that dissimilar to Marx's understanding. Both saw work as an activity peculiar to humans, but for Marx work is that free and conscious activity that forms humankind's species character because "man treats himself as a universal and therefore free being" (Marx 1961 (1844), p. 100). Though they both saw work as a human activity necessary for a person's material sustenance and development, Marx does not anchor his understanding of humankind and work in a Creator, but in humankind itself: "For Marx, man is alive only inasmuch as he is productive, inasmuch as he grasps his own specific human powers, and of grasping the world with these powers. Inasmuch as man is not productive, inasmuch as he is receptive and passive, he is nothing, he is dead. In this productive process, man realizes his own essence, he returns to his own essence, which in theological language is nothing other than his return to God" (Fromm 1961, p.29-30).

Despite this apparently cavernous difference, both recognized an alienation of work in the capitalist economic system because of a reversal of means and ends. For Marx, the alienation resulted when capitalists exploited the workers by appropriating that which they created (Marx 1961 (1844), p. 102-103). For John Paul, the alienation resulted when capitalists in particular and society more generally put the means of production and the end products (the objects) before the human person doing the creating (the subject).

Continuing with LE, John Paul reaffirms the right to form worker's associations or unions and even calls for greater worker solidarity (Pope John Paul II, 1981, 8). Though work can be toilsome, it is still good for a person by transforming nature to his or her purposes and producing virtue (Pope John Paul II, 1981, 9). It is also the foundation for family life (Pope John Paul II, 1981, 10).

John Paul condemns the conflict between labor and capital, commenting extensively on what he regards as the errors on both sides and then affirms what he already stated about the primacy of humans over capital as the subject of work (Pope John Paul II, 1981, 11-13). Though this may seem to support socialist efforts, John Paul stands with his predecessors by defending the right to private property which is always subject to the right to common use (Pope John Paul II, 1981, 14):

> "property is acquired first of all through work in order that it may serve work. This concerns in a special way ownership of the means of production. Isolating these means as a separate property in order to set it up in the form of "capital" in opposition to "labor" and even to practice exploitation of labor is contrary to the very nature of these means and their possession. They cannot be possessed against labor, they cannot even by possessed for possession's sake, because the only legitimate title to their possession-whether in the form of private ownership or in the form of public or collective ownership- is that they should serve labor, and thus, by serving labor, that they should make possible the achievement of the first principle of this order, namely, the universal destination of goods and the right to common use of them" (Pope John Paul II, 1981, 14).

Additionally, the former pope calls for more joint ownership of the means of work, as did his predecessors (Pope Pius XI, 1931, 65; Pope John XXIII, 1961, 32).

Work is a duty belonging to all persons who are able, and thus comes with it many rights and obligations on the part of employees, employers, and the state. The state is required to conduct a just labor policy, a policy that respects the objective rights of the worker (Pope John Paul II, 1981, 17). An unjust labor policy includes the existence of unemployment, which is evil in all cases, as is the lack of unemployment benefits for those who cannot find work (Pope John Paul II, 1981, 18). These duties on the part of the indirect employer, or the state, are of the utmost relevance to an evaluation of TANF.

Just remuneration for work falls primarily on the relationship between the direct employer and the worker (Pope John Paul II, 1981, 19). Correspondingly, the evaluation of any socioeconomic system in its final analysis should be based on the remuneration to its workers. Remuneration includes wages, but also healthcare, right to rest, pension, old age insurance, workman's compensation, and decent working conditions (Pope John Paul II, 1981, 19). Indirectly, because of the right to emigrate, immigrants must not be exploited by unjust wages or working conditions. They, too, deserve the same considerations as citizens.

Centesimus Annus

Pope John Paul II's most famous encyclical, *Centesimus Annus* (CA), written on the 100th anniversary of *Rerum Novarum* mostly re-affirms the principles asserted by Leo XIII back in 1891. John Paul proposed a re-reading of *Rerum Novarum* that "will not only confirm the permanent value of such teaching, but will also manifest the true meaning of the Church's Tradition, which being ever living and vital, builds upon the foundation laid by our fathers in the faith, and particularly upon what the Apostles passed down to the Church in the name of Jesus Christ, who is her irreplaceable foundation" (Pope John Paul II, 1991, 3). It was thus imperative to John Paul to establish the unity and continuity of the Church's social teaching by applying the same moral principles and teachings to the contemporary situation which was notably just after the fall of communism.

John Paul is adamant in his denial of socialism as a social ill that hurts the very people it intends to help (Pope John Paul II, 1991, 12). Its fundamental error is a misunderstanding of the human person who is both social and autonomous, rather than simply an element within the social organism or a series of social relationships, and the foundation of which is atheism (Pope John Paul II, 1991, 13). He condemns class struggle not restrained by ethical considerations and state control of the means of production (Pope John Paul II, 1991, 14-15). He also continues his predecessors' preference for gradual and peaceful reform of social institutions directed toward the common good (Pope John Paul II, 1991, 15).

Many modern writers have pointed to these portions of *Centesimus Annus* as a defense of capitalism and democracy, including the Neoliberal Catholics like Michael Novak and Thomas Woods examined below. John Paul does approve of some aspects of what he called the modern business economy, including its basis in economic freedom (or the freedom of economic initiative), but notes it also has some "risks and problems" connected with it (Pope John Paul II, 1991, 32). Among these risks and problems are that many people do not have the means to participate in the economy in a dignified way or even to enter the network of resources and knowledge that enable economic participation and so are marginalized if not altogether exploited (Pope John Paul II, 1991, 33).

Additionally, "the human inadequacies of capitalism and the resulting domination of things over people are far from disappearing. In fact, for the poor, to the lack of material goods has been added a lack of knowledge and training which prevents them from escaping their state of humiliating subjection" (Pope John Paul II, 1991, 33). Consumerism, artificial consumption, having rather than being, destruction of the environment and family, and alienation are all concerns of John Paul's in the modern business economy (Pope John Paul II, 1991, 37-42).

