

# Work and Welfare Dependence

Includes extracts from:

“Welfare Indicators and Risk Factors,” 20th Report to Congress, by the U.S. Department of Health and Human Services, May 2021;

“Expanding Work Requirements in Non-Cash Welfare Programs,” The Council of Economic Advisers  
July 2018;

“Family Welfare Cultures,” by Gordon B. Dahl, Andreas Ravndal Kostøl, Magne Mogstad  
*The Quarterly Journal of Economics*, Volume 129, Issue 4, November 2014, Pages 1711–1752;

“Intergenerational Spillovers in Disability Insurance,” by Gordon B. Dahl, Anne C. Gielen  
*American Economic Journal: Applied Economics*, Volume 13, Issue 2, 2021, Pages 116–150);

“Network Effects and Welfare Cultures,” by Marianne Bertrand, Erzo F. P. Luttmer, Sendhil Mullainathan  
*The Quarterly Journal of Economics*, Volume 115, Issue 3, August 2000, Pages 1019–1055

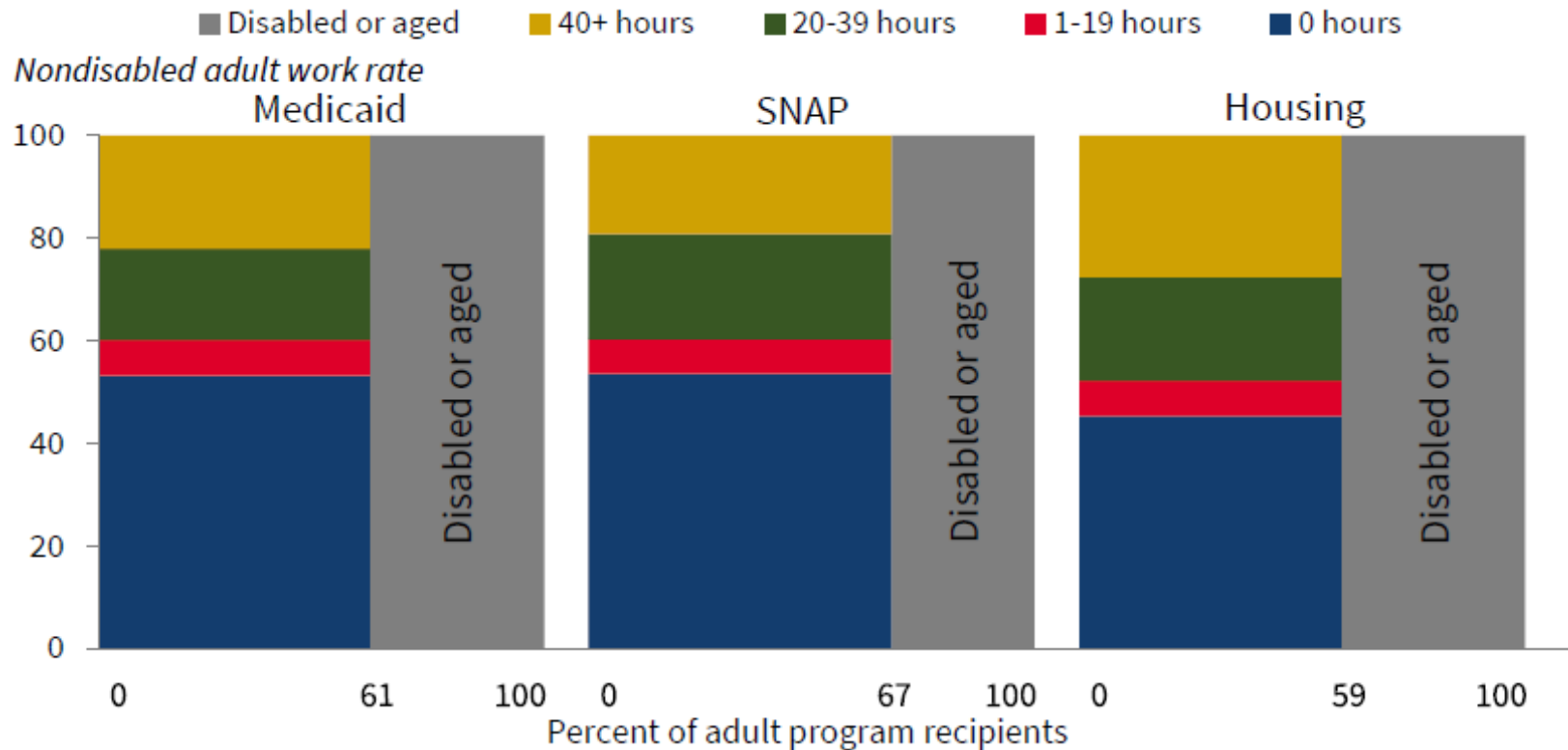
James J. Heckman



Econ 350, Winter 2023

Extracted from  
“Expanding Work Requirements in Non-Cash Welfare  
Programs”

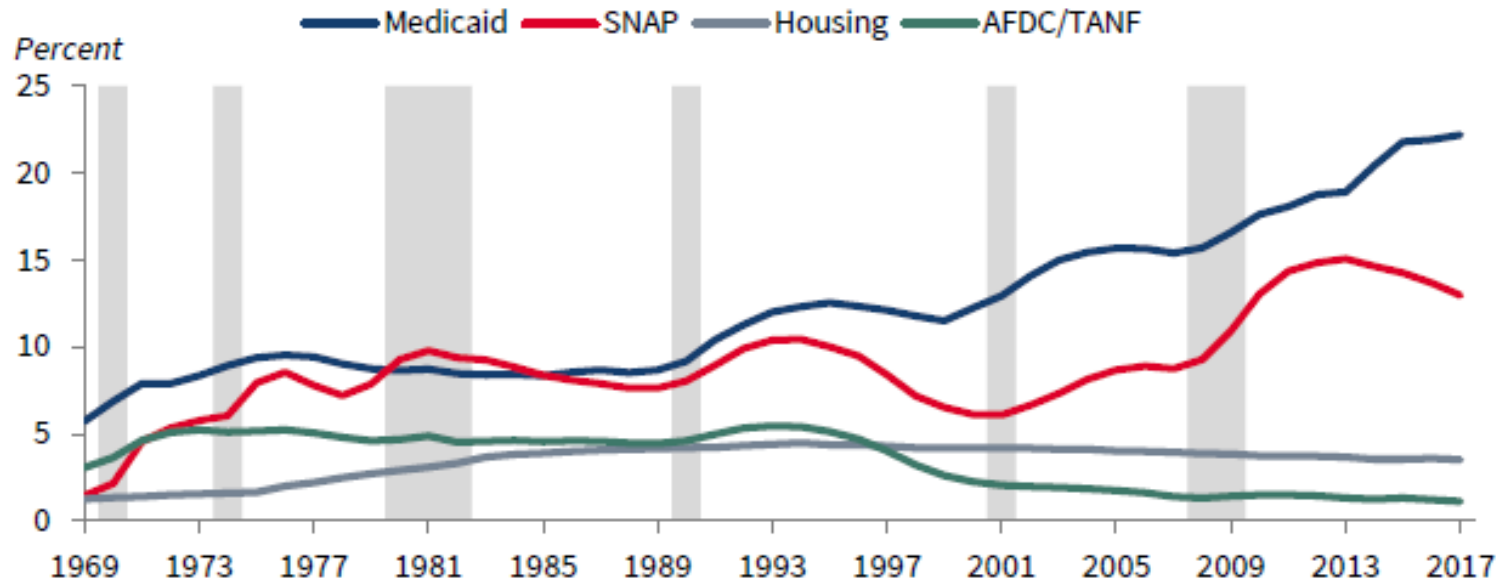
Figure: Percent of Adult Recipients who are Non-Disabled and Working-Age and Weekly Hours Worked, December 2013



Sources: Survey of Income and Program Participation, 2014 Wave 1; CEA calculations.

Note: We identify program recipients based on receipt of benefits during December 2013. "Adult" refers to all individuals age 18 or over. "Working-age" refers to individuals age 18-64. "Aged" refers to all individuals age 65 and over. "Disabled" refers to all adult individuals who receive disability benefits (Supplemental Security Income, Social Security Disability Insurance, or Veterans disability benefits). We base hours of work on the average hours per week each individual reported during December 2013. SNAP refers to the Supplemental Nutrition Assistance Program. Housing refers to households who indicate receipt of rental subsidies.

Figure: Percent of U.S. Population Enrolled in Each of Four Major Welfare Programs, 1969–2017



Sources: Truffer et al. (2012); Truffer et al. (2016); CMS (2018b); USDA (2018a); Crouse et al. (2001); HHS (2018a); Collinson et al. (2015); HUD (2018); National Bureau of Economic Research; CEA calculations.

Note: For Medicaid, SNAP, and AFDC/TANF, shares are the number of individual recipients divided by U.S. population in each year. For housing assistance, shares are the number of assisted households divided by total U.S. households, as we are unaware of administrative data tracking individual recipients of housing assistance throughout this entire period. TANF recipients include those receiving assistance from separate State programs. Grey shaded regions denote a recession for at least four months of a given year.

Table. Spending, Recipients and Work Requirements in Medicaid, SNAP, Housing Assistance and TANF, 2016

Program	Spending (billions)	Recipients (millions)	Work requirements for non-disabled working-age adults
Medicaid <sup>a</sup>	\$565.5	70.9	None (except with respect to community engagement demonstration programs)
Supplemental Nutrition Assistance Program (SNAP)	\$70.9	44.2	<i>Age 18-49, no child:</i> 80 hours/month <i>Age 16-59, youngest child at least 6:</i> Must accept job offers
Housing assistance (Section 8 housing vouchers, Section 8 project-based assistance, and public housing)	\$36.6	9.5	<i>Public housing residents, no child:</i> No work requirements, but 8 hours/month of community service or participation in economic self-sufficiency programs if not otherwise working <i>Moving to Work demonstration program</i> Some participating housing authorities voluntarily institute work requirements
Temporary Assistance for Needy Families (TANF)	\$30.9 (\$7.1 on basic assistance)	3.9	<i>Single parent with youngest child under 1:</i> Exempt in many States <i>Single parent with youngest child under 6:</i> 20 hours per week <i>Single parent with youngest child at least 6:</i> 30 hours per week <i>Two parents with no subsidized child care:</i> 35 hours per week (combined) <i>Two parents with subsidized child care</i> 55 hours per week (combined)
<b>Total</b>	<b>\$703.9</b>	<b>N/A</b>	

Sources: CMS (2018b); USDA (2018a); HUD (2018); Congressional Research Service (2017); HHS (2017a); HHS (2017b); CEA calculations.

