Social Welfare Policy

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INTRODUCTION

State social welfare policy is a big and meaty topic for political science research, but it is hardly an extraordinary one. It is important because the social welfare policies of the states affects millions of lives, often providing a crucial safety net that cushions the needy from the hard floor of poverty. Yet is not an exceptional topic, as the principles that guide political action – and systematic research – are common across a wide range of policy areas. The complex politics of social welfare are not unlike those discernible elsewhere, especially those concerning redistributive policies (for general depictions of the policy process, see for example Hill 2009; Birkland 2010; for redistributive policies, see especially Lowi 1972 and Wilson 1980). There is no special reason to believe that the behavior of the various political actors – executives, legislators, judges, bureaucrats, journalists, activists, citizens – involved in the states' social welfare policies will differ in any substantial way from the behavior of those involved in policy at the national level, or within different policy domains at the state level. Political actors, acting upon incentives and goals within institutional frameworks, determine state social welfare policy.

Understanding the politics of social welfare policy at the national level can provide key insights into state-level politics and vice versa: the most important difference between the two levels of government, in terms of scholarly study, is that the fifty state governments create a much larger set of observations, making state social policy far more amenable than national social policy to quantitative research. Imagine, for example, that one could create a set of models to explain some set of social welfare policy outcomes, and that these models would be applied to national and state policies. We might reasonably expect that the same, or nearly the same, models would be suitable for studying both levels of government, although one might naturally anticipate that the models would produce somewhat different results regarding the magnitude and significance of particular relationships. The main advantage of state-level research, of course, is the vastly larger sample sizes that can be used to estimate the relationships.[1] The disadvantage of state-level research, however, can be the temptation to rely on quantitative models, which by their very nature require the researcher to (over)simplify complex concepts into data that can be measured consistently over time.

Scholarly writings on state social welfare policy would fill a very large bookshelf. This chapter will focus primarily on the section that contains the quantitative models, assessing common themes, strengths, and weaknesses. Before doing so, I first provide substantive background on social welfare programs, describe their politically relevant dimensions, and outline the political arenas where policy choices are made.

SOCIAL WELFARE PROGRAMS

Social welfare programs either transfer income or provide services to individuals to improve the quality of their lives. The vast majority of social welfare spending is not aimed specifically at those in poverty, however, nor is it the product of state policy choices. For context, the largest national programs are Social Security, which spent about $700 billion dollars to provide pensions to the elderly, their dependents, survivors, and the disabled in 2011 (Office of Management and Budget 2011: 229). Medicare, a program that provides medical benefits to the elderly, cost the federal government approximately $575 billion that same year in (Office of Management and Budget 2011: 228). Public K-12 education, the largest social welfare program funded primarily by state and local governments, cost these governments over more than $600 billion in 2009 (U.S. Census Bureau 2011: 143). Many additional billions of dollars are invisibly transferred towards social welfare functions through tax breaks for housing, education, medical care, and pensions (Howard 1997).

Yet these social expenditures are not what is commonly known as welfare, which is the main focus of this chapter: welfare refers to those programs that provide public assistance only to the poor.[2] Federal, state and local governments administer a broad variety of welfare programs involving, for example, medical care, cash assistance, food, energy, housing, job training, and education, among other services. Much, but not all, welfare assistance is considered an entitlement. In an "entitlement program," any person eligible for benefits can obtain them; the government is obligated to provide the benefits necessary to fill all claims. In 2008, state and federal governments spent about $610 billion on means-tested, primarily entitlement, programs (U.S. Bureau of the Census 2011: 350). State and local governments together spent over $400 billion on "public welfare" in 2008 (U.S. Bureau of the Census, 2008: Table 1), surely a substantial sum but one dwarfed by federal spending on pensions and medical care for the elderly and state spending on public education.[3]

Medical programs are by far the largest federal (i.e., joint national and state) welfare programs, consuming more than half of the nation's welfare spending. Medicaid, which provides medical care to the poor, cost federal and state governments spending some $350 billion in 2009, with state governments paying almost 40 percent of this amount (National Association of State Budget Officers, NASBO 2010:45). In 2009, fully 85 percent of state spending on welfare was devoted to medical care, primarily through the Medicaid program (NASBO 2010: 30, 45).

Cash assistance programs now comprise only a modest share of state welfare spending, with the largest programs being Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI) and General Assistance (GA). The states play a minor role in all other welfare programs (for example, nutritional assistance, job training, or educational aid to the poor), as almost all state welfare spending provides either medical or cash assistance. In 2009, state governments spent $17 billion on TANF and another $10 billion on SSI and GA (NASBO 2010: 30, 32). Less than 50 percent of state spending on TANF was devoted to cash-assistance, however, with the remainder devoted to other services such as child care, transportation, work-related activities, and administration. Most states provided little income support to the poor outside of TANF, as California alone accounted for 50 percent of the non-TANF cash assistance (NASBO: 32).

In order to understand the politics surrounding state welfare programs – especially Medicaid and TANF – this section provides a brief summary of those programs' key elements.

Medicaid provides medical care to low-income persons who are aged, blind, disabled; to poor families with children; to certain other pregnant women and children (for a summary of Medicaid eligibility, services, and funding, see Klees, Wolfe and Curtis 2010). Created during the Great Society efforts of the mid-1960s, Medicaid is an entitlement program, with the federal government and state governments sharing responsibility. The federal government establishes program guidelines concerning eligibility, services, and financing, and the state governments design and administer the program. The state and federal governments split the cost of the program based on the federally established matching rate that requires the more affluent states to pay a higher share of the cost.

