Welfare Reform 20 Years On: The Kids are All Right (?)

Janet Currie
Looking at the Big Picture
In many respects, children are better off than they were in 1990, before welfare reform.

- We can see this in mortality rates, high school graduation rates, test scores, teen pregnancy, and drug use, among other metrics.
- Positive trends are even more pronounced for African American children.
- These positive trends have been largely ignored in public discourse.
In order to examine mortality differentials:

We first rank counties from richest to poorest.

We then group counties into “bins” each representing about 5% of the population.

We do this separately for 1990, 2000, and 2010, so that in each Census year, we are considering mortality in the poorest counties and the richest counties regardless of whether counties changed ranks.
Population size of poverty quantiles

County Bins With 1% Pop.

County Bins With 5% Pop.

Population in millions

Poverty quantile in 1990
Advantages of this county group approach

- County of residence consistently recorded in Census and Vital Stats.
- Sufficient cell size (with $>0$ deaths) even for subgroups.
- By focusing on groups of counties accounting for a fixed share of the population, we avoid problems associated with shrinking and growing counties.

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3-Year Mortality Rates Across County Groups Ranked by Poverty Rates, by Race and Gender.

(Blue triangle=1990, Green Circle=2010, Red Square=2010 with multiple race)

(A) Age 0-4
Summary for Under Fives

- Strong reductions in mortality across the county poverty spectrum.

- Very large reductions for African Americans (even larger if we include those with multiple race)

- Reductions are larger in the poorest counties implying decreasing inequality in mortality.
3-Year Mortality Rates Across County Groups Ranked by Poverty Rates, by Race and Gender.
(Blue triangle=1990, Green Circle=2010, Red Square=2010 with multiple race)

(B) Age 5-19
Summary for 5-19 Year Olds

- Strong reductions in mortality across the county poverty spectrum.

- Very large reductions for males, especially African Americans males.

- Including multiple race categories makes less of a difference.

- Reductions are larger in the poorest counties implying decreasing inequality in mortality.
Disparity in Life Spans of the Rich and the Poor Is Growing

By SABRINA TAVERNEISE FEB. 12, 2016

Patients at the Free Clinic in Newton, N.J. Researchers debate whether expanding access to health care will shrink the gap in life expectancy between the rich and the poor.

Credit Joshua Bright for The New York Times
Share of 24-29 Year Olds with 4 Years High School or More (Current Population Surveys)
US Census

Population Share by Education for White Non-Hispanic Females, Age 25-84, 1990-2010

Population share

Years of education

<12 12 13-15 16 or more

1990 2000 2010

66%
Olshansky et al. (2012)

Life Expectancy At Birth, By Years Of Education At Age 25 For White Females, 1990–2008
Percent of Students Reporting Use of Alcohol in Past Year, by Grade

SOURCE: University of Michigan, 2015 Monitoring the Future Study
Percent of Students Reporting Daily Marijuana, Daily Cigarette Use in Past Month, by Grade

SOURCE: University of Michigan, 2015 Monitoring the Future Study
Fraction ever smoked is much lower in younger people which will have future health dividends.
Figure 1: Birth rates per 1,000 females ages 15-19, by race/ethnicity, 1990-2013

- **Hispanic**: 116.2 in 1990, decreases to 41.7 in 2013
- **Black**: 100.3 in 1990, decreases to 39.0 in 2013
- **Total**: 59.9 in 1990, decreases to 39.0 in 2013
- **White**: 42.5 in 1990, decreases to 26.5 in 2013
What Policies are Likely to Have Played the Greatest Role?

There are many candidates:

- Expansions of health insurance for poor pregnant women, children, and now adults
- Expansions of the EITC
- Expansions of SNAP (Food Stamps)
- Expansions of public preschool
Overall Amounts Spent on Children Have Greatly Increased ($2015)

Note: Only Medicaid for children and non-disabled adults is included. Assumed that ½ of Food Stamp payments go to families with children.
Figure 4: Simulated Medicaid/SCHIP Eligibility by Child Age Group

- Ages 0-3
- Ages 4-8
- Ages 9-12
- Ages 13-17
Variation across states over time can be used to identify the effects of public insurance.

Only children born after September 1, 1983 were eligible for expansions, creating a discontinuity.

More recent research shows long term effects on the health of children who became eligible (Currie, Decker, Lin, 2008; Wherry et al. 2015; Wherry and Meyer, forthcoming; Kowalski et al. 2015).
The Bright Bottom Line

- Even in a time of growing economic inequality, there were strong improvements in the welfare of the young, including reductions in mortality.
- Improvements were often greatest among the poorest and among African-Americans.
- Suggests that policy may be able to effectively buffer the health effects of economic inequality and improve the lot of poor children.