Table. Number of Adult, Child, and Total Medicaid Recipients, by Category, December 2013

Category	Adult recipients (millions)	Child recipients (millions)	Total recipients (millions)	Total recipients (percent)
<b>Non-disabled working-age adults without children</b>				
Age 18-49	4.0		4.0	7%
Age 50-64	1.8		1.8	3%
<b>Non-disabled working-age adults with children</b>				
Youngest child age 6-17	5.0	6.4	11.4	19%
Youngest child age 1-5	5.0	7.9	12.9	22%
Youngest child age under 1	1.5	2.5	4.0	7%
Other	10.8	15.0	25.8	43%
<b>Total</b>	<b>28.0</b>	<b>31.8</b>	<b>59.8</b>	<b>100%</b>

Sources: Survey of Income and Program Participation, 2014 Wave 1; Truffer et al. (2016); CEA calculations.

Note: We identify Medicaid recipients based on receipt of Medicaid coverage during December 2013. “Adult” refers to all individual age 18 or over. “Working-age” refers to individuals age 18-64. “Aged” refers to all individuals age 65 and over. “Disabled” refers to all adult individuals who receive disability benefits (Supplemental Security Income, Social Security Disability Insurance, or Veterans disability benefits). “With children” refers to adults who live in households with at least one child under the age of 18 who receives Medicaid coverage; “without children” refers to adults who live in households without any children under the age of 18 who receive Medicaid coverage. If a child Medicaid recipient lives with at least one non-disabled working-age adult who receives Medicaid, we assign the child to a category based on the age of the youngest child in their household (not necessarily the child’s own age). “Other” includes all disabled or aged adults who receive Medicaid coverage, and any Medicaid recipient children who live in a household with no non-disabled working-age adult recipients. In order to estimate the number of recipients in each category, we multiply the share of Medicaid recipients we identify using the SIPP (as of December 2013) by the monthly administrative caseload we identify using Truffer et al. (2016) values for 2013.

Table. Percent of Non-Disabled Working-Age Medicaid Recipients Working Various Weekly Average Hours during Month of Assistance, by Category, December 2013

	Recipients		Weekly hours of work Percent of row group			
	Number (Millions)	Share of Column Total	0	< 20	< 30	< 40
<b>Non-disabled working-age adults without children</b>						
Age 18-49	4.0	23%	55%	64%	74%	81%
Age 50-64	1.8	10%	65%	72%	77%	83%
<b>Non-disabled working-age adults with children</b>						
Youngest child age 6-17	5.0	29%	50%	58%	67%	76%
Youngest child age 1-5	5.0	29%	49%	54%	63%	75%
Youngest child age under 1	1.5	9%	57%	62%	69%	80%
<b>All non-disabled working-age adults</b>	<b>17.2</b>	<b>100%</b>	<b>53%</b>	<b>60%</b>	<b>69%</b>	<b>78%</b>

Sources: Survey of Income and Program Participation, 2014 Wave 1; Truffer et al. (2016); CEA calculations.

Note: We identify Medicaid recipients based on receipt of Medicaid coverage during December 2013. “Adult” refers to all individuals age 18 or over. “Working-age” refers to individuals age 18-64. “Aged” refers to all individuals age 65 and over. “Disabled” refers to all adult individuals who receive disability benefits (Supplemental Security Income, Social Security Disability Insurance, or Veterans disability benefits). “With children” refers to adults who live in households with at least one child under the age of 18 who receives Medicaid coverage; “without children” refers to adults who live in households without any children under the age of 18 who receive Medicaid coverage. In order to estimate the number of recipients in each category, we multiply the share of Medicaid recipients we identify using the SIPP (as of December 2013) by the monthly administrative caseload we identify using Truffer et al. (2016) values for 2013. We base hours of work on the average hours per week each individual reported during December 2013.

Figure. Percent of Non-Disabled Working-Age Adult (18–64) Receiving Welfare Program Benefits, 1979-2016

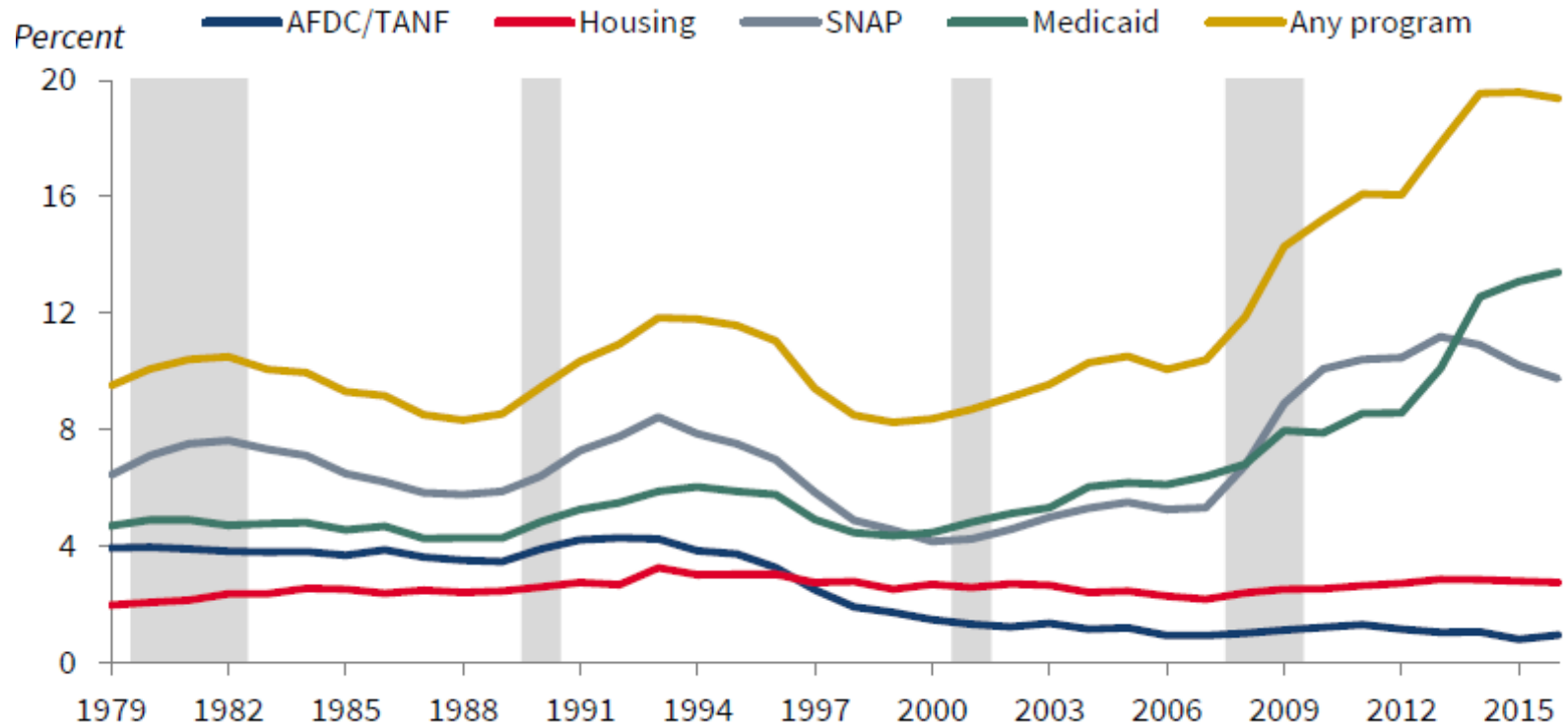




Figure a. Percent of Non-Disabled Working-Age Adult (18–64) Receiving Welfare Program Benefits, 1979-2016