It appears to John Paul that the "market is the most efficient instrument for utilizing resources and effectively responding to needs," but only for solvent needs, such as for items of food or clothing that are appropriately bought and sold (Pope John Paul II, 1991, 34). The market is incapable of meeting the insolvent needs of the human person, such as community or the pursuit of truth and beauty that cannot be bought and sold are often neglected in the contemporary world (Pope John Paul II, 1991, 34, 40). The failures of the market, in this case, are not because of mainstream economic theory's conception of market failures, but because the market is an inappropriate means to achieving the common good even in cases where there may not be market failure according to economic theory. For example, a market for prostitutes may meet all the conditions of efficiency and utility maximization for economic theory, but would be considered immoral and an improper use of the market for the common good. Like his predecessors, John Paul is clearly warning against a market fundamentalism that sees the market as the tool to fix all or most social or material ills, but he does see a positive role for the market is some situations:

"what is being proposed as an alternative is … a society of free work, of enterprise and of participation. Such a society is not directed against the market, but demands that the market be appropriately controlled by the forces of society and by the State, so as to guarantee that the basic needs of the whole of society are satisfied" (Pope John Paul II, 1991, 35).

John Paul II reaffirms Leo XIII's call for sufficient wages, social insurance, and protection of working conditions (Pope John Paul II, 1991, 34). He also does not completely condemn the profit motive but demands that it be enjoined to other human and moral factors, which are equally important to the life of a business (Pope John Paul II, 1991, 35).

Though the Church long supported monarchy and the feudal system of social governance, John Paul puts forth the Church's acceptance of democracy inasmuch as it enables citizens to actively and peacefully participate in making political choices and so long as it is guided by ultimate truth with a correct conception of the human person (Pope John Paul II, 1991, 46). However, democracy is recognized only as one possible legitimate form of government. Indeed, "The Church respects the legitimate autonomy of the democratic order and it not entitled to express preferences for this or that institutional or constitutional solution. Her contribution to the political order is precisely her vision of the dignity of the person revealed in all its fullness in the mystery of the Incarnate Word" (Pope John Paul II, 1991, 47).

The Church's acceptance of democracy is notable because the Church had previously rejected it as inseparable from the heretical philosophy and social movement of liberalism (Holland 2003). It should be recalled that the early proponents of liberalism were trying to liberate themselves and social institutions from the power of the Church and the feudal hierarchy. The Church's apparent reversal on its stance toward democracy is remarkable then given this history but unsurprising given that many proponents of liberalism softened their hostility toward the Church as secular governments had successfully separated themselves from the Church. Liberal governments also often established the right to religious freedom, most notably in the United States, enabling free practice of the faith to a great extent for the Catholic clergy and laity. Though the Church still maintains that liberal philosophy is heretical and dangerous, it no longer sees democracy as inherently evil, just potentially problematic.

In regards to the economy, the State is expected to provide and protect individual freedom, private property, a stable currency, and efficient public services (Pope John Paul II, 1991, 48). It must work to guarantee the rights of individuals and families, of which the primary responsibility falls on those individuals, families, and the intermediate associations that make up society. Furthermore, the state has the responsibility to sustain business activity to allow for sufficient job opportunities by intervening in times of crisis (Pope John Paul II, 1991, 48). John Paul recalls to mind the principle of subsidiarity as a guide for State involvement in the economy and rebukes the abuses and excesses of the welfare state in those cases where bureaucracy supersedes genuine human concern and replaces fraternal support (Pope John Paul II, 1991, 48).

Finally, as is typically the case, John Paul ends his encyclical with a view to higher values by calling for a "change in life-styles, of models of production and consumption, and of the established structures of power" toward love for others and the promotion of justice (Pope John Paul II, 1991, 58).

Caritas in Veritate

Caritas in Veritate (CV) is the most recent social encyclical, written by Pope Benedict XVI in 2009 amidst the Global Financial Crisis. The aim of the encyclical was to commemorate *Populorum Progressio*, which Benedict considers to be the *Rerum Novarum* of the present age. Benedict stressed that charity in truth is the principal driving force in a person's development and is at the heart of the Church's social doctrine (Pope Benedict XVI, 2007, 2). Justice and charity require that one must seek the common good which is the good of every person, family, and intermediate group and cannot be understood apart from the truth (Pope Benedict XVI, 2007, 7).

Importantly, Benedict makes the claim as did his predecessors that the Church does not have any technical solutions to offer for the resolution of social conflicts. Instead, its role is to promulgate the truth and guide the people as a moral educator (Pope Benedict XVI, 2007, 9). Also significantly, Benedict reiterates his predecessor's claims that Church's social doctrine is a single teaching, consistent and ever new, not something that consists of multiple typologies (Pope Benedict XVI, 2007, 12).

With regard to state participation in the welfare of the nation's people, Benedict reapplies much of what had already been said by his predecessors. He laments the downsizing of social security systems and labor associations that result from global competition and leave the weakest and most vulnerable more powerless (Pope Benedict XVI, 2007, 25). He forcefully reminds governments that it is their responsibility to protect human capital above all else and to provide for employment opportunities so as not to leave the unemployed dependent on assistance (Pope Benedict XVI, 2007, 25, 32). Benedict rejects the idea that the market needs an inbuilt quota of poverty in order to function at its best and states that the market alone is not enough, but must be shaped by “moral energies from subjects that are capable of generating them” (Pope Benedict XVI, 2007, 35). Indeed, neither the market nor the state are sufficient in themselves; and a market plus state model is “corrosive of society” (Pope Benedict XVI, 2007, 39).

As an extension of the principle of subsidiarity, Benedict argues that “development programs, if they are to be adapted to individual situations, need to be flexible; and the people who benefit from them ought to be directly involved in their planning and implementation” (Pope Benedict XVI, 2007, 47) again echoing the corporatist sentiment of participation by all parties.

Benedict contributes to our framework for evaluating welfare policy by reinforcing the principles given previously and primarily through his affirmation that the Church’s social doctrine is consistent and unified while offering not technical solutions for economic injustices.

Official Catholic Social Teaching provides the dominant framework for thinking about and evaluating social and economic policy from a Catholic perspective. The Papacy and Episcopacy provide the teaching or Magisterium on matters of moral philosophy, which is believed to be protected by the Holy Spirit. Much of the commentary contained in the encyclicals goes beyond simple enumeration of moral directives, but any disputes concerning those principles are settled in the last instance on the authority of the Church contained in the

Bishops in union with the Papacy (Pope Paul VI, 1964). To be clear, the Church holds that persons of good will, those who seek to obey the Church's moral directives, may disagree about the best way to actualize those directives in social structures, but may not disagree with the directives themselves and remain in communion with the Church. Allowance for differences in opinion over the best applications and the means of pursuing those common ends is the gateway for an examination of the following groups who identify as Catholic, but have substantial disagreements over the best way to pursue the common good.