The federal government requires states, if they are to receive federal funds, to provide a broad list of medical services within Medicaid, including inpatient and outpatient hospital services as well as physicians' services, to the categorically needy. States are allowed to offer additional services such as the provision of drugs, eyeglasses, or psychiatric care, and they are also permitted to establish limits on recipients' use of the services (for example, on the number of hospital days reimbursed).

Until 2014, when the Affordable Care Act is scheduled to expand Medicaid eligibility, the program does not provide medical assistance to all those in poverty.[4] Until then, all states must provide Medicaid to individuals in "categorically needy" groups--for example, those eligible for SSI – although the states have broad discretion to determine who is eligible to receive Medicaid services.[5] States can also, at their option, provide coverage to those in "medically needy" groups--for example, those individuals who have extensive health needs but who do not quite fall within the administrative definition of poor. As of 2008, thirty-four states (and the District of Columbia) offered at least some services to the medically needy (Klees, Wolfe and Curtis 2010: 24). States are required to provide more extensive services to the categorically needy than to the medically needy.

Different categories of Medicaid have different needs and impose different demands on the program. Children comprise a majority of all recipients, but account for about 20 percent of the costs, for example, while benefits for the disabled account for some 45 percent of all benefits, even though less than 10 percent of all enrollees have disabilities.[6]

Medicaid does not have its own team of doctors. Instead, states reimburse private health care providers who deliver services to Medicaid recipients either through "fee for service" or "prepayment" (known variously as "managed care" or "HMO") plans. Within federal guidelines, the states set the reimbursement rates, although they are required to set them high enough so that Medicaid services will actually be available to recipients, at least to the extent that they are available to other residents in the state. Health care providers cannot charge Medicaid patients additional fees above these amounts.

Medicaid eligibility historically has been linked to participation in other welfare programs, in particular Aid to Families with Dependent Children (AFDC, which was abolished in 1996 and replaced by TANF) and SSI. The federal government began gradually expanding coverage for other low-income pregnant women and children beginning in the mid-1980s. More recently, the Children's Health Insurance Program (CHIP), created by Congress in 1997, further expanded eligibility for medical services to uninsured children in families with incomes above the federal poverty level. Eligibility for and enrollment in Medicaid has been broadest for children in poverty: in the 2000s, about two-thirds of poor children under age six received benefits compared with less than one-third of poor adults.

All individuals who are eligible for Medicaid are entitled to receive benefits although many, in fact, do not claim these benefits. Federal and state governments are obligated to pay for the medical services obtained by eligible recipients. These governments can neither budget precisely how much they will spend on Medicaid each year nor limit expenses to a fixed amount. As a result, this open-ended entitlement program has become the biggest challenge for state budgets, accounting for 21 cents of every dollar the states spend (NASBO 2011: 43). Medicaid is the gorilla of state welfare programs: in 2010, it served over 60 million individuals, at a cost to the states of some $150 billion.

Temporary Assistance for Needy Families aspires to improve poor families' economic conditions and reduce their dependence on government by promoting work, encouraging marriage, and reducing out-of-wedlock pregnancies (for a summary, see Office of Family Assistance n.d.). Created in 1996, TANF replaced the AFDC program that was widely seen as having the opposite effects. Although established by the federal government, TANF gives substantial authority to the states to determine who is eligible, what obligations they face, and what benefits they receive as well as how the programs will be designed, implemented, and evaluated. Unlike Medicaid, TANF is not an entitlement program: states can deny benefits to any family or category of poor family. The federal government awards each state a block grant to pay for the program each year, with a state's grant based on a federal formula. The states are required to spend at least 80 percent as much as they had for AFDC in 1994; if they impose effective work requirements, they need spend only 75 percent as much. The states can--and do--use a substantial portion of their TANF funds for purposes other than providing cash benefits.

TANF is more concerned with changing recipient behavior than providing cash assistance. As a main goal of TANF is to promote work, states are required to enroll substantial shares of their caseloads in job-related activities; by 2006, each state was required to have 50 percent of the single parents and 90 percent of the two-parent families in the TANF caseload working or face financial penalties. To discourage dependency, the federal government will not allow its funds to provide benefits to families for more than five years, although a small portion of the recipients can be exempted from these time limits. The states are allowed to terminate benefits earlier if they wish. To discourage childbearing, states may deny benefits to unmarried teenagers and their children or to children born while their mothers were receiving benefits. States may require school attendance by the parents if they have not completed high school, as well as numerous other behavioral requirements.

TANF enrollment, which had peaked at almost 13 million under its predecessor program (AFDC), had declined by about two-thirds to 4.3 million by 2010. TANF was scheduled for reauthorization in 2010, but the Congress enacted a one year extension of the $16.5 billion block grant that funded it, an amount that has not changed since the program was established in 1996.

THE POLITICAL DIMENSIONS OF SOCIAL WELFARE POLICIES

These features of TANF and Medicaid suggest multiple politically relevant dimensions for social welfare scholars to analyze.