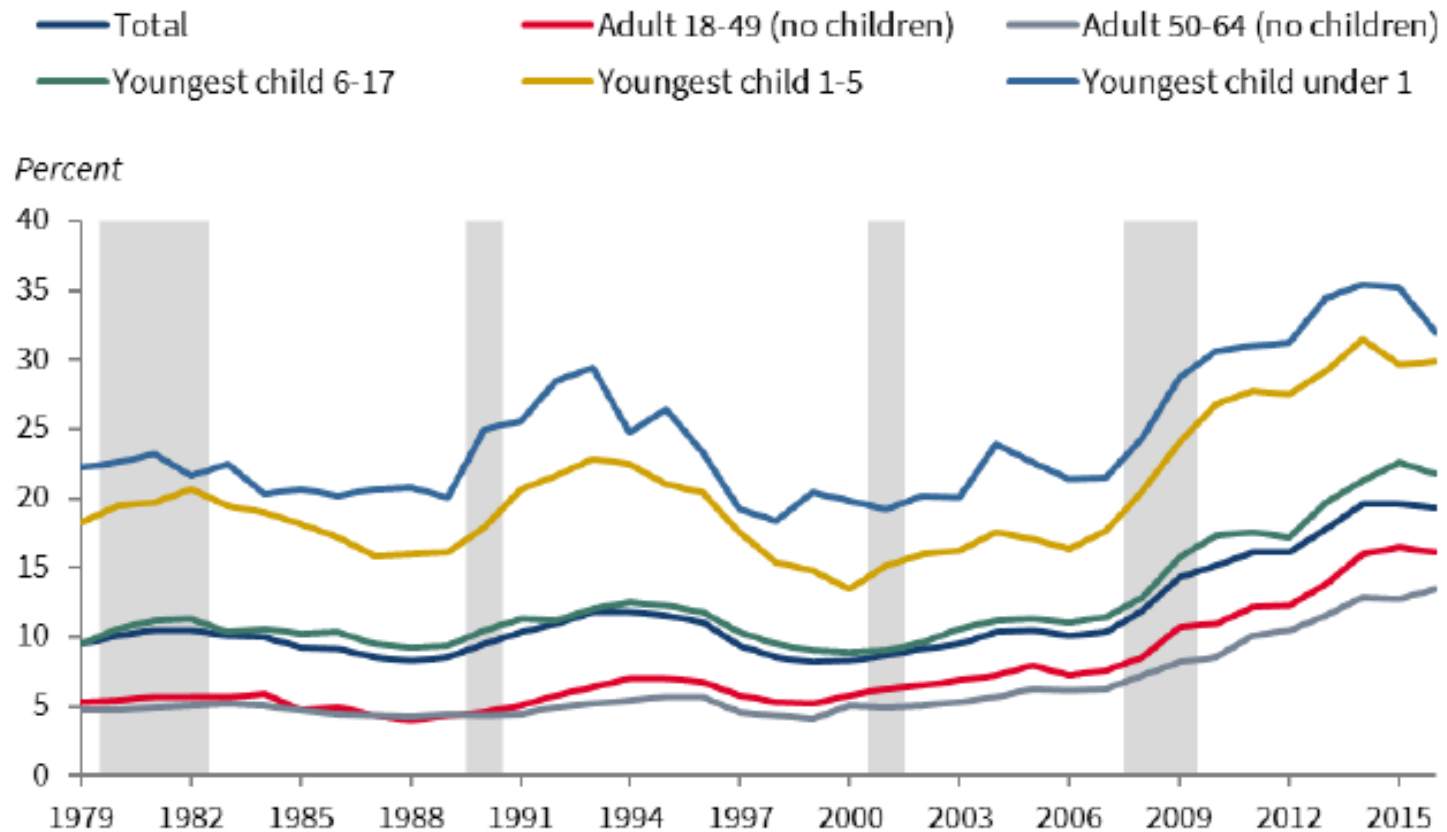
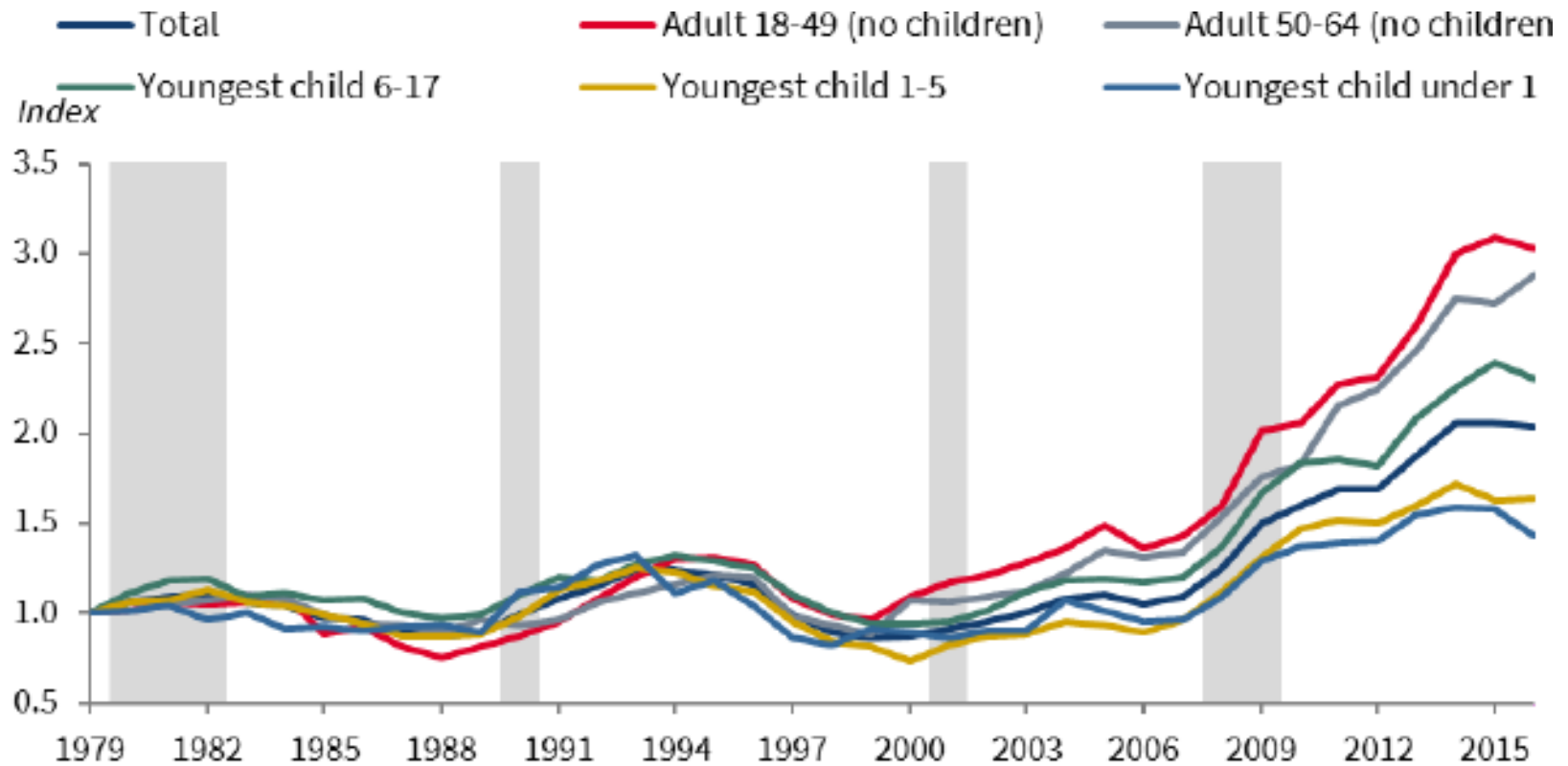


Figure b. Percent of Segments of Non-disabled Working-Age Adults (18-24) Receiving Welfare Benefits, 1979-2016, Indexed to 1979



Sources: Current Population Survey, March Annual Social and Economic Supplement, 1980-2017; National Bureau of Economic Research; CEA calculations.

Note: See notes to Figure 6. We base segments of recipients with children on the age of the youngest child in the household. Segments of recipients with no children have no children in the household.

Figure a. Employment Rate of Segments of Non-Disabled Working-Age Adults (18-64), 1979-2017

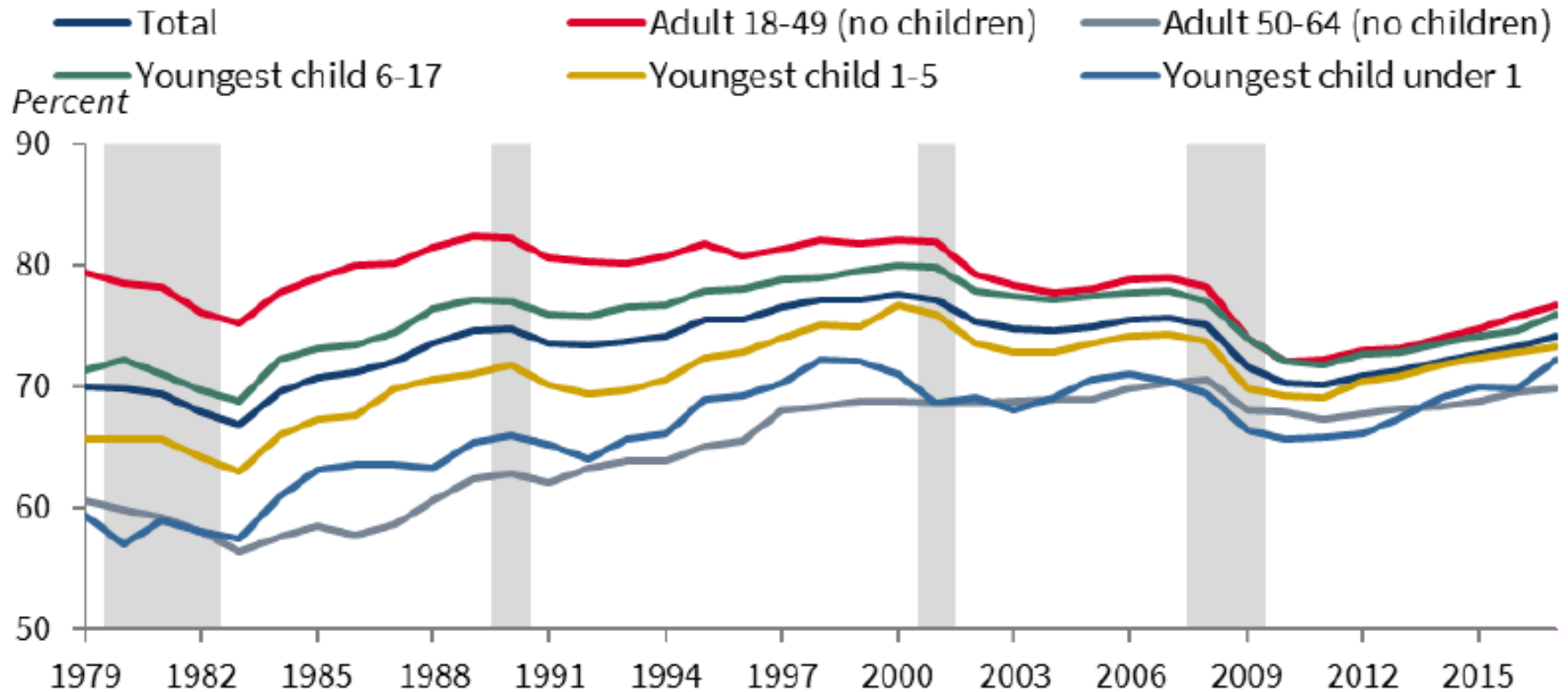
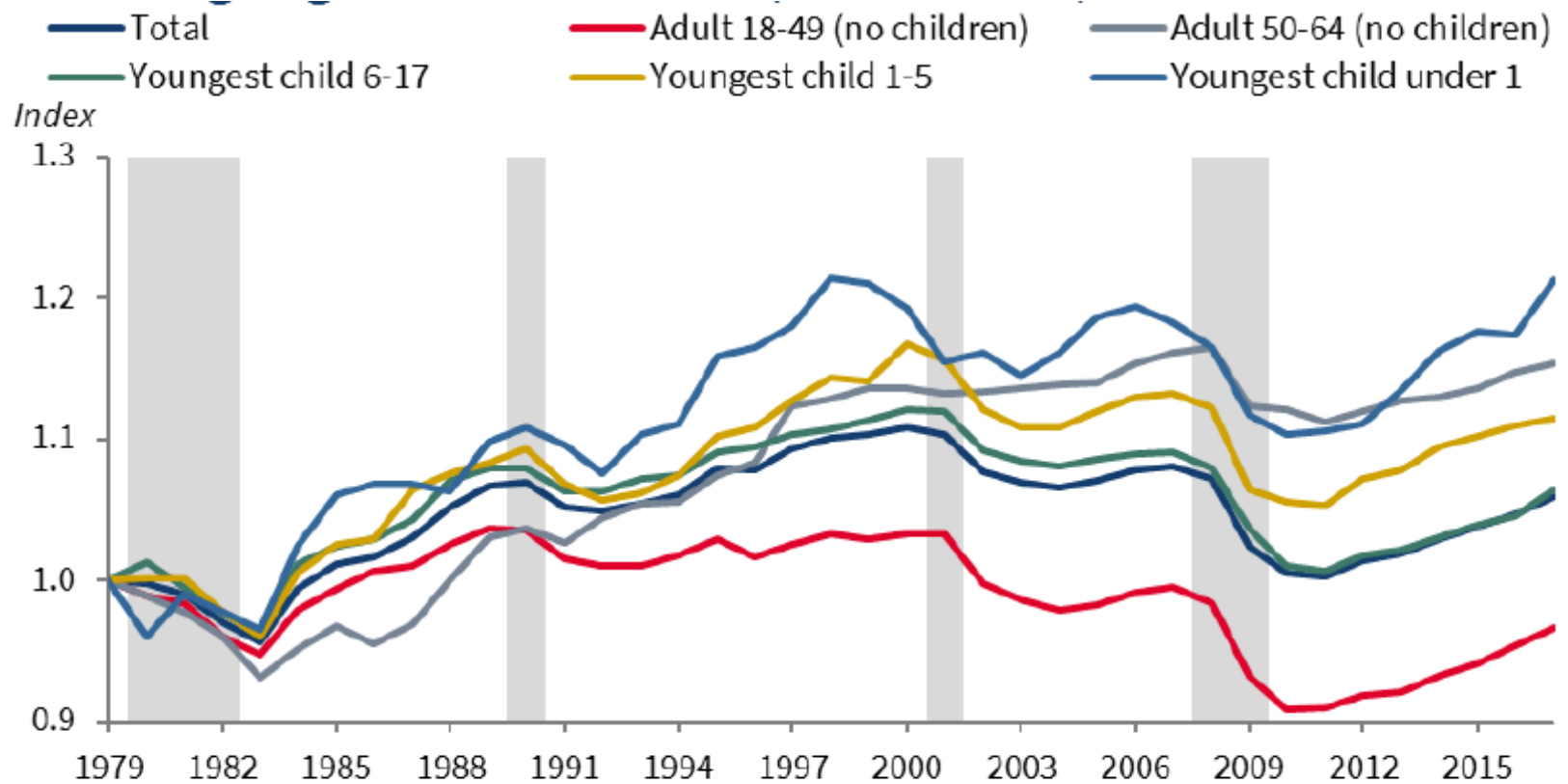