Fr. John Ryan and the Reformers

The publication of *Rerum Novarum* would inspire many Catholic thinkers including the young priest and economist, John A. Ryan, who earned the nickname "Right Reverend New Dealer" because of his support for Roosevelt's New Deal programs. Ryan was far less politically active than is commonly thought, but his national radio speech endorsing Roosevelt for President in 1936 drew the ire of Archbishop Curley of Baltimore (Beckley 2001). Ryan was a clear proponent of a welfare state, a market economy with government welfare programs, because he perceived *Rerum Novarum* and *Quadragesimo Anno* to favor such a system. He liked much about the capitalist socioeconomic system, but strongly argued for many reforms to protect those it mistreated, particularly the working class.

His dissertation, *A Living Wage*, was written during widespread debates for minimum wage laws and is a cornerstone for those who support minimum wage laws, wage guarantees, or basic income guarantees (Ryan 1912). Ryan argued that wages under capitalism were determined largely by bargaining power, and that because employers held more power, wages and conditions were lower than that required by justice (Ryan 1912). He liked many aspects of the free market system including the personal initiative and freedoms it offered over a socialist socioeconomic system, but spoke out against the economic doctrine of the time (such as the ‘laws’ of supply and demand) that applied only to very specific conditions or particular circumstances and yet were used to justify large income inequalities on moral or efficiency grounds (Ryan 1912).

Ryan adamantly defended the right to private ownership, not as an inviolable right without conditions, but as something that is indirectly necessary for individual welfare (Ryan 1916, 19-60). His stance on private ownership is nothing more than an echo of Pope Leo XIII’s: “Private ownership of the earth’s resources is right and reasonable not for its own sake—which would be absurd—but because it enables men to supply their wants more satisfactorily than would be possible under a regime of common property” (Ryan 1912, 71). Likewise, interest and profits are not intrinsically good or bad, but are judged by their effect on individual welfare (Ryan 1916, 186, 254).

In a debate with American socialist, Morris Hillquit, Ryan demonstrated his opposition to socialism and his support for state welfare programs as a cure for the evils of unbridled capitalism:

> “While holding these rather decided views regarding socialism, I would have the reader understand that I am not an undiscriminating apologist of the present industrial system. In many of its elements it is far, very far, from satisfactory or tolerable. On the other hand, it is not bankrupt. It has in it the possibilities of immense improvement. Hence we are not compelled to continue it as it now is or to fly to socialism. There is a third alternative, namely, the existing system

> greatly, even radically, amended. And this I believe to be the only reasonable choice, and the only enduring outcome" (Ryan and Hillquit, 1920, 13).

Despite his opposition to socialism, Ryan argued that the greatest injustice in his time was the great inequalities in wealth and income, or a general lack of distributive justice. Toward this problem, he dedicated much of his work. Ryan reiterated the long held Catholic teaching that the wealthy had a moral obligation to distribute from one's superfluous wealth as a matter of justice and charity (Ryan 1916, 307).

Toward this end, Ryan placed goods into three classifications: "the necessaries of life, the conventional necessities and comforts, and those goods which are not required to support either existence or social position" (Ryan 1916, 308). The first class of goods is always necessary for everyone without qualification or concern for social position. The second class of goods is only necessary for conventional reasons, while the third class are unnecessary without qualification. Those with the third class of goods are always obligated to distribute to those without the necessary allotment of the first and second class of goods; likewise, those with the second class of goods are obligated to distribute to those without the necessary allotment of the first class of goods. Of course, determining the appropriate allotment of goods in the first class and second class is difficult, if not impossible, but the moral principles hold true and are useful for evaluation specific policies dedicated toward the alleviation of a lack of first class goods, such as TANF. In this section, Ryan appears to be referring solely to personal gift of superfluous goods rather than to state appropriation, but it is clear in other sections that Ryan favors the use of the state to carry out policies such as progressive taxes and minimum wage laws to ensure a more just distribution of wealth and goods (Ryan 1916, 296, 407).

Ryan's overall concern was the welfare of all individuals, or what the Church has called the common good (Ryan 1916, 109, 244). That is, he evaluated human and economic institutions "with reference to human welfare" (Ryan 1916, 109) and by human welfare he meant "not merely the good of society as a whole, but the good of all individuals and classes of individuals" (Ryan 1916, 109), a sentiment that echoes the corpus of official Catholic Social Thought. Ryan was concerned with equality of welfare and not equality of material goods (Ryan 1916, 244). Equality, needs, effort, productivity, and scarcity are all valid claims on distribution, but only if considered together and not in isolation (Ryan 1916).

Despite his emphasis on modification of the capitalist social structures as a means to obtain justice in the temporal sphere, Ryan still held an otherworldly outlook:

> "Neither just distribution, nor increased production, nor both combined, will ensure a stable and satisfactory social order without a considerable change in human hearts and ideals. The rich must cease to put their faith in material things, and rise to a simpler and saner plane of living; the middle classes and the poor must give up their envy and snobbish imitation of the false and degrading standards of the opulent classes; and all must learn the elementary lesson that the path to achievements worth while leads through the field of hard and honest labour…and that the only life worth living is that in which one's cherished wants are few, simple, and noble. For the adoption and pursuit of these ideals the most necessary requisite is a revival of genuine religion" (Ryan 1916, 433).

Yet Ryan was optimistic about the good that could be done through social reform: "Many of our social wrongs and maladjustments spring directly from the limitations of human nature, such as ignorance and greed; these would exist and be effective under any system whatever. The evils which are specifically traceable to capitalism, for example, oppression of labor, unrighteous and unearned incomes, and the insufficient distribution of productive property, can all be eliminated through measures of social reform" (Ryan and Hillquit, 1920, 38).

For Ryan, the welfare state was an optimal application of the moral principles put forth by Pope Leo XIII in *Rerum Novarum*. That is, Ryan sought for a good society through the structures loosely labeled the welfare state. In terms of Church language, Ryan's prudential judgment led him to conclude state welfare programs were the best way to achieve the moral principles put forth by the Church. He had no disagreements with the principles themselves, thus, his desire for a welfare state is in no way a contradiction against Church teaching, but it doesn't follow that the welfare state is necessarily the only right application of Catholic Social thought. For evaluation of Temporary Assistance for Needy Families, Ryan and his followers only uniquely offer their prudential judgment of best application, not any new moral principles with which to judge particular applications.