First, TANF and Medicaid offer various kinds of *benefits*. Policymakers must therefore determine which kinds of benefits – and obligations – to provide within each program. While some benefits and obligations are determined by the federal governments, others are under the jurisdiction of state governments. This implies that state governments will seek to create the bundle of benefits and obligations that are consistent with the political preferences of the individual states. This topic has received the large majority of scholarly attention, with most quantitative studies estimating the determinants of eligibility, benefits, and costs. Given the quantity of these studies, and their diversity in the dependent variables, I focus on them below in terms of their "generosity" (i.e., more generous programs have lower eligibility standards, greater benefits, and higher costs).

Second, TANF and Medicaid provide different kinds of benefits to different categories of *people*. TANF provides cash and other services to the *poor*. Medicaid offers care to the *sick* (who also happen to be poor). Although the recipients in both programs are poor, the sick are more often seen as worthy of sympathy ("we all can be sick, through no fault of our own") while the financially needy are more likely the subjects of scorn ("they have earned their poverty").[7] Although both programs yield benefits, they differ in the *moral hazard* they create: no reasonable person will seek to become ill in order to obtain medical care, although suspicion exists that some will indeed seek to receive TANF's benefits in order to improve their material condition. As a result, Medicaid has been less politically controversial than TANF and its predecessor AFDC. Medicaid's recipients may be seen as an object of sympathy, while TANF's beneficiaries are the object of suspicion. This implies that state policymakers will be more concerned with restricting the generosity of TANF while perhaps more interested in expanding that of Medicaid.

Given how politically controversial it is, TANF has received much more attention from political scientists than has Medicaid. Even though TANF has contracted substantially while Medicaid has grown enormously during the past decade, no researchers apparently have systematically compared the two programs based on the idea that they provide benefits to different kinds of populations (but see Bailey and Rom 2004). With few exceptions, researchers have studied the programs in isolation (for a counterexample, see Stuber and Kronebusch 2004).

Third, TANF and Medicaid are both joint federal-state programs. This implies that the states will seek to influence the distribution of resources offered to them and requirements imposed on them. So far as I can tell, this topic has not been the focus of sustained scholarly inquiry, received little scholarly attention, with the exception of the annual "the state of federalism" articles in *Publius* and some articles concentrating on Medicaid waivers (see for example Schneider 1997 and Thompson and Burke 2009).

Fourth, TANF and Medicaid both require the provision of goods and services to the poor. State governments have substantial discretion to determine how these resources are to be provided. For Medicaid the services have always been delivered by non-governmental medical providers, so the question has been how to use these providers most efficiently, with the options focusing on how the providers are to be reimbursed (for example, through fee-for-service or lump-sum plans) and organized (e.g., in some sort of health maintenance organization (HMO) or traditional individual offices) (see e.g., Schneider 1997; Satterthwaite 2002; Lockhart, Sims and Klopfenstein 2008). In contrast, AFDC's benefits were customarily distributed through governmental welfare offices, while TANF's benefits have at times been administered through public bureaucracies, non-profit organizations, or for-profit firms, with the states determining which blend to adopt (Nathan and Gais 1998, Gainesborough 2003, Riccucci 2005, Dias and Maynard-Moody 2007).

Fifth, TANF and Medicaid vary dramatically in size. Medicaid accounts for 90 percent of combined TANF-Medicaid spending, and over 20 percent of total state spending. Medicaid thus puts far more financial pressure on the states than does TANF, and so the politics of Medicaid are much more likely to involve purely fiscal concerns. This fact has been the foundation of numerous analyses, most often in advocacy group publications or health policy journals such as *Health Affairs* rather than political science journals.

THE POLITICAL ARENAS

Social welfare policy is contested in three different, but partially overlapping, arenas.

A first arena is *within* the states. Here, the states' internal political dynamics are expected to determine policy choice, implementation, and consequences.[8] To understand these internal dynamics, the standard list of political actors and forces involved in the public policy process have been examined. This list includes the governors, the legislature, political parties, interest groups, public opinion and ideology, social and demographic factors, economic conditions, and prior policy choices. Intrastate research has dominated political inquiry, and so will comprise the bulk of my analysis. The key questions posed by intrastate research are: What actors and conditions influence state policy choices? What directions do these influences take?

A second area is *between* the states. Here, the critical concern is whether the social welfare policies of other states influence the policy choices of a given state. Two main possibilities exist: emulation or competition.

In emulation, a state imitates the policies of another state. It has long been established the policies diffuse among the states: in other words, states are likely to adopt policies that have been adopted by other states (beginning with Walker 1969, and Gray 1973; for a recent review, see Karch 2007). But diffusion is not necessarily the product of emulation. It is possible that some states sequentially adopt a particular policy not because they are imitating other states, but because a particular policy idea is sufficiently attractive that multiple states independently select it to address some policy problem (Boehmke 2009). The central questions thus are: Do states actually emulate the social welfare policies of other states? If so, what determines whether emulation occurs? Which states are emulated? Does it have to do with the internal political features of the emulating state? Does it have to do with the features of the policy that is being emulated?

Alternately, states strategically anticipate or react to the policies of other states to gain a competitive advantage or to avoid disadvantage. For redistributive policies such as welfare, this competition potentially leads to a "race to the bottom".[9] The logic is straightforward. Welfare programs transfer resources from the affluent to the poor, which requires that the affluent are taxed to provide the resources. Redistributive programs provide incentives for the poor to relocate to areas with more generous welfare benefits, while at the same time inducing the wealthy to move to areas with lower tax burdens. To the extent that the affluent are politically desirable constituents, and the poor undesirable ones, states risk becoming "welfare magnets" that attract those in poverty while repelling the prosperous. This prospect – whether based on reality or fear – leads states to reduce the generosity of their welfare programs below the level they would choose absent such competition. The key questions concerning competition include: Do welfare magnets exist? Do the states engage in race to the bottom competition?