Figure b. Employment Rate of Segments of Non-Disabled Working-Age Adults (18-64), 1979-2017, Indexed to 1979



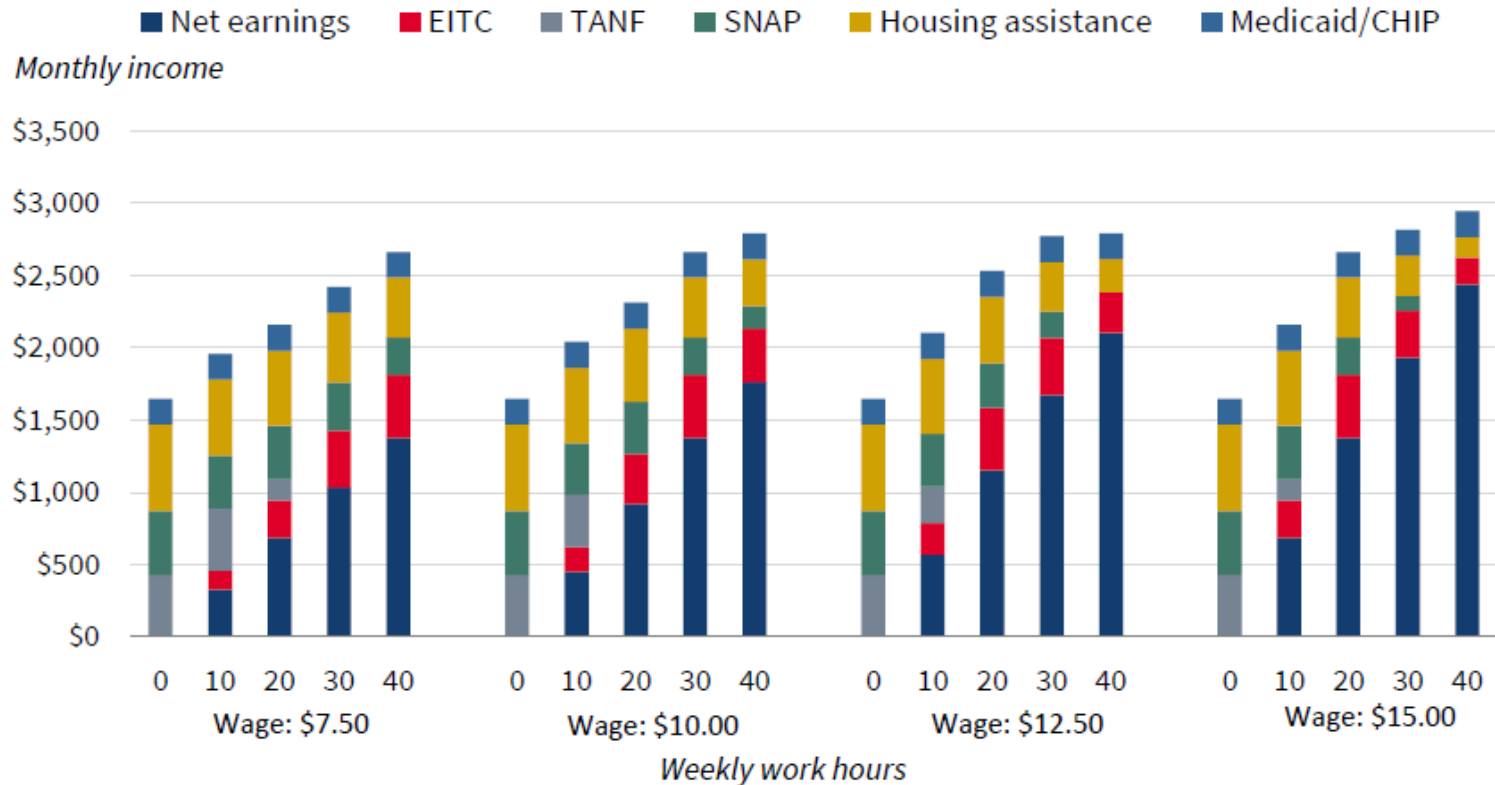
Sources: Current Population Survey, March Annual Social and Economic Supplement, 1980-2017; National Bureau of Economic Research; CEA calculations.

Note: See notes to Figure 6. We base employment on employment during March of the given year.

Extracted from  
“Welfare Indicators and Risk Factors”

*A. Marginal tax rates faced by potential  
workers living in low-income households*

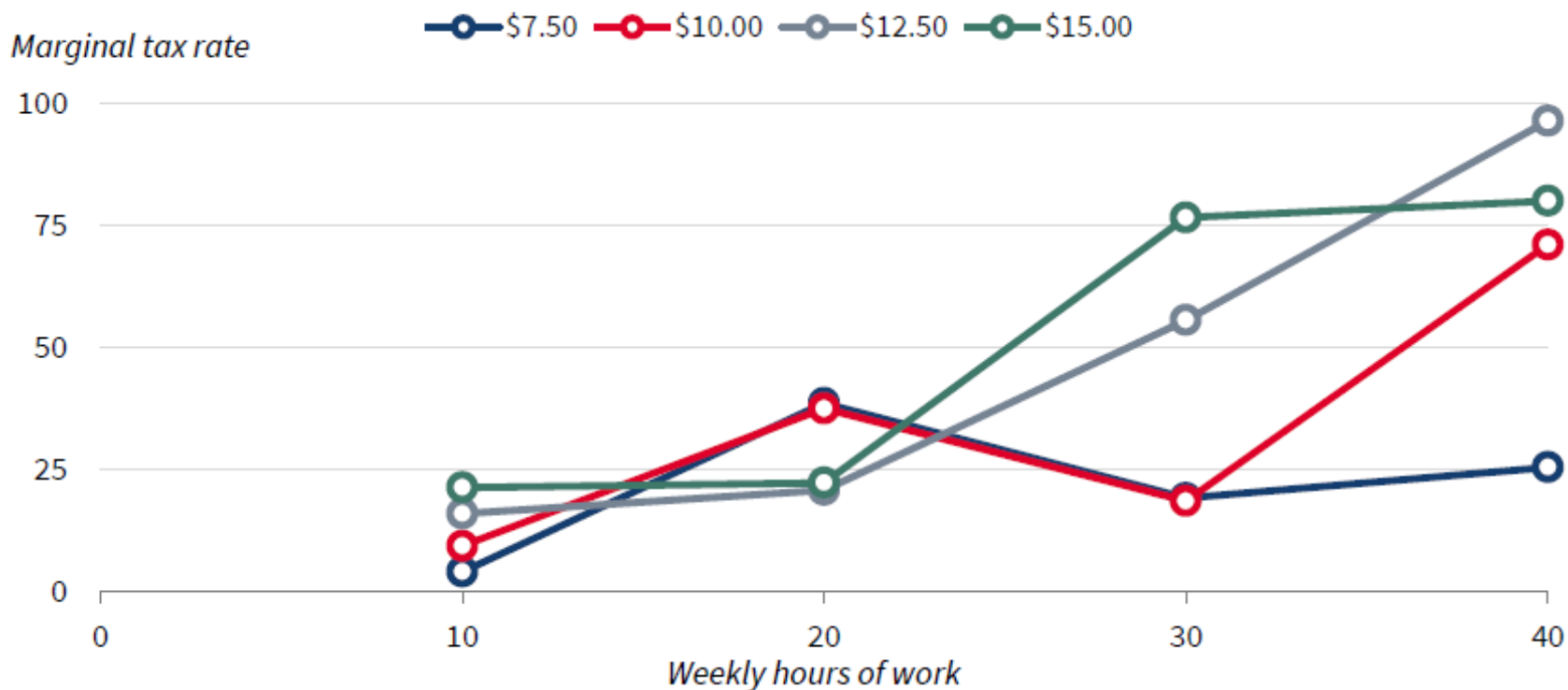
Figure. Simulated Monthly Household Income by Hourly Wage and Weekly Work, by Source of Income, 2012



Sources: Urban Institute Net Income Change Calculator; Kaiser Family Foundation (2018); CEA calculations.