Distributism

Distributism also emerged around the turn of the 20th century primarily in the writings of the English authors G.K. Chesterton and Hilaire Belloc. The Distributists distinguish themselves from the other groups here by their preferred structure for a good and just society, which they called the distributive state. The distributive state is a state in which “the mass of citizens should severally own the means of production” (Belloc 1912, p#). The movement took place primarily in England and has not had a major influence on policy in the United States. Today, the movement exists in the work of John Medaille and in the magazine *The Distributist Review*.

Like the Popes and Fr. Ryan, Distributists are dissatisfied with both capitalism and socialism for differing reasons. They defend the right to private property, but argue against capitalism because of its unequal distribution of productive property. Distributists reject a society where the capitalists own the means of production and the workers are employed to work for a wage on the means of production. Though they may at times sound like socialists, they generally argued that pursuit of the collectivist state could only end in the servile state (Belloc 1912). That is, they argued that the state owning the means of production was no better, or perhaps even worse, than capitalists owning the means of production (Chesterton 2001 (1926)).

Distributism appears to have a lot in common with Georgism, the late 19th century American political and economic movement built on the works and policy proposals of Henry George. Both movements were concerned with social justice and were fundamentally at odds with capitalism and communism. However, Georgists argue against the private ownership of land for several reasons, the violation of distributive justice caused by the economic rents collected by the landowner chief among them. Distributists argue that private ownership of land and productive property more generally is so good and fundamental to human existence that it should be shared as widely as possible. Georgists proposed a single tax on land values to incentivize development of the land and to spread the wealth more broadly. Distributists are more likely to favor some sort of land reform policy that spreads ownership of the productive property more broadly (Law 1993). It is also worth noting that George wrote a letter to Pope Leo XIII because he thought that *Rerum Novarum*, and its defense of private property in particular, was targeted against him. Though evidence that this was indeed the case is scant if not non-existent, George did face some opposition from the American hierarchy including Archbishop Corrigan of New York (Nuesse 1985).

In opposition to Ryan, Belloc and the Distributists generally stood against the welfare state, because they argued it is merely another incarnation of the servile state. Policies such as the minimum wage, workman's compensation, and unemployment insurance reinforce servile relations of the laborer either to capitalists or the state as the owners of the means of production (Belloc 1912). Belloc states his case:

> "The future of industrial society…left to its own direction, is a future in which subsistence and security shall be guaranteed for the Proletariat, but shall be guaranteed at the expense of the old political freedom and by the establishment of the Proletariat in a status really, though not nominally, servile. At the same time, the owners will be guaranteed in their profits, the whole machinery of production in the smoothness of its working, and that stability which has been lost under the Capitalist phase of society will be found once more" (Belloc 1912, 112-3).

The Distributists also prefer smaller more local production over large-scale production, promoting small shops and arguing against monopoly (Chesterton 1926, 67). E.F. Schumacher, a British economist and late convert to Catholicism, would also promote smallscale local production and consumption with the publication of his widely acclaimed book, *Small is Beautiful* (1973), which is often included in the canon of Distributist literature.

In terms of moral objectives, Distributists stand on the side of both the Popes and Fr. Ryan with their support of private property. They also support a wide distribution of it and for the worker to own (or to share in ownership of) the productive property with which he works to produce output. Distributists thus emphasize the relations of production and the role of the worker in the production of output by considering the servile state, where workers are at the mercy of capitalists or the state for their wages and subsistence, as an unjust state. It is a moral prerogative that the workers own the means of production with which they work. The Popes and Fr. Ryan do not emphasize this principle as much as the Distributists, but do not disagree with the sentiment. For example, the Popes have in several instances promoted workers' cooperatives as an alternative form of production (Pope John XXIII, 1961, 93; Pope John Paul II, 1981, 14).

Though, neither Belloc nor Chesterton mention specifically the moral directives underlying their structural proposals, it is clear that they stand with the moral directives of the Catholic Church and its understanding of the ultimate reality of the universe and the nature of man (Chesterton 1926, 180). The whole of their project is dedicated toward the fulfillment of those directives despite failing to explicitly mention them in their writings on the Distributist state. In this way, they do not add much to our list of objectives to analyze TANF, but reinforce the proposed idea that though they hold a unique structural vision for society, they share a common moral philosophy.

Dorothy Day and the Catholic Worker Movement

Dorothy Day and the Catholic worker movement, a distinctly American movement, are often lumped in with Distributists. They both share a desire for decentralization, property sharing, and worker cooperatives and Day, herself, often supported and defended the movement. However, the Catholic worker households and preference for worker cooperatives distinguish this group at least somewhat from the Distributists.

The young Day was heavily influenced by the socialist movement, but she later converted to Catholicism, and though she continued to fight for workers' rights, her ideological outlook changed considerably. Soon after conversion she met the mastermind behind the Catholic worker movement, Peter Maurin. Together, they started distributing the Catholic Worker newspaper in 1933 advocating for the rights of workers and pushing their vision for society best exemplified by the Catholic worker houses of hospitality and farms that sprang up across the country.

The goal of the Catholic worker movement was "to realize in the individual and society the expressed and implied teachings of Christ" (Day 1983, xvi). Thus, like the other groups considered here, the goal was to apply Catholic moral teaching to social structures, which the Church allows and encourages the laity to do through the use of prudential application. Day and Maurin wanted to reunite politics, economics, and sociology with the Gospel and the Papal encyclicals (Day 1983, xxiv & xxvii).

They, too, were disdainful toward both socialism and capitalism, seeing the materialist philosophy at the heart of each. Their ideal socioeconomic structure was "a decentralized economy in which [there was] a healthy balance between town and country, the work of the mind and of the hand, all to be fostered through the development of cottage industry, cooperatives, and communal farming" (Day 1983, xxv). They "supported the right to private property in a decentralized form; opposed nationalization; supported strikes and unions, but spoke in terms of worker ownership, cooperatives, and a return to the land; endorsed the medieval ban on usury; called themselves anarchists, while claiming authority for their eclectic platform in the lives of the saints and the tradition of Irish monasticism" (Day 1983, xxx).

The houses of hospitality set up by Day were some of the earliest forms of worker cooperatives in the United States that followed in the tradition of Robert Owen's utopian socialist communities. Not long after Day and Maurin began the Catholic Worker movement in the United States, a worker cooperative in Spain known as the Mondragon Corporation was created by Catholic priest Jose Maria Madariaga in 1955 with the intent of applying Catholic Social Teaching. Madariaga and Day both saw worker cooperatives as an alternative to socialism and capitalism. Support for worker cooperatives can also be found in non-Christian thinkers like Marxist economist Richard Wolff and influential thinker Noam Chomsky who also find fault with the capitalist system of wage labor.