A third area is *among* the states. Here, the states potentially work collectively (or in smaller groups) to shape the nature of the federal-state relationship, presumably to gain greater resources and/or more autonomy. The key questions are: Under what circumstances do the states work collaboratively to influence social welfare policy? In what circumstances are they successful in obtaining their policy goals? Political scientists by and large have ignored these questions regarding state social welfare policies.

POLITICAL FOCUS

The political activities concerning social welfare policy occur at conceptually distinct stages.[10] The first is problem definition: what are the social problems that are to be addressed? The second is policy formulation: what are the tools that might be useful to remedy the policy problem, and how do they get on the policy agenda? This stage often involves policy entrepreneurs – those who advocate for specific solutions. The third is policy choice (alternatively called legitimation): in this stage, the social welfare policies are actually adopted by the legislature (or perhaps the bureaucracy). In the fourth stages, the policies are put into practice. Finally, the policies are evaluated to determine their effectiveness. Virtually all research conducted by political scientists has focused on the policy choice stage, although many policy researchers have concentrated on implementation and evaluation. The initial and final stages have, by and large, been ignored by political scientists.

The dimensions, arenas, and focus of state social welfare policies have all received at least some scholarly attention. Some topics, such as TANF benefits, interstate competition, and policy choice, have been extensively covered; others have earned scant scrutiny. The following sections survey the extant research, indicating areas where consensus has been reached, where disputes remain, and where gaps remain.

RESEARCH ON THE POLITICAL ARENAS

Substantial attention has been paid to the internal determinants of state TANF policies, lesser attention has been given to Medicaid policies, and yet less has been focused on comparing the policies across the two programs.

Legislatures

The quantitative research on state legislatures and social welfare policy is somewhat perplexing. Legislative variables have been defined inconsistently, and no clear trajectory towards improvement is noticeable. The impact of legislative variables on social welfare policy outcomes has been inconsistent, in part because of the differing dependent variables examined and in part because of the various control variables included in the models, but also because of the multiple ways that the legislative variables themselves have been defined. The cumulative understanding of the relationship between state legislatures and social welfare choices thus has been modest, and the results often seem contradictory.

The main problem has been in defining legislative variables that are theoretically important, analytically interesting, and actually measurable in ways that are consistent across place and time. Four legislative concepts seem important; each has been included in one study or another, but no study apparently includes all four concepts.

Partisan control is based on the assumption that control matters: the party with a legislative majority is able to obtain the policies it seeks, with unified control more powerful than divided control. The standard hypothesis is that Democratic-controlled legislatures will have more generous social welfare policies than those controlled by Republicans, with divided legislatures somewhere in the middle.[11] Partisan control can be defined either as an index or a series of dummy variables indicating whether both houses of the legislature are controlled by Republicans or Democrats, or whether the legislature is divided. The weakness of such a measure is that it ignores the margin of control: it treats a 51/49 partisan split the same as a 90/10 split.

Partisan strength instead focuses instead on the relative proportions of the two parties in the legislature, with the variable defined as (for example) the average of the percentage of the lower and upper house that is Democratic.[12] The assumption is that each unit increase in the size of a party will lead to some constant increase in the favored policy (or chance that the policy is adopted). Under the assumption that Democrats are more generous than Republicans, the implication is that increasing Democratic strength will lead to increasing welfare generosity.[13] This approach has two main flaws. One flaw is that it treats an increase in partisan strength from some trivial level (say, from 15 to 25 percent, which means in either case that the party is distinctly in the minority, presumably having little legislative power) the same as one that should be more politically relevant (say, from 45 to 55 percent, where control of the chamber actually switches).[14] A second flaw is that, if the scores from the two legislative chambers are combined, as they generally are, politically relevant aspects of strength will be misstated: a legislature with 70 percent Democrats in the lower body and 30 percent in the upper body will have the same strength score as a legislature evenly split in both houses. Early evidence of the impact of partisan strength accordingly was mixed: "Longitudinal evidence consistently shows Democratic party strength to be associated with more liberal policy and Republican strength with more conservative policy (see, e.g., Alt and Lowry 1994), but…cross-sectional results associate Democratic party legislative strength with less liberal state policies" (Erikson, Wright and McIver1989, 1993)(quote from Barrilleaux 1997: 1462).

Partisan competition considers as how closely divided the state's electoral institutions are along party lines, with the conventional view that increased competition leads to more liberal, and hence more generous, social welfare policies (Robertson1976). One common early measure of partisan competition was the "folded Ranney index" (for a description and critique, see Holbrook and Van Dunk 1993: 955-56), which includes measures of partisan strength in the legislature, party control over the governor's office, the popular vote for the governor, among others). One weakness with this measure is that it measures partisan competition within the legislature rather than competition at the polls. For example, compare a legislature with a 51-49 Republican majority where all legislators of each party are elected unanimously to a legislature with a 60-40 Republican edge where every member of both parties was elected by a 51-49 margin. As partisan competition was defined by Ranney, the former legislature is much more "competitive" (2 percent difference) than the latter (20 percent difference), even though every member of the former legislature has a completely safe seat – that is, faces no competition – while every member of the latter faces highly competitive elections. Surely partisan competition is more intense in the latter case, although the Ranney variable does not recognize this (Barrilleaux 1997).