Note: Net earnings is earnings net of Federal income tax (except for EITC), payroll tax and State income tax. We assume all household members live in Illinois, have no assets, and no vehicle. The household is composed of a single non-disabled working-age adult and his/her two children (ages 3 and 5). We assume his/her monthly rent is \$1,000. We assume he/she receives no childcare subsidies. We assume annual Medicaid spending on his/her behalf is \$3,350 and annual Medicaid spending on behalf of each of his/her children is \$2,108, based on annual cost estimates for Illinois from the Kaiser Family Foundation. We then divide annual cost estimates by 12 to obtain monthly estimates, and multiply these monthly benefits by 0.3 based on the assumption that recipients value Medicaid/CHIP at \$0.30 per dollar of spending. We assume housing assistance is valued at \$0.70 per dollar of benefits. We assign all other benefits at their dollar value. In Illinois in 2011, working adults with children could receive Medicaid with a household income up to 200 percent of the poverty line, and children could receive Medicaid/CHIP with a household income up to 300 percent of the poverty line.

# Figure. Marginal Tax Rate When Increasing Weekly Hours of Work, by Hourly Wage, 2012



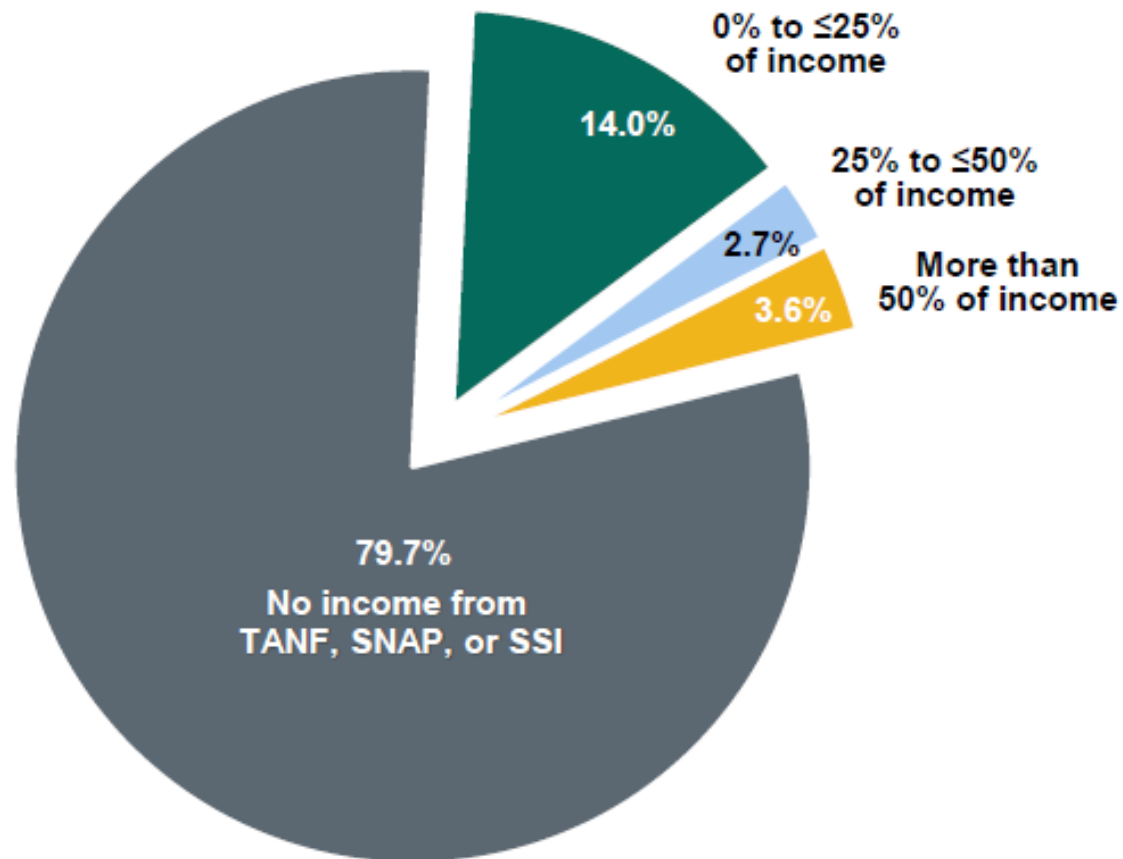
Sources: Urban Institute Net Income Change Calculator; Kaiser Family Foundation (2018); CEA calculations.

Note: We define our worker's marginal tax rate as the increase in his/her monthly after-tax and post-transfer income when she works 10 more hours per week, divided by the increase in her pre-tax and pre-transfer earnings when she works 10 more hours per week. We assume all household members live in Illinois, have no assets, and no vehicle. The household is composed of a single non-disabled working-age adult and his/her two children (ages 3 and 5). We assume her monthly rent is \$1,000. We assume he/she receives no childcare subsidies. We assume his/her annual spending on his/her behalf Medicaid is \$3,350 and annual spending on behalf of each of his/her children Medicaid/CHIP is \$2,108, based on annual cost estimates for Illinois from the Kaiser Family Foundation. We then divide annual cost estimates by 12 to obtain monthly estimates, and multiply these monthly benefits by 0.3 based on the assumption that recipients value Medicaid/CHIP at \$0.30 per dollar of spending. We assume housing assistance is valued at \$0.70 per dollar of benefits. We assign all other benefits at their dollar value.

## *Indicator 1. Degree of Dependence*



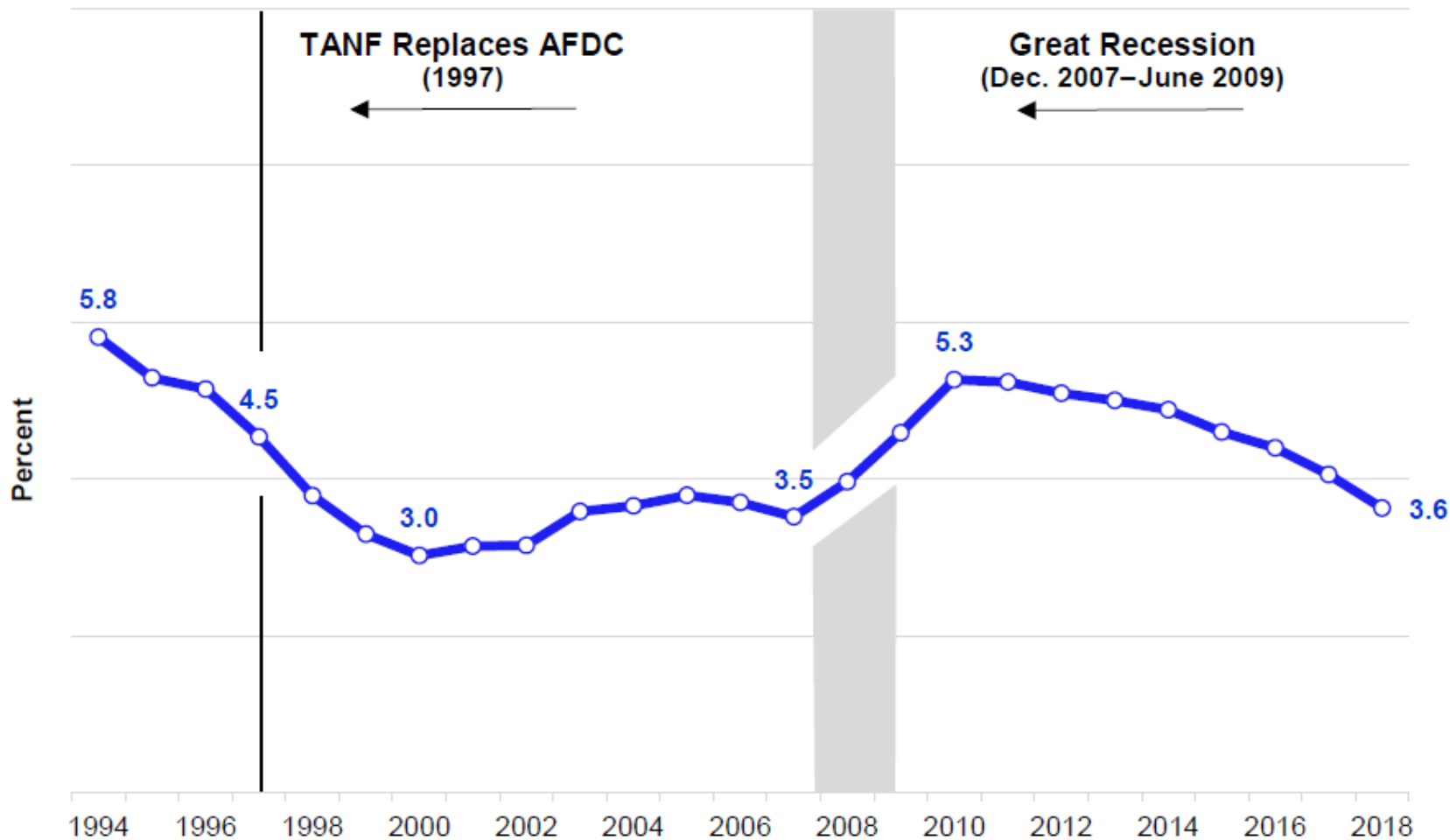
Figure: Percentage of the Population by Proportion of Family Income from TANF, SNAP, and/or SSI Combined, 2018



Note: Income includes cash income from TANF and SSI and the market value of SNAP benefits. TANF includes separate state programs funded with maintenance-of-effort dollars (see the Technical Note section). Cash welfare income from "general assistance" or solely state-funded programs does not count as TANF. "More than 50% of income" includes all individuals who received more than 50 percent of total annual family income from TANF, SSI, and/or SNAP.