Though some of the other Catholic schools of thought would certainly disagree that worker cooperatives and decentralization are the best way to pursue the common good, we still see many of the same familiar moral directives: the dignity of all human life, the value of meaningful work, the importance of community, the preference given for the poor and most vulnerable, the right to private property, the necessity of personal responsibility for the good of one another, and the disdain for acquisitiveness and materialist philosophy.

Liberation Theology

Liberation Theology is unique in that it arose out of Latin America, not Europe or North America, in the 1960s and 1970s beginning at a regional synod in Medellin, Colombia and culminating in the Puebla conference in Puebla, Mexico and the murder of Archbishop Oscar Romero in El Salvador (Ellacuria and Sobrino, 1993). The movement is the center of much scrutiny from both the political left and right and many conspiracy theories concerning it abound. Though Liberation Theology has largely faded from the public eye over the past three decades it remains a polarizing topic for those interested in its propositions.

Liberation theology is primarily a theology, and not a vision for an ideal social structure like the schools of thought considered above. However, Liberation Theology, unlike Thomism (the dominant strand of philosophy in contemporary Catholicism), is based in orthopraxis as opposed to orthodoxy (Gutierrez 1988 (1971), 8). That is, Liberation theologians offer a theology from the perspective of the poor with an emphasis on practice—the practice of liberating the poor from their oppressors (Ellacuria and Sobrino, 1993, 57-85). Thus, the theology they propose is in a sense a political program as well as a systematic way of thinking about theology.

Fr. Gustavo Gutierrez is considered the chief intellectual of the Liberation Theology movement and his book, *A Theology of Liberation*, is the cornerstone of their movement. Looking exclusively at the vision Gutierrez had for social structures, we find a disdain for the institutionalized violence of the poor caused by capitalism (Gutierrez 1988 (1971), p. xxi). He also rejected the Neoliberal view of development proposed by the wealthy countries and imposed on Latin America by those very same nations (Gutierrez 1988 (1971), p. 14-16).

For Gutierrez, “only a radical break from the status quo, that is, a profound transformation of the private property system, access to power of the exploited class, and a social revolution that would break this dependence would allow for the change to a new society, a socialist society—or at least allow that such a society might be possible” (Gutierrez 1988 (1971), p. 17). He holds this view because he perceives attempts to ameliorate the evils of the present system were at best treatment of the symptoms; they did not treat the root causes of the problems. In this way, Gutierrez clearly agrees with Marx that private property is the root cause of the class conflict and oppression evident in capitalism, and so must be thrown out in “a struggle against all the forces that oppress humankind…a permanent cultural revolution” (Gutierrez 1988 (1971), p. 21). Reform simply is not enough to build a just society (Gutierrez 1988 (1971), p. 31).

Ultimately, the source of Liberation Theology’s trouble with the hierarchy of the Church and the Congregation for the Doctrine of the Faith (CDF) lies in its use of Marxist philosophy and terminology (CDF 1984). Marxism, as a philosophy and economic program, had already been condemned by previous Popes when Cardinal Ratzinger wrote *Libertatis Nuntis* as head of the CDF in response to Liberation Theology’s use of Marxist concepts. Though the Vatican ordered Leonardo Boff, a Brazilian Franciscan priest and proponent of Liberation Theology, to a period of penitential silence in 1984, it was not because he supported Liberation Theology, but because of his political activism and disobedience to his local bishop (Cox 1988). Liberation Theology has never been condemned by the Vatican; the commentary and discipline amounts to a criticism of its use of Marxist analysis and a reprimand of overt political activism by some of the priests who embraced the movement.

Despite the apparent hostility, John Paul II would later comment in a letter to the Brazilian Bishops' conference that Liberation Theology is timely, useful, and necessary (Hennelly 1990). The Church hierarchy has already adopted their principle and term 'preferential option for the poor' in its official social teaching. Finally, Fr. Gutierrez has written a book *Taking the Side of the Poor - Liberation Theology* with German Cardinal Gerhard Muller, a former student of Gutierrez who is now the Prefect for the CDF and appointee of Pope Benedict XVI, formerly Cardinal Joseph Ratzinger.

The adoption of a Marxist analysis of capitalism and the opposition to private property certainly puts Gutierrez and his followers at odds with the position taken by the Popes and the other schools of thought (which oppose Marxism and the eradication of private property). It could be argued that the Distributists also sought a sort of revolution of the capitalist system by arguing for a massive redistribution of productive property to all families. However, despite this considerable difference and frequent misunderstanding, the moral foundation remains the same. To a great extent, each school of thought puts an emphasis on liberation from oppressive social structures and from sin as well as on the importance of communion with God and neighbor. Liberation Theologians saw in capitalism the opposite of the actualization of those moral directives, and much like Marx, believed that true liberation could not be realized under a capitalist social structure, something that puts them on the opposite end of the spectrum of the remaining influential Catholic school of thought.

Neoliberal Catholics

The last group under consideration is harder to label, but they generally align themselves with neoliberals, or those who favor capitalism, free markets, and a laissez faire government on economic issues. Catholic thinkers within this group include Fr. Robert Sirico, Michael Novak, Thomas Woods, and George Weigel. They are typically heavily influenced by the Ludwig von Mises, Friedrich Hayek, and Austrian school of thought and thus contain a libertarian political perspective (Woods 2005, 7). This group has grown in influence and number over the past few decades in the United States for a number of reasons. One potential explanation is the growth in wealth and social status of American Catholics from their early days as poor, recent immigrants who were heavily involved in the labor movement and the Democratic Party. Another hypothesis for their growth is the American two party system itself. The Democratic Party has increasingly taken opposing positions on moral and social issues with the Catholic Church which perhaps contributes to Catholic alienation from the left's economic platform. Whatever the reasons, this group has grown in influence and is worthy of consideration as a school of thought within Catholic Social Teaching.

