



## Intended and Unintended Effects of the War on Poverty: What Research Tells Us and Implications for Policy

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Many of the current safety net programs created in the 1960s (Food Stamps, Head Start, the School Breakfast program, Medicaid, and Medicare) and shortly thereafter (Women, Infants and Children, the Earned Income Tax Credit, Supplemental Security Income) are a hodge podge of both cash and in-kind programs with different eligibility rules, targeting different groups, with different goals. The goals of these programs were ambitious and while some have been effective, others have led to unintended consequences. Fifty years after the initial War on Poverty, there is discussion of cutting back or altering these safety net programs. Any such efforts should take into account the overall effects of these programs. In this talk, Professor Bitler will summarize her own and other's research findings about several important programs: Food Stamp program, WIC, Medicaid, and Head Start.

Our existing safety net consists of cash (AFDC/TANF, SSI) and in-kind (SNAP, Head Start) benefits. While AFDC originated in the 1930s, much of the rest of our means-tested safety net was created during the 1960s War on Poverty (e.g., Medicaid, Food Stamps, School Breakfast, Head Start), or in the 1970s (SSI, EITC, WIC). Spending varies widely across our patch work safety net. Per capita spending on AFDC/TANF cash has fallen since it peaked at around \$141 per person in 2012. By contrast, Food Stamps was smaller than TANF until 1994, when they were both about the same size at \$134 per capita. TANF has shrunk to be about \$29 per capita in 2012 while SNAP grew to \$222 per capita. The EITC has also grown considerable after its expansions in 1993-1996, with spending of about \$204 per person in 2012. All of these programs are dwarfed by the Medicaid program, which spent \$1387 per person in 2012.

### Key Findings:

- The rollout of Food Stamps has been shown to improve birthweight and increase the amount of food at home. Children 0-5 who were exposed to Food Stamps were less likely to be incarcerated compared to those who were unexposed. These children experienced increased self-sufficiency and a decline in the prevalence of metabolic syndrome in middle adulthood.
- The Head Start program has been shown to have long run effects on mortality and increased education.

**Figure 1 – Safety Net Programs by Type**

| Timing                             | Cash        | In-Kind  | Human Capital   |
|------------------------------------|-------------|--|---|
| Original War on Poverty or earlier | AFDC/TANF   | Food Stamps (SNAP)<br>School Meals<br>Housing Assistance<br>Medicaid | Head Start<br>Title I<br>Higher Education<br>Student Aid<br>Job Corps |
| Later program                      | SSI<br>EITC | WIC<br>CHIP<br>CCDF  | Early Head Start  |

- Finally, the same positive effects hold for early exposure to Medicaid. Studies have shown that birth outcomes to women exposed in utero to Medicaid expansions are better, with these women having heavier babies which are less likely to be low birth weight, and that cohorts exposed to these expansions in utero have higher earnings (using tax data).

### Implications for Policy

The implications of these findings for policy are multiple. First, it is important to look beyond the immediate effects to get a full accounting of costs and benefits. Second, effects on labor supply and other closely linked outcomes are significant, but effects on family structure are smaller. Finally, today's counterfactuals may differ from those 50 years ago, making it important to also look to more recent experiments (e.g., welfare reform waiver experiments and Head Start Impact Study) to get results which will extrapolate to more recent conditions.

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