Source: Current Population Survey Annual Social and Economic Supplement and microsimulation model TRIM3.

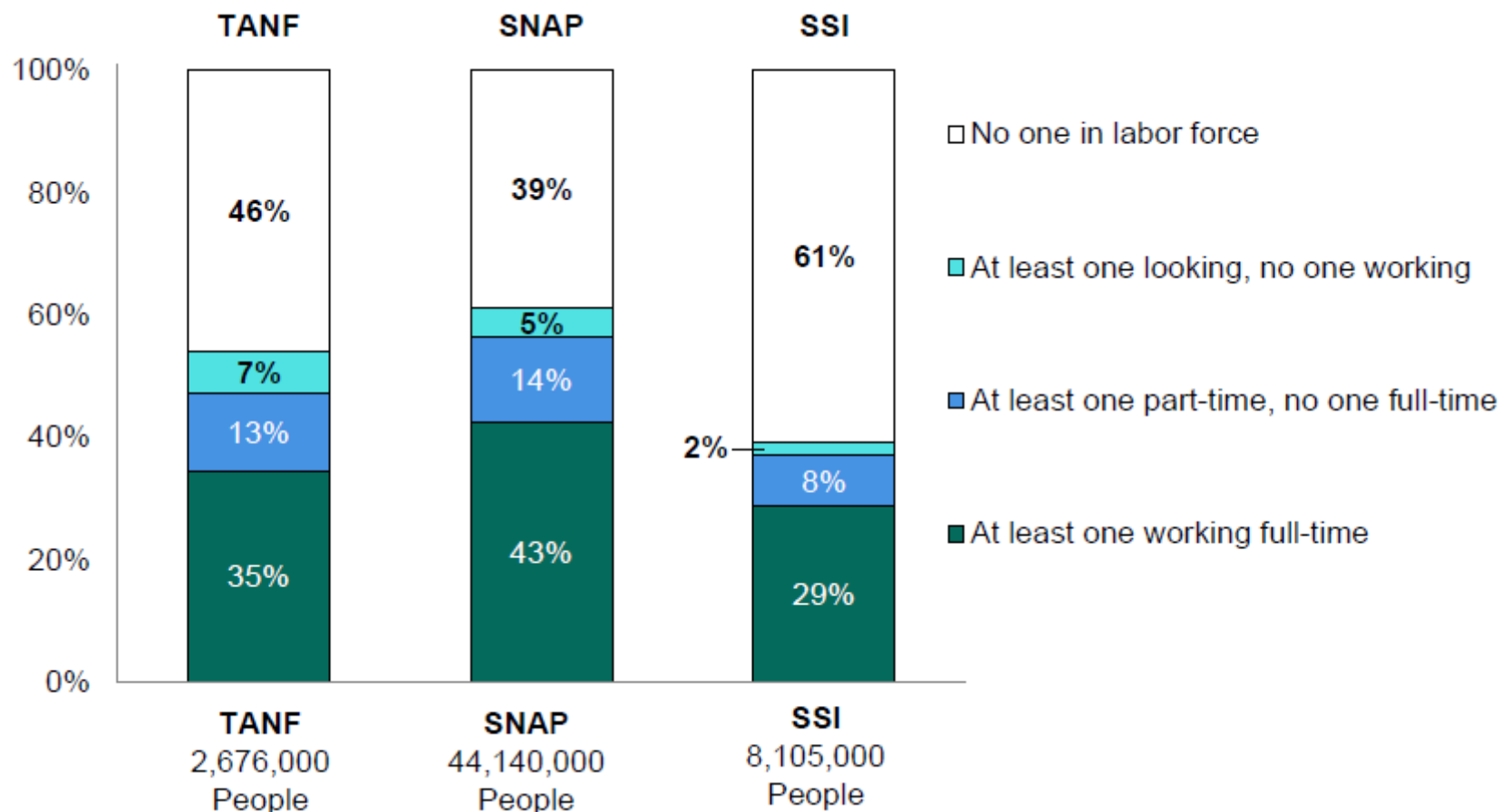
**Figure: Dependency Rate: Percentage of the Population with More Than 50 Percent of Family Income from AFDC/TANF, SNAP, and/or SSI, or Any Combination of These Programs, 1994–2018**



Note: AFDC recipients are included from 1994 to 1996, and TANF recipients are included beginning in 1997. Food Stamp recipients are included from 1994 to 2008; the Food, Conservation, and Energy Act of 2008 (Public Law 110–234) changed the name of the Food Stamp Program to SNAP. Source: Current Population Survey Annual Social and Economic Supplement and microsimulation model TRIM3.

*Indicator 2. Program Receipt and Family  
Labor Force Participation*

Figure: Percentage of Recipients in Families with Labor Force Participants, by Program, 2018

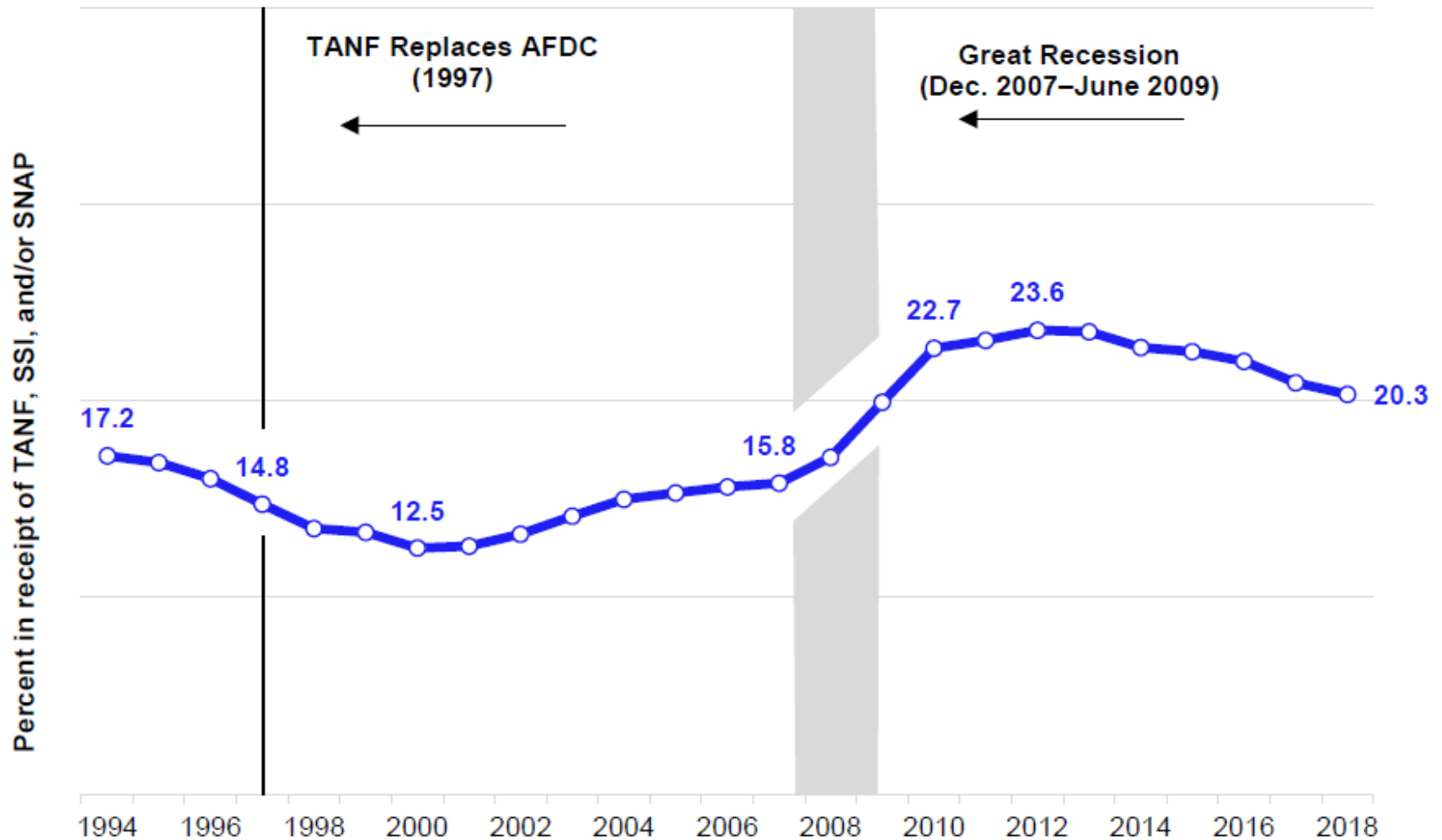


Note: Recipients are individuals or coresident family members who receive benefits in a month. Each column shows the population for a specific program, but programs are not mutually exclusive. The indicator measures, in an average month, the combination of individual benefit receipt and participation in the labor force of any relative in the household in the same month. Full-time workers usually work 35 hours or more per week. Part-time workers work less than 35 hours per week. "Looking for work" includes individuals who were unemployed or laid off.

Source: Current Population Survey Annual Social and Economic Supplement and microsimulation model TRIM3.