These Catholics tend to favor free market solutions to economic problems, not only for their belief in the effectiveness of the free market, but also because of their belief in the ineptitude and corruption of central authority (Novak 1993). Their argument for the free market is not merely about efficiency or maximum output, but is primarily a moral argument based on the principles of freedom and justice (Woods 2005, 27). That is, they believe the free market is the best or only social structure that ensures justice and freedom, as well as the rest of the Catholic moral principles. Yet, they make a clear distinction between normative values and economic analysis. Christianity provides the foundation for the former, while the latter aids in the application of those normative values (Woods 2005, 33).

Their preference for the free market certainly puts them at odds with the other groups in terms of preferred social structures for the achievement or pursuit of the common good. Private property is not only a moral right, but the best means to a happy and comfortable economic life (Sirico 2012, 30-36). Concern for the poor is best demonstrated by helping them get a job and not providing them a crutch on which they become complacent and dependent (Sirico 2012, 48-49). Furthermore, minimum wage policies and labor unions only act against their intention of helping the poor by increasing unemployment and hampering productivity growth (Woods 2005, 50-75). Likewise, economic growth ameliorates the plight of all, especially the poor, and growth is best obtained through free trade (Sirico 2012, 52). The disruptive nature of free markets is secondary to the gains made in efficiency (Sirico 2012, 66).

According to this group, capitalism requires agents with a strong moral foundation. However, pursuit of profits is expected and is not considered immoral (Sirico 2012, 85-88). Equality of wealth or property is rejected as an idol. Inequality is not evil in and of itself, “the real moral problem is that some people lack the basic necessities of life, along with the opportunity to earn those basic necessities in a free society” (Sirico 2012, 103). State welfare programs are harmful because they desiccate compassion and replace true charity, which requires a personal connection. Poverty is best ameliorated by family, friends, neighbors, and private charities who reach those in need on a personal level and who best know the needs of the person.

These neoliberal Catholics see themselves as bringing together good economic science with proper Catholic morals, as a prudential application of the Church's social teaching. They tend to downplay the Popes' commentaries on economic issues insofar as they stray from moral philosophy into economic science (Woods 2007, 91-93). For example, they agree that humans have a fundamental human right to freely associate, but argue that "any suggestion that support for labor unions is somehow morally obligatory upon a Catholic must…be false, since the premise on which it rests is fallacious" (Woods 2005, 74), with that premise being that labor unions help the plight of the poor. In some cases, they argue that Pope John Paul II broke from his previous teaching to favor the free market more unabashedly than his predecessors, which is a dubious claim (Pope Benedict XVI, 2007, 12). However, their basic moral outlook remains consonant with their detractors. For example, human persons are created by God, made for love, and because of this possess an inherent dignity that transcends any civil authority's attempt to redefine morality (Sirico 2012, 110). Work is an imperative component of this dignity, as is participation in the life of the community according to the principle of subsidiarity. Responsibility for the good of each other is an inherent duty, but should take place on a local level rather than at the state level.

Common Objectives

Each non-official school of thought, inspired by the life of Jesus and the encyclicals, sought the common good with their vision of social structures that best achieved the ends pertaining to the Catholic conception of the common good. It was not their task to offer an alternative set of moral principles, but to apply their Catholic faith in their particular social and economic context. They clearly disagreed over the best way to achieve the common good, but did not dispute the moral principles that compose the common good with few exceptions. Liberation theologians drew criticism from the hierarchy for its embrace of the Marxist political agenda to end private property, a right defended by the Church. Because the hierarchy will not officially endorse any of the proffered social solutions, no one socioeconomic system can be considered "Catholic". This does not preclude one from evaluating particular social systems or programs on how well they accord with the common good. Such an evaluation requires knowledge of the conditions necessary for the common good and knowledge of the effects of the program.

Each group would clearly disagree over their evaluation of TANF as a social structure designed to ameliorate the pains of poverty. Yet, despite their differences, there remains a common moral foundation, which lies at the heart of their structural prescriptions. An evaluation of TANF from the perspective of Catholic moral philosophy, then, should start with the following common principles.

First and foremost is the dignity of all human life. All other moral principles flow from this first principle that persons are made in the image and likeness of God and are made for God or eternal happiness. Anything that detracts from that dignity, or views persons as only belonging to this world, would fall short of this most fundamental criterion.

Following closely behind is the right to a life free from destitution, because humans are material beings and need material goods to survive and live virtuously; the right to free association stemming from the social nature of persons which chiefly involves the family, but also includes labor unions and other social organizations; and the right to pursue truth and freedom of religion stemming from the spiritual nature of persons. Also included are the rights to material security in cases of vulnerability, private property, economic initiative, and the opportunity to work with just wages and working conditions.

Flowing from these rights are the responsibilities to protect them: the duty to participate in the community and work for the good of others; the duty to defend and provide for the vulnerable; the duty to maintain peace; and the duty of the state and all social organizations to work for the common good according to the principle of subsidiarity.

All of these have as their goal social justice and the common good, which "embraces the sum total of those conditions of social living whereby men are enabled to achieve their own integral perfection more fully and more easily" (Pope John XXIII, 1961, 74); a society where the spiritual is primary to the material, distribution of wealth is just and equitable, workers have a say in production and management decisions, resources are used with care and temperance, and persons are free from oppression and dependence on impersonal forces or structures. These are the moral criteria with which to judge public policy from a Catholic moral perspective and with which I will evaluate Temporary Assistance for Needy Families.

CHAPTER FIVE

EVALUATING THE GOALS, POLICY SPECIFICS, AND EFFECTS OF TANF FROM A CATHOLIC PERSPECTIVE

Conducting a normative analysis of a particular government policy requires adopting a normative perspective and an understanding of the intent and effects of that policy. The dominant Neoclassical welfare economics perspective attempts to evaluate economic outcomes and government policies that affect those outcomes without recourse to any particular normative value system or moral philosophy, but doing so is impossible. No amount of empirical investigation can reveal the correct normative perspective by which to evaluate economic outcomes and government policies.

Adopting a normative perspective is thus necessary if one wants to make statements about general or societal welfare, but doing so is still problematic because of the many competing moral philosophies. Even agreement on a particular moral philosophy can yield differing analyses of economic outcomes and government policies. Here, empirical investigation can aid in the evaluation of a government policy by laying bare the effects it has on the general welfare of the people to which the policy applies. The particular moral philosophy of interest in this dissertation was that of the Catholic Church and the government policy of interest is Temporary Assistance for Needy Families in the United States. The normative perspective of the Catholic Church was investigated in chapter four and the particular policy of interest in this evaluation, Temporary Assistance for Needy Families was investigated in chapters two and three.