A superior measure was consequently proposed by Holbrook and Van Dunk, who take into account the level of interparty competition at the district level (1993: 956), and the distinctiveness and importance of this measure was validated by Barrilleaux, who found that Democratic strength does not increase liberalism after controlling for partisan competition (Barrilleaux 1997). Prior to Barrilleaux, Holbrook and Langer (2002: 418) "nearly all of the research on competitiveness and policy in the American states has employed measures of competition that rely on the margin of seats." They argued that electoral competition should lead policies toward the median voter, not necessarily make them more liberal. To test this, they use a model including party strength, district-level interparty competition, and an interaction term to estimate per capita welfare spending. They find that party strength and competition had no independent impact on welfare expenditures while the interaction of the two was small and marginally significant (Barrilleaux, Holbrook and Langer 2002: 423): the states with the highest welfare generosity are those where Democratic strength *and* interparty competition are highest.

Partisan control, strength and competition are analytically distinct concepts, but using all three in a single model can make it difficult to obtain precise estimates of their influence on social welfare policy, as strength and control will be closely correlated. The researcher, in choosing whether to use strength and control, thus faces the question: Is party strength in the legislature or party control theoretically more important? It is tempting to answer this empirically (e.g., by running one model with strength, and one with control, and selecting the model that produces better "fit") but the answer then depends on the particular characteristics of the sample.[15] Still, it is difficult to understand why quantitative analyses of the determinants of state social welfare policies do not routinely use all three measures of legislative partisanship

One final legislative concept bears mention. *Legislative professionalism* can be thought of as how closely state legislatures resemble the US Congress (e.g., full time, well paid, ample staff, research capacity, etc.) as compared to "citizen" legislatures (part time, low pay, little staff, etc.). The assumption is that highly professional legislatures will select policies that systematically differ from citizen legislatures and, in general, that professional legislatures will tend more towards policy activism and more generous social welfare policies.

Unfortunately, the quantitative models used to predict social welfare policies have not generally used a variety of the best available legislative indicators, so the results of these models do not produce as much consistent, coherent information as possible. For example, in the ten welfare policy models assessed, only two used indicators of partisan control, three incorporated legislative professionalism, six used measures of partisan strength, and six included partisan competition (and only four of the six used the variable constructed by Holbrook and Van Dunk). The typical study used only two legislative indicators. Of the eight health policy studies, four used a measure of partisan control, two used partisan strength, two used partisan competition, and one included legislative professionalism.

The findings of these studies are decidedly mixed. In some studies partisan (Democratic) control led to more generous policies (Gray *et al.* 2007, Boehmer *et al*. 2008, Grogan 1994, Lockhart, Giles-Sims and Klopfenstein 2008) while in other studies no such impact was found (Volden 2002, Satterthwaite 2002). Democratic party strength was linked to more generous policies on some dimensions in some studies (Barrilleaux 2007, Barrilleaux and Brace 2007, Preuhs 2007, Fellowes and Rowe 2004, Bailey and Rom 2004) but not to other dimensions (Schneider and Jacoby 1996, Preuhs 2007, Bailey and Rom 2004, Fellowes and Rowe 2004). The impact of partisan competition was similarly mixed (Lockhart, Giles-Sims and Klopfenstein 2008, Barrilleaux and Brace 2007, Barrilleaux 2007, Soss *et al*. 2001). In short: the past decade of research has produced no clear statement about the relationship between legislative variables and social welfare policy choices. Given the importance of this issue, and the attention paid to it, that is a pity.

Governors

In 2000, one scholar claimed that

> A striking feature of [welfare reform] has been the salient and often dominant role played by governors and top state executives and the contrasting political weakness of state legislatures. The recent history of devolution has largely been a history of executive action. Governors…were very active in fashioning the new welfare policies, while state legislatures usually made only marginal changes before the legislation was finalized. If anything, the role of state legislatures has declined even further since the [1996 welfare] reforms were enacted (Gais 2000, cited in Caraley 2001-2002: 542; see also Mead 2004).

If it is true that governors often took the lead in reforming welfare, it is also true that gubernatorial variables are almost entirely missing in the quantitative analyses of welfare policy. In the ten quantitative studies on TANF policy choice conducted between 2000 and 2010 that I surveyed, only one (Preuhs 2007) included a separate measure of gubernatorial control, while two other studies (Bailey and Rom 2004, Volden 2002) included gubernatorial control as one indicator in a broader measure of Democratic strength in state elected offices. The Preuhs study included gubernatorial control as a dummy variable, and found that Democratic governors, on average, increased state welfare "effort" compared to Republican governors while decreasing welfare "generosity" and having no impact on a welfare benefit index (2007: 285).

State governors have also been recognized as being centrally important to health policy reform, especially regarding Medicaid waivers (Thompson and Burke 2008, Gais and Fossett 2005). Only a couple of quantitative studies have included gubernatorial variables as independent indicators, however. Schneider and Jacoby (1996: 509) found that the governor's partisanship had no influence on the adoption of optional services in Medicaid. Gray *et al.* (2009: 102) found that Democratic gubernatorial control had a strong, positive impact on state efforts to provide universal health care. Grogan (1994), Satterthwaite (2002) and Volden (2006) combined the party of the governor in a broader measure of partisan strength, so it is not possible for the authors to identify the separate impact of the governor's party on Medicaid outcomes.