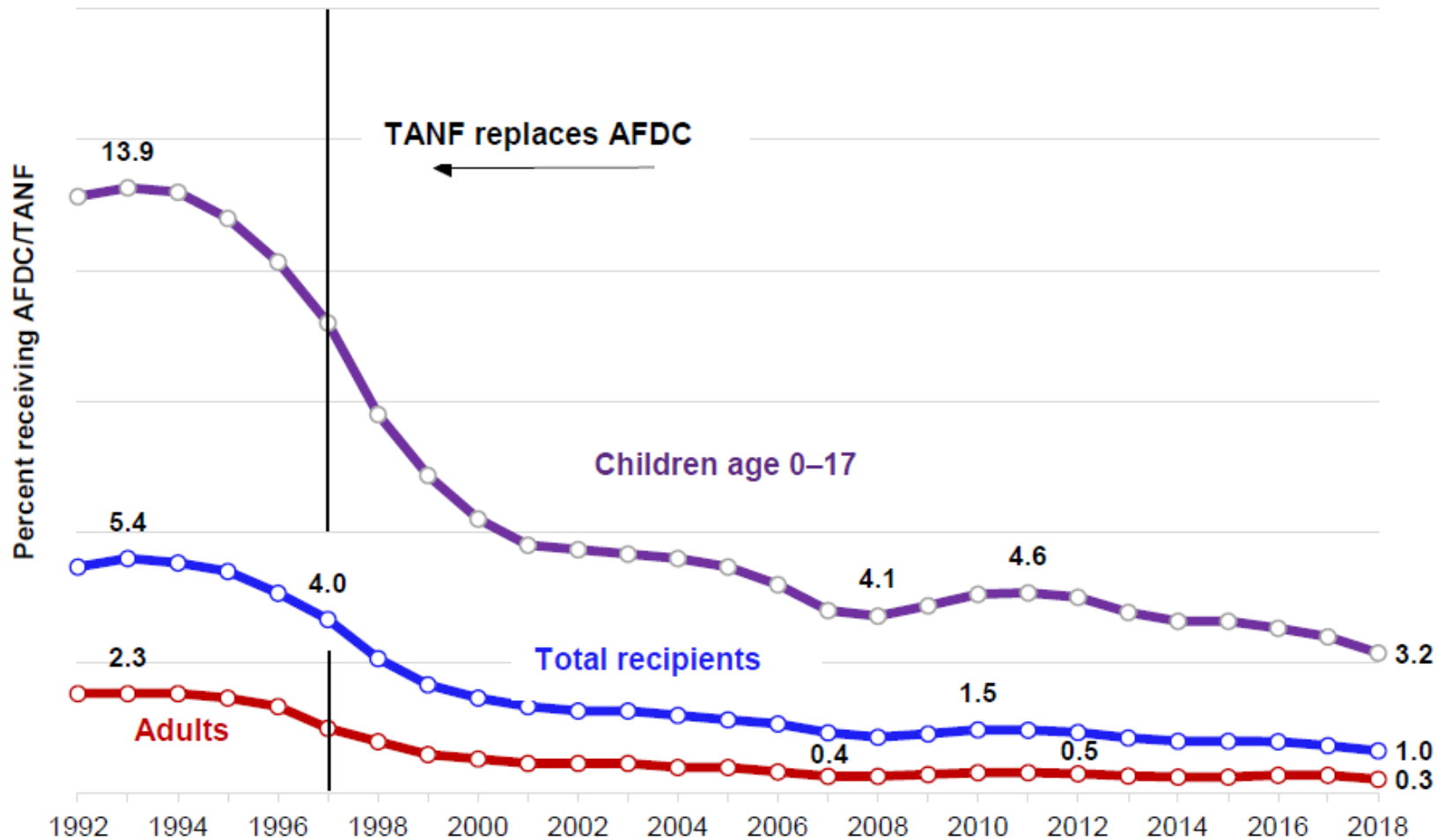
## *Indicator 3. Program Recipiency*

Figure: Percentage of Recipients in Families with Labor Force Participants, by Program, 2018



Note: AFDC recipients are included from 1993 to 1996. Food Stamp recipients are included from 1993 to 2007.  
 Source: Current Population Survey Annual Social and Economic Supplement and microsimulation model TRIM3.

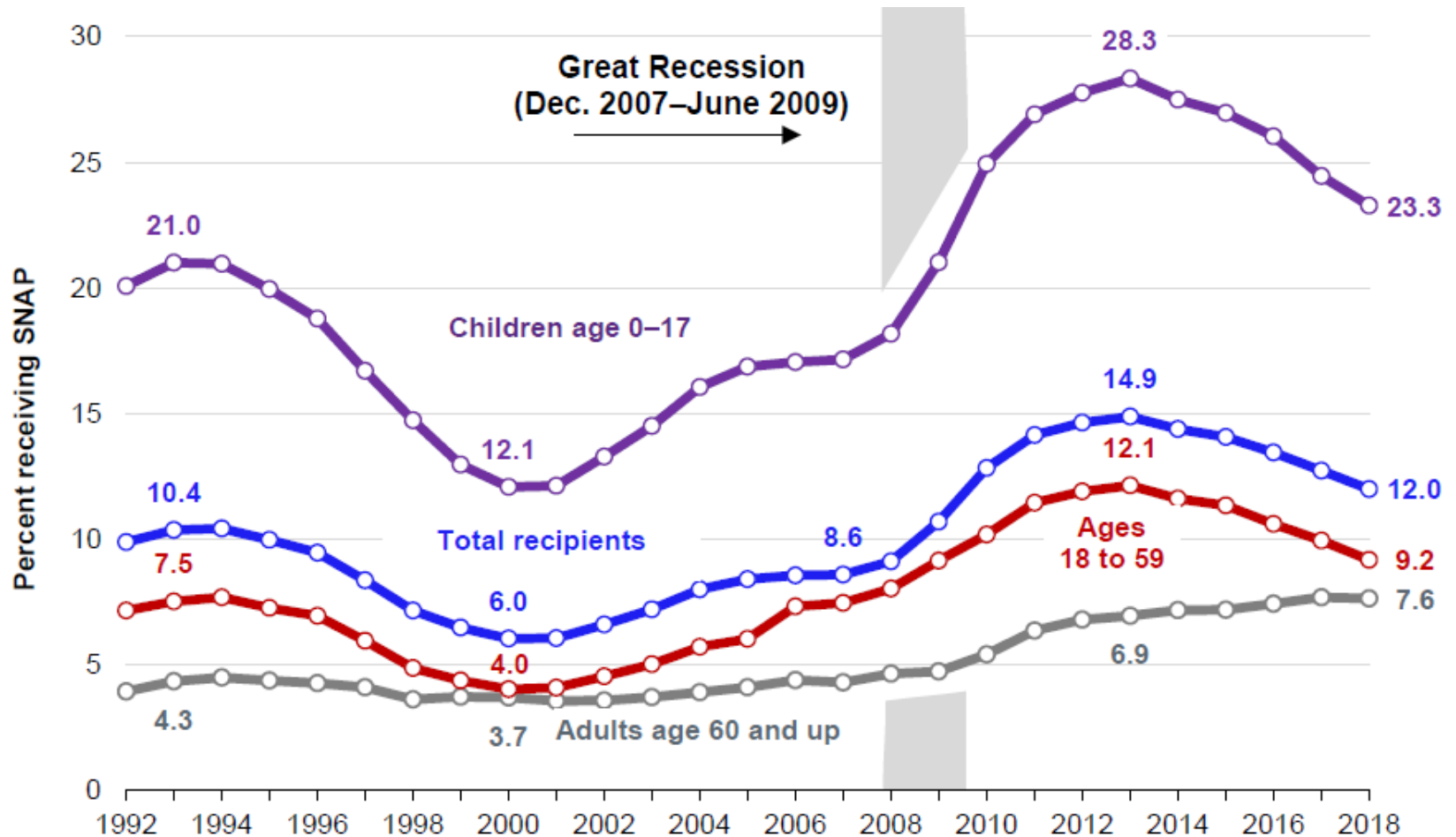
Figure: Percentage of Individuals Who Received AFDC or TANF Cash Assistance in an Average Month, 1992–2018



Note: Recipients are expressed as the fiscal year average of monthly caseloads from administrative data.

Source: U.S. Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance. The average numbers of adults and children who received TANF in 1998 and 1999 are estimated using data from the National Emergency TANF Data Files and thereafter from the National TANF Data Files.

Figure: Percentage of the Population Receiving SNAP (Food Stamp) Benefits in an Average Month, 1992–2018