The investigation of Catholic social teaching revealed that official Church teaching, or Magisterium, allows differences of opinion regarding specific policies as to how well they accomplish the moral directives the Church holds as true, but does not allow disagreement about those moral directives. As a historical fact, there have been and continue to be disagreements among Catholics concerning economic welfare policies and those disagreements tend to align into a few groups: supporters of the welfare state led by Fr. John Ryan, the Distributists, the Catholic worker movement, the Marxist supporters known as the Liberation theology movement, and the Neoliberals led by Michael Novak.

Though it’s impossible to know for sure, Fr. John Ryan and like-minded Catholics as supporters of the New Deal and other welfare programs would probably have argued against reform of AFDC into a stricter policy. Their general argument for providing a living wage through federal government policy, would likely turn them against the gutting of AFDC and the harsher policies its recipients must follow to earn assistance.

Hilaire Belloc, a Distributist, marked himself as an early opponent of the welfare state as just another form of the servile state, where recipients were merely the slaves of the state instead of the slaves of the corporation (Belloc 2008 (1912)). Furthermore, Distributists’ preference for smallness or local-ness pits them against most forms of federal welfare assistance (Schumacher 1973). Though they might favor the decentralization of welfare policies achieved in part by the PRWORA, they would still likely reject the federal rules and the entire project of federal welfare assistance in favor of a more even distribution of productive property and a reliance on local communities for assistance in cases of poverty. Dorothy Day and the Catholic Worker movement would likely agree.

Supporters of Liberation Theology would also largely reject the entire project of welfare assistance because it does not address the root cause of poverty which is the private ownership of productive property in the hands of a few. State welfare assistance merely enables the broader economic system to endure and those who benefit from it to continue exploiting the poor. They surely would have opposed the shrinkage of the assistance and the more stringent policies accomplished by PRWORA, but also would have pointed out its general futility.

Despite this apparent unanimous rejection of TANF from these disparate Catholic groups, the final group evaluated in chapter four, the Neoliberal Catholics influenced by the Austrian school of economics largely approve of the PRWORA. They tend to oppose most forms of government welfare assistance because it interferes with the workings of the free market and it incentivizes free riders. Adding a work participation requirement and time limit to cash assistance thus fits their view of how the economy works and how people behave. It is not that they are unconcerned for the poor. They feel that the poor are better served by the market rather than by the state, and that any poverty is best served by private charity rather than by an impersonal bureaucratic system.

Each of these groups are applying the moral philosophy and social teaching of the religion they belong to, the Catholic church. The disagreement is allowed insofar as it stems from applications of prudence and goodwill and not from an alternative moral philosophy or selfishness. Therefore, the rightness or wrongness of these disparate applications of Catholic social teaching hinges on the evidence and reasoning of the argument presented.

Many of the Church's directives are broad or even vague making a normative analysis of a very specific policy, like TANF, difficult. The following argument is an attempt to assess TANF's goals, policy specifics, and effects and their accordance with the directives consistent with the common good standard of the Catholic Church.

Goals of TANF

The goals of the legislators who reformed AFDC into TANF were varied, but the primary goal was to reduce welfare dependency through the implementation of a stricter policy utilizing a work participation requirement and a time limit. The new requirements were designed to incentivize and help recipients find work. The federal government also allowed states to set eligibility requirements individually leading to wide variation in state TANF policies. The goal here was most certainly to reduce the amount of control and funding provided by the federal government. However, it could be argued that the implementation of the federal requirements—the work participation requirement, the maintenance of effort expenditure requirement, and the time limit—centralized power or control over this particular welfare program. Additionally, the federal government reduced and fixed the amount of federal funding by converting to a block grant that has not been increased in its near 20-year history. The federal government thus centralized and decentralized in different respects its primary cash assistance program by passing the Personal Responsibility Work Opportunity Reconciliation Act. Finally, a less stated goal of the PRWORA was to reduce the number of out-of-wedlock births, especially to teenagers.

The Church clearly supports the goal of reducing dependency on the state for material welfare (John Paul II, 1991, 15). Ideally, all families would be able to provide for themselves with mutual aid and support from the community without relying on cash assistance from the federal or state governments. However, the church does recognize that the state has a responsibility to support the material welfare of its citizens if such assistance is necessary (Pope John XXIII, 1961, 62). Federal assistance would be necessary if more immediate and local institutions were unwilling or unable to provide that support (Pope Pius XI, 1931, 80-84).

The original impetus of AFDC was to provide cash assistance to widows or other single mothers who lost their main form of material support in their husband and continued to provide assistance for some of the poorest families in the United States. In this regard, the Church would approve of the attempt to uphold the dignity of human life by providing material assistance to prevent families from living in destitution. The policy also does not violate the right to private property and is even an attempt to more evenly distribute access to goods and services that were given to humanity in common, which would garner the popes' approval (Pope John XXIII, 1961, 73-76).

While reducing welfare dependency is certainly a worthy goal from the Catholic church's perspective, reducing welfare dependency by reducing caseloads can only be deemed of value to the common good if poverty or need is also reduced. If caseloads are reduced, but poverty is not, then true dependency or material need has not been eradicated.

Determining whether or not federal assistance is necessary hinges, then, on one's assessment of the need of the nation's citizens, that is, their inability to provide for themselves via more localized institutions. There might appear to be no a priori justification for the federal government's involvement in cash assistance over more localized involvement, but it could be argued that the national government has a particular interest in the well-being of its citizens that individual states cannot address adequately for the well-being of the nation as a whole. That is, the federal government has an interest in preventing the inequality and variability in policies that might cause disunity. Such a determination depends on prudence and wisdom. Catholic teaching does not offer a clear-cut, definitive answer to this question.

The government both centralized and decentralized aspects of its cash assistance program with the passage of the PRWORA. Granting states more freedom to set their own TANF policies with regard to many of the eligibility requirements is consistent with the principle of subsidiarity. However, the three federal requirements and the fixed block grant maintained or even increased federal power over the policy. It is possible that federal requirements and the block grant are also consistent with the principle of subsidiarity should it be shown that the lower level institutions were unwilling or unable to perform those functions necessary for the common good.

State governments generally are less able to respond to the need of its citizens than the federal government. Not only are state budgets smaller, but they are often subject to balanced budget requirements. State governments also do not have the flexibility in funding programs as users of the U.S. dollar that the federal government has as its issuer (Wray 1998). Furthermore, variations in state programs and their respective funds spent on those programs could cause substantial inequality across the nation, harming its unity and cohesion. For these reasons, federal funding is necessary, however, funding the program with a block grant essentially eliminates the advantage of being a currency issuer.