It is clearly a weakness, and it seems to be an unjustified one, to omit the state's key political leader from empirical models seeking to estimate political outcomes: at the very least, it seems reasonable to include an indicator of partisan gubernatorial control in such analyses. Simply including partisan control over the governor's office would be a substantial step forward, but it is probably an insufficient one. The states vary substantially in the powers they accord to their governors, and the governors have differed considerably in their willingness to use these powers. Future research might benefit by seeking to develop measures of gubernatorial strength and effort (see for example Dometrius, Burke and Wright 2008) to incorporate in welfare policy models.

Yet doing so might be a high-effort, low-yield endeavor. One of central challenges of presidential scholarship has been the “small-N” problem: given how few Presidents the US has had, it has been difficult to make solid generalizations their attributes that can be linked to policy choices. Even though there are thousands of “governor-years” to incorporate in social welfare policy models, it is perhaps the case that the governors lack the attributes necessary for variable creation: politically-relevant features that can be consistently measured across place and time.

Bureaucracy

States vary in their administrative capacities. States with more competent bureaucracies are generally thought to use them: “stronger state institutions are linked to more innovative public policy making generally” (Barrilleaux and Brace 2007: 668; see also Brace 1993; Hedge 1998). Bureaucracies are clearly important for social welfare policy: “Only a government that is competent, in both political and administrative ways, can carry out the complex measures that today’s poverty seems to require. To overcome poverty, therefore, we must worry about governmental quality as much as the substance of the policy (Mead 2004: 261).

The choices administrative official make – whether to influence or to determine policy -- are fundamentally important for social welfare, but they have generally be ignored in quantitative models (Francis 1998). Of the ten welfare studies assessed, only two contained administrative variables. Volden (2002: 358) found, contrary to his expectations, that states with “empowered welfare boards” actually had a lower probability of legislatively-increased welfare benefits than states lacking such boards. Rodgers, Beamer and Payne (2008: 534) conclude that states with more “governmental professionalism” (i.e., higher per capita legislative and bureaucratic spending) exert greater welfare effort. The few extant health policy studies indicate that states with greater administrative capacity have greater Medicaid expenditures per capita (Barrilleaux and Miller 1988: 1098) and are more likely to enact state-based (redistributive) health care policies and less likely to adopt market-based (developmental) reforms (Barrilleaux and Brace 2007: 672). Schneider and Jacoby (1996: 509) find that states with local administration of Medicaid adopt more optional services than states with centralized administration.

It seems improbable that political scientists are blind to the influence the bureaucracy can have on social welfare policies. More likely, the quantitative researcher has virtually no administrative variables that can consistently measured across the states and over time. As a result, the few studies that include administrative capacity rely on fairly crude measures, e.g., average administrative salaries. It is probably too much to ask of the scholars investigating social welfare policies to construct more sophisticated indicators themselves, although it would be a valuable service to state policy researchers across a variety of policy domains if better measures were developed.

Interest Groups

Interest groups have a privileged position in American politics, but studies of social welfare policy have generally ignored their role. This is perhaps appropriate in studies of cash assistance programs, as there are few organized groups seeking to expand or contract this program. As Cook puts it, one "interest group" that is unlikely to have any influence over welfare policy is the poor themselves (see for example Cook *et al*. 1988). No quantitative study of AFDC/TANF examines interest group influence. Interest groups have featured more prominently in studies of health policy, although the measures of interest group activity are fairly crude and, as some scholars have put it, "It should also be clear….that the influence of organized interests on public policy is, at least in the aggregate, quite small" (Gray, *et al*. 2004: 419). Still, Gray *et al.* (2009: 102-3) found that interest group activity had a strong and predictable impacts on legislative activity on health care reform, with increased support for reform, while Barrilleaux and Miller (1988: 1098) find that Medicaid effort increases with interest group density.

Ideology and Public Opinion

While paying scant attention to interest groups, social welfare policy scholars almost always include measures of state ideology or public opinion in their models. State ideology is most commonly measured by the techniques (or data) developed by Erikson, Wright and McIver (1993) and Berry *et al.* (1998). Perhaps surprisingly (or perhaps not), the impacts of ideology and opinion have been mixed, with more liberal states generally, but not always, producing more generous social welfare policies. Studies finding evidence of liberal publics producing liberal policies include Barrilleaux (1994), , Barrilleaux and Miller (1988), Grogan (1994), Avery and Peffley (2005), Hero and Preuhs (2007), Fellowes and Rowe (2004), Fellowes and Rowe (2004), Rodgers, Beamer and Payne (2008). Studies finding no impact of ideology on policy include Barrilleaux, Holbrook and Langer (2002) , Preuhs (2007), Schneider and Jacoby (1996), Gray *et al.* (2009), Lockhart, Giles-Sims and Klopfenstein (2008). Bailey and Rom (2004) show mixed results of ideology on AFDC, Medicaid, and SSI policy.

Race

The strongest and most consistent finding of the social welfare policy literature is that race matters, and not in a way that should be celebrated. Numerous studies have linked the racial characteristics of the states to welfare policy choices: specifically, that states with higher proportions of ethnic minorities, especially African Americans, have less generous welfare programs (Fellowes and Rowe 2004 Soss *et al*. 2001, Avery and Peffley 2005, Hero and Preuhs 2007, Preuhs 2007, Bailey and Rom 2004, Rodgers, Beamer and Payne 2003, Grogan 1994). Soss, Fording and Schram (2008: 551-2) find that states pursue second-order devolution based on the prevalence and dispersion of African Americans on their TANF caseloads consistent with the view that "over the past century, welfare localism has consistently facilitated racialized practices of social control". More broadly, Schram (2005) contends that welfare programs perpetuate racial inequalities, not least because of the differential treatments of minority groups, especially blacks.