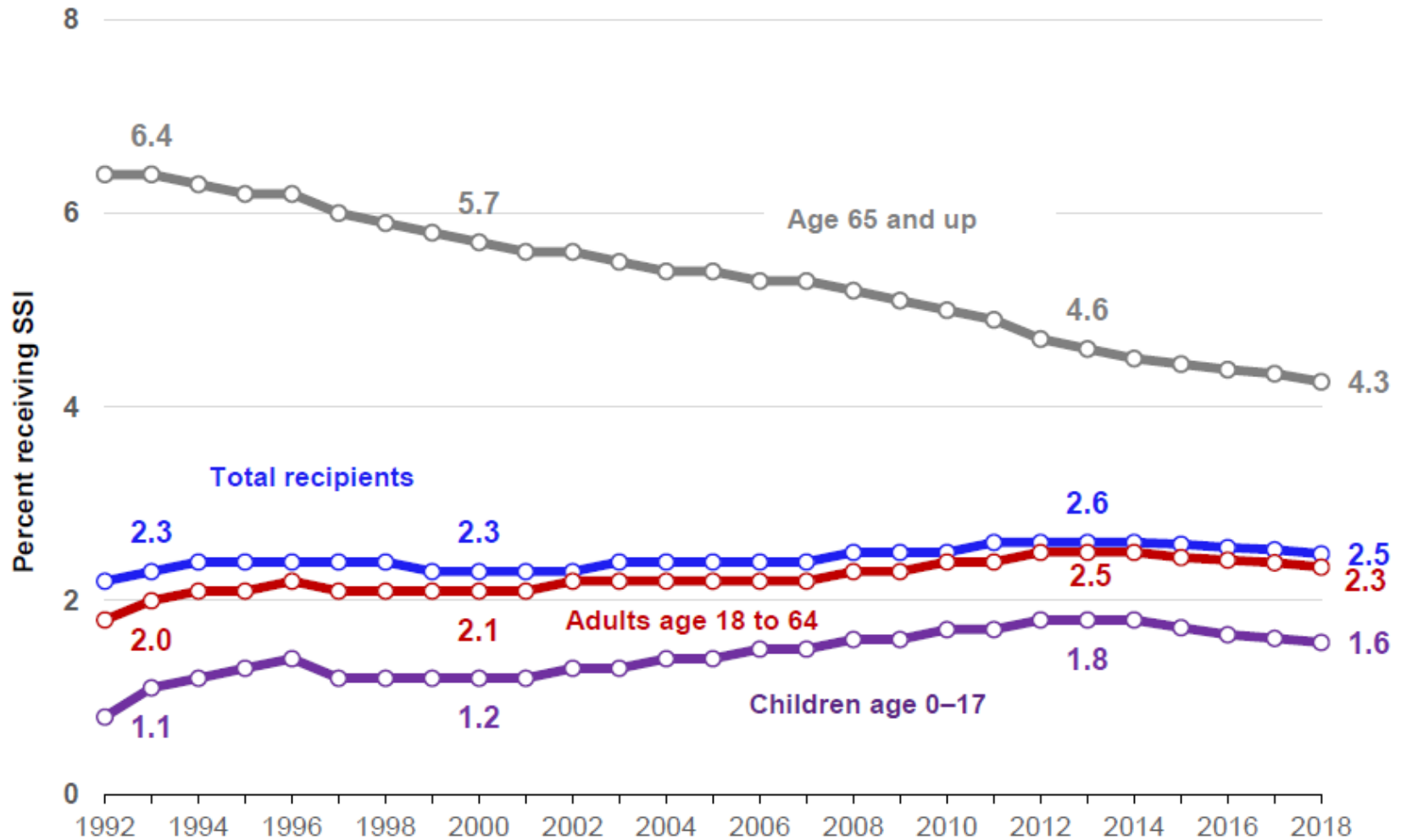


Note: Estimates are fiscal year averages using monthly caseload data from administrative records. Percentages are calculated based on population statistics from the U.S. Census Bureau.

Source: U.S. Department of Agriculture, Food and Nutrition Service (FNS), Office of Policy Support, Characteristics of Supplemental Nutrition Assistance Program Households and the FNS National Data Bank.



Figure: Percentage of the Population Who Received Income from SSI, 1992–2018

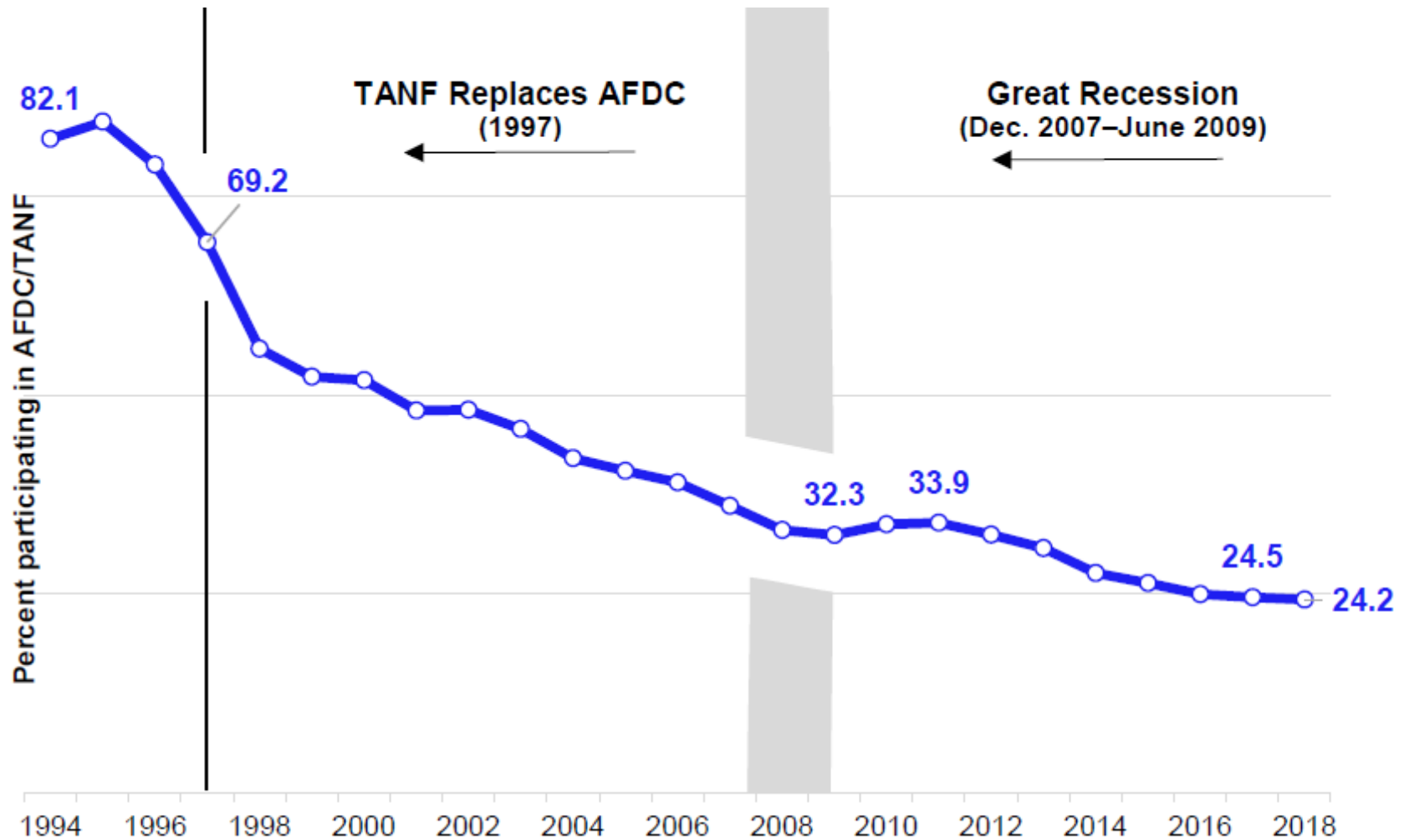


Note: SSI data are reported as of December of each year. December population figures used as the denominators are obtained by averaging the U.S. Census Bureau's July 1 population estimates for the current and the following year.

Source: Social Security Administration, Office of Research, Evaluation and Statistics, SSI Annual Statistical Report, 2019. Population denominators for the percentage in each category are from the U.S. Census Bureau.

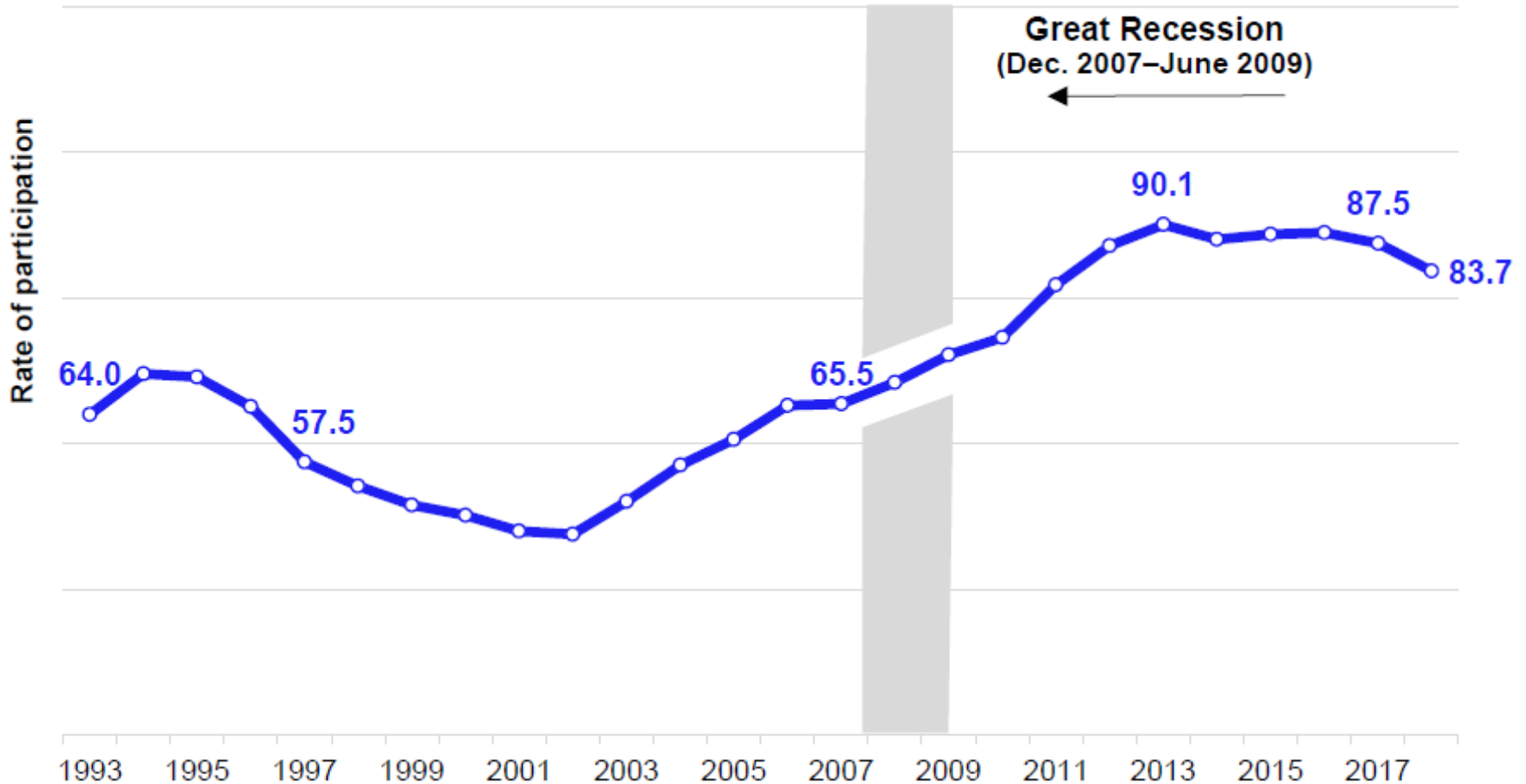
*Indicator 4. Program Participation by  
Eligible Individuals*

Figure: Rates of Participation in AFDC/TANF Cash Assistance Among Those Eligible to Participate, 1994–2018



Source: Administrative caseload data are from the U.S. Department of Health and Human Services, Administration for Children and Families. The participation fraction is from microsimulation model TRIM3 using data from the Current Population Survey Annual Social and Economic Supplement.