Policy Specifics of TANF

Though federal involvement in welfare policy can be justified according to Catholic Social Teaching, the specific requirements deserve a closer look. The federal work participation requirement that states meet the thresholds of 90% of married families and 50% of all families participating in work or a work-related activity or lose federal funding is designed to incentivize states to design their individual policies so that the recipients themselves are incentivized to find work. TANF was specifically designed to reduce welfare dependency by demanding that most recipients find work or participate in activities that might improve their hire-ability. However, states have been unable to meet those thresholds. They avoid losing federal funding by reducing their work participation requirement thresholds through caseload reduction credits. States are designing policies to reduce caseloads rather than to meet the work participation requirements because it is easier and more cost effective for them to do so.

From the perspective of Catholic Social Teaching, work participation requirements are not necessarily bad, because the Church recognizes that along with the right to work, adults have the responsibility to work to provide for their families and communities (Pope John XXIII 1963 pp. 34, Pope John Paul II pp.5). Incentivizing recipients to find work and improve their hire-ability when they otherwise would not do so out of laziness can be beneficial to the recipient if it enables them to provide for themselves and their families without government assistance.

However, the incentives will be ineffective if the recipient or the person in need is unable to work or faces obstacles to finding a job that pays a living wage that are not self-imposed. The incentives might be useful for some insofar as it motivates them to find work when they otherwise would not, but not for all. Without considering its effect, the work participation requirement could be considered valuable through its motivating effect on the lazy welfare recipient, to the extent that they exist, but such a requirement on those unable to work or facing other significant obstacles would be useless or ineffective and an unnecessary burden on those who are already burdened financially.

Furthermore, credits granted to states for caseload reductions perversely incentivizes states to skirt the work participation requirement (and goal of motivating recipients to find work) and to reduce caseloads by some other means, such as avoidance grants or stricter eligibility rules. Caseload reductions give the appearance of reduced welfare dependency, but such an appearance would not conform to reality if those reductions are achieved through stricter policies and remaining or increasing financial need. The point of the policy is to provide assistance and enable recipients to earn a living income so that assistance is no longer needed. These caseload reduction credits remove assistance and do not enable recipients to earn a living income, making them inconsistent with the normative standards of Catholic social teaching.

Similarly, the federal life time limit of 60 months of assistance was designed to incentivize recipients to find work because eventually they will lose financial assistance provided by TANF. While states can give specific recipients exemptions or extensions to that time limit, the existence of a time limit is largely inconsistent with the normative standards of Catholic social teaching. As noted above, it may motivate the unmotivated to find work at a living wage, but the application of a such a limit to the recipients who do not fit this description is unwarranted and unnecessarily burdensome. Financial assistance should not be based on arbitrary time limits, but on the need of the person and his or her dependents.

It is difficult to evaluate the other specific aspects of the TANF policy elements for the nation as a whole because of their variability from state to state. In general, each element of the policy should be designed to better provide assistance to those who need it so as to uphold the dignity of the person while considering all of the other duties a state must perform for the common good.

Effects of TANF

Normative evaluation of the policy elements and goals is important, but says nothing of its effects. The investigation of TANF's effect on recipients conducted in chapters 2 and 3 reveal further information by which to evaluate TANF's consistency with Catholic social teaching. The first model specification, which included a variable for TANF's restrictiveness, indicated an increased likelihood of a former recipient earning an income above the federal poverty level that was slightly greater than the increase in likelihood of a former recipient earning an income below the federal poverty level. A dummy variable for those who only received TANF showed an even greater difference between the two outcomes for former recipients. It would be possible, then, to conclude that reforming AFDC into TANF and increasing the restrictiveness of TANF is good for the recipient, however, inclusion of a dummy variable for those who only received AFDC shows that AFDC recipients were far more likely to receive cash assistance and showed a greater spread between the likelihood of earning an income above the federal poverty level and earning an income below the federal poverty level. Such a result indicates that welfare reform did not improve the likelihood of recipients earning an income above the federal poverty level and thus achieving a result consistent with the common good as viewed from the perspective of the Catholic church.

The fixed effects models, controlling for all time-invariant characteristics, also indicated that though TANF increases the probability of a former recipient earning an income above the federal poverty line, the likelihood of earning an income below the poverty line is greater than earning an income above it. The results of these models are consistent with the results of other studies that showed welfare reform or TANF's relative restrictiveness contributes to a great likelihood of a former recipient earning an income below the poverty line (Cheng 2007, Irving 2008, Kaushal and Kaestner 2001). Though the relatively stricter TANF policies are potentially consistent with Catholic social teaching, insofar as they enable or motivate recipients to find work that pays an income above the poverty level, the results indicate that the stricter policies do not have this effect.

When evaluated alongside the non-declining poverty rate and the long diminishing portion of the overall safety net, the stricter cash assistance policy should be considered a failure from the Catholic standard of the common good because it has not diminished need or dependency and has not fared well relative to its predecessor in improving the likelihood of former recipients earning an income above the poverty line, which is already a very low standard for a living wage.

Conclusion

A rejection of TANF and its stricter policies says nothing of the overall effects of the United States' economic welfare policies. As reviewed in chapter 1, TANF exists alongside several other forms of assistance for the poor such as the Earned Income Tax Credit, the

Supplemental Nutrition Assistance Program, Medicaid, and others. Individual states also implement a few of their own additional forms of economic assistance. PRWORA brought about a decline in the value of and impact of TANF as a portion of the overall safety net. At around the same time as PRWORA, the EITC was expanded and SNAP and Medicaid have grown as need has grown. The overall effect of these policies and their changes over the past two decades may have been for the better. TANF deserves special attention because of its role as the successor to the long standing federal cash assistance program, AFDC, and because of its stated goals to end welfare dependency through stricter requirements.

The Catholic church's social teaching sets a standard for economic and social welfare it calls the common good which entails a number of rights and responsibilities for the citizens, the government, and all other institutions. Though Catholics who adapt and adhere to the Church's social teaching may disagree about how well particular policies achieve the standards of the common good, this investigation concludes that reform of AFDC into TANF did not achieve its own goal of ending welfare dependency and its stricter policies fail to achieve or take steps toward the common good as understood by the Catholic church.

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