Although less commonly studied, a few studies have reported a negative reaction to Latinos in welfare policy (Fellowes and Rowe 2004; Soss *et al*. 2001). Pruehs (2007: 285) found that Latino incorporation (i.e., extent of Latinos participating in the legislature) increased welfare effort, generosity, and benefits, whereas higher proportions of Latinos in the population decreased effort and benefits (while having no impact on generosity).

Not all scholars have found that larger minority populations are associated with less generous welfare programs. Volden (2002: 356) anticipated that states with higher proportions of minority (i.e., non-white) residents would be more likely to increase welfare benefits, under the somewhat odd assumption that welfare is "more strongly espoused" by minority groups. He finds support for this, with the probability of benefits strongly and positively associated with increases in minority populations. Barrilleaux and Bernick (2003) found that higher proportions of African Americans in the population lead to higher spending effort for general assistance programs.

Between the States

Questions concerning policy emulation, welfare magnets and a potential race to the bottom have drawn substantial scholarly attention. It has been clearly established that states "emulate" each other, at least if by emulate we mean adopt similar policies (e.g., Satterthwaite 2002; Fellowes and Rowe 2004; Volden 2002, 2006, and 2010; Barrilleaux and Brace 2007; Barrilleaux, Holbrook and Langer 2003; Hero and Preuhs 2007; Gray, Lowery, Monogan and Godwin 2009, although see Boehmke 2009). With the exception of Volden's work, these studies typically show *that* the states imitate each other, but not *why* or in *what* ways: Volden's research provides evidence that states with similar political dynamics tend to adopt similar policies. Further research along these lines is warranted.

Whether or not welfare magnets actually exist is worth knowing, but their existence is not essential for a race to the bottom: the potential or the perception of the potential is. Early research on this topic produced mixed results, with some scholars arguing that state welfare policies affected migration (Peterson and Rom 1990 and Rom, Peterson and Scheve 1998, while others came to the opposite conclusion (Allard and Danziger 2000; Levine and Zimmerman 1999; Schram, Nitz, and Krueger 1998; Schram and Soss 1999). More recently, Bailey (2005) provides compelling evidence that, at the margins, the poor do tend to locate in states offering more generous welfare benefits, and this finding has been supported by other research (Fiva 2009). At the very least, it is understandable that state policymakers will be concerned about the prospect that offering generous welfare benefits *could* turn their state into a welfare magnet.

Does such a prospect lead to a race to the bottom? Early research was generally supportive of the concept (Peterson and Rom 1990; Schram and Krueger 1994; Tweedie 1994; Rom, Peterson and Scheve 1998; Figlio, Kolpin and Reid 1999, but see Dye 1990). More recent research has continued to show evidence of welfare competition, but in more sophisticated and nuanced ways. Volden (2002) finds that states do not seek to undercut each other, but that they are reluctant to provide more generous programs unless their neighbors do so. In the most explicit test, Bailey and Rom (2004, but see also Berry and Baybeck 2005) find strong evidence of a slow and variable race to the bottom across the states regarding AFDC, Medicaid and SSI-S. They test explicitly to determine whether states merely imitate each other, or whether states are differentially influenced by their neighboring states having less generous welfare programs. They find that the less generous states influence their neighbors on the most salient aspects AFDC and Medicaid (benefits and access for AFDC, costs for Medicaid) and across benefits, access, and costs for the SSI program. The estimated impacts of the less generous states are statistically significant and substantively important, if not large. The bottom-line finding of the race to the bottom research is that interstate competition does serve to repress welfare generosity mildly, but the states are not exactly racing, and the competition does not push them to "the bottom".

Success and Failure

One important line of research deserving more attention considers whether *good* policies tend to spread and whether *bad* policies fade away.[16] If the states are seen as "laboratories of democracy," it would be worth knowing how well the laboratories actually work. Unfortunately, scant attention has been paid to these questions (Rom 2006). The noteworthy exception has been the research of Volden (2006, 2010). Examining the Children's Health Insurance Program (CHIP), Volden finds that states "tend to emulate those policies that have been shown to be successful at lowering the uninsurance rate of poor children in other states" (Volden 2006: 299). The states also tend to emulate politically similar states, rather than just neighboring states, so that (for example) states with unified Republican governments tended to model themselves after other Republican states, or states with similar public ideologies generally moved towards each other. Volden (2010) also found that, under certain circumstances, states are more likely to abandon TANF policies that have proven to be unsuccessful elsewhere. In general, liberal states tend to learn from liberal states, and conservative ones also from their peers. States having more professional legislatures (i.e., better paid ones) also tend to learn more in the sense that they are more likely to abandon unsuccessful policies. The party of the governor had no impact on policy learning. Thompson and Burke (2007) show that, at least regarding Medicaid, the federal government also can learn from state experiments.

SSI/General Assistance

Cash assistance programs other than TANF have received virtually no attention from political scientists: the only articles examining the state-level determinants of the Supplemental Security Income (SSI) or General Assistance (GA) programs are

Barrilleaux and Bernick (2003,) and Bailey and Rom (2004). Using models similar to those common in AFDC/TANF research, they found similarly mixed results: the impacts of electoral competition, Democratic strength, public ideology, and race were not consistent in direction and significance.

CONCLUSIONS

This chapter has outlined the dimensions, arenas, and focus on state social welfare policies. This conclusion will summarize the state of political science research on these elements and offer some suggestions for further research.

The most heavily studied questions have involved the intrastate determinants of social welfare benefits. This research continues to be plagued by inconsistent research: the quantitative models routinely omit variables found important in other studies, or they include variables others omit. Other than asserting that race matters, and not in a way that reflects well on our body politic, it is challenging to find progress towards agreement on the factors that influence policy choice. This is perhaps inevitable, given the difficulties in defining politically-relevant variables that are theoretically important, analytically compelling, and consistent over place and time. My hope is that this review at least highlights the main pitfalls of the existing research, so that a clever new cohort of scholars can build on it in a way that generates a more favorable review in the next *Handbook*.

Several clear research opportunities exist regarding the dimensions, arenas, and foci of social welfare policy. Scholars should more carefully examine the intrastate factors that favor certain kinds of social welfare policies (e.g., health care) over others (income support). Scholars might also usefully pay greater attention to interstate efforts to shape social welfare policy in terms of the benefits and burdens that the states themselves bear. Given Medicaid's enormity in importance and cost – and its certain future growth – much more political research should be conducted regarding benefit types, populations served, benefit provision, federal-state responsibilities, and program administration. If the health care reforms of 2010 are implemented, rich new areas of research will be opened up.

As TANF has been fading away in size, cost, and controversy it has also been declining as a subject of scholarly study. Much of the decline in academic interest is no doubt due to its diminished political importance, but another reason is that TANF is difficult to study quantitatively as the complexity of state programs has increased (yielding fewer dimensions that are consistent across the states) without growth data centralization. AFDC was easy to study: the federal government collected uniform data on recipients, benefits, and costs. Studying TANF is a challenge, as these data are less meaningful (in terms of understanding program dynamics) and less available through centralized repositories. Although TANF has not been in the spotlight in recent years, questions concerning how the states treat their most vulnerable populations will be central to the politics of the second decade of the 21st century. The ongoing economic problems, the growing economic inequalities, and the continuing fiscal stresses on the states dictate that political research is warranted.

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FOOTNOTES

[1] A 20 year panel of the 50 states, for example, would yield 1000 cases.

[2] These programs are also called means-tested programs.

[3] The data in the two preceding sentences are from different sources and are not directly comparable. Historically, state and local governments have accounted for about one-third of the total share of welfare expenditures.

[4] Beginning in 2014, all individuals under age 65 living in families with incomes below 138 percent of the "family poverty line" become eligible for Medicaid if the ACA is fully implemented (Klees, Wolfe and Curtis 2010: 25). The ACA was challenged in federal courts in 2010, and by early 2011 two federal district courts had struck down parts or all of the ACA, while two other courts have upheld the law. These challenges will certainly end up at the Supreme Court, where the outcome is uncertain.

[5] This does not hold in Arizona, which since 1982 has been running a medical program for low-income residents as a demonstration project.

[6] Author's calculations from data in Klees, Wolfe and Curtis (2010: 29).

[7] Numerous scholars have made this distinction between the "deserving" and "undeserving" poor (see for example Schneider and Ingram 1993, Gilens 1999, Quadagno 1994, Soss et al. 2001, Barrilleaux and Bernick 2003).

[8] Research has suggested that state-only welfare policies are the products of a different kind of politics than those for joint-federal programs (Barrilleaux and Bernick 2000; Barrilleaux and Brace 2007).

[9] The origins of the phrase "race to the bottom" are unclear, although the concept was used to discuss policy choices as early as the 1930s.

[10] In reality, these stages often overlap.

[11] Some studies acknowledge that until recent years Southern legislatures were uniformly Democratic AND conservative, and so were not expected to show much generosity towards welfare programs.

[12] Because state lower and upper houses are different sizes, an accurate measure would not simply be the total number of Democratic legislators divided by the total number of legislators. Some analyses simply use the proportion of the Democrats in the lower chamber (Barrilleaux and Brace 2007).

[13] Some scholars have combined partisan strength in the legislature with gubernatorial control, so for example the "total" strength of the Democratic party is the Democratic strength in the legislature (in percent) plus 100 if the governor is also a Democrat (Bailey and Rom 2004) or 3 if both chambers plus the governor are controlled by the Democrats, 2 if the Democrats have control of two of the three institutions, 1 if 1, and 0 if the Republicans control each institution (Satterthwaite 2002).

[14] The exception to this is when the dependent variable is binary and logistic regression is used. When this is the case, the impact of changes in the independent variable is lowest at the extremes and heightened over some narrower part of the range.

[15] For example, Bailey and Rom (2004: 336) use a modified measure of party strength (percentage of legislature that is Democratic, but 100 if the Governor is also Democratic) while noting that "other partisanship variables were examined, with none causing substantial changes in the results."

[16] Defining whether a policy is good or bad has both empirical and normative dimensions, of course. One way to assess whether a policy is good or bad concerns whether it makes progress towards its ostensible goal (e.g., do "work first" welfare programs increase gainful employment among TANF recipients?). Another way is to examine whether policies "work" to serve the political goals of their advocates (for example, a "work first" welfare program may bring political advantages to its sponsors, independent of whether it increases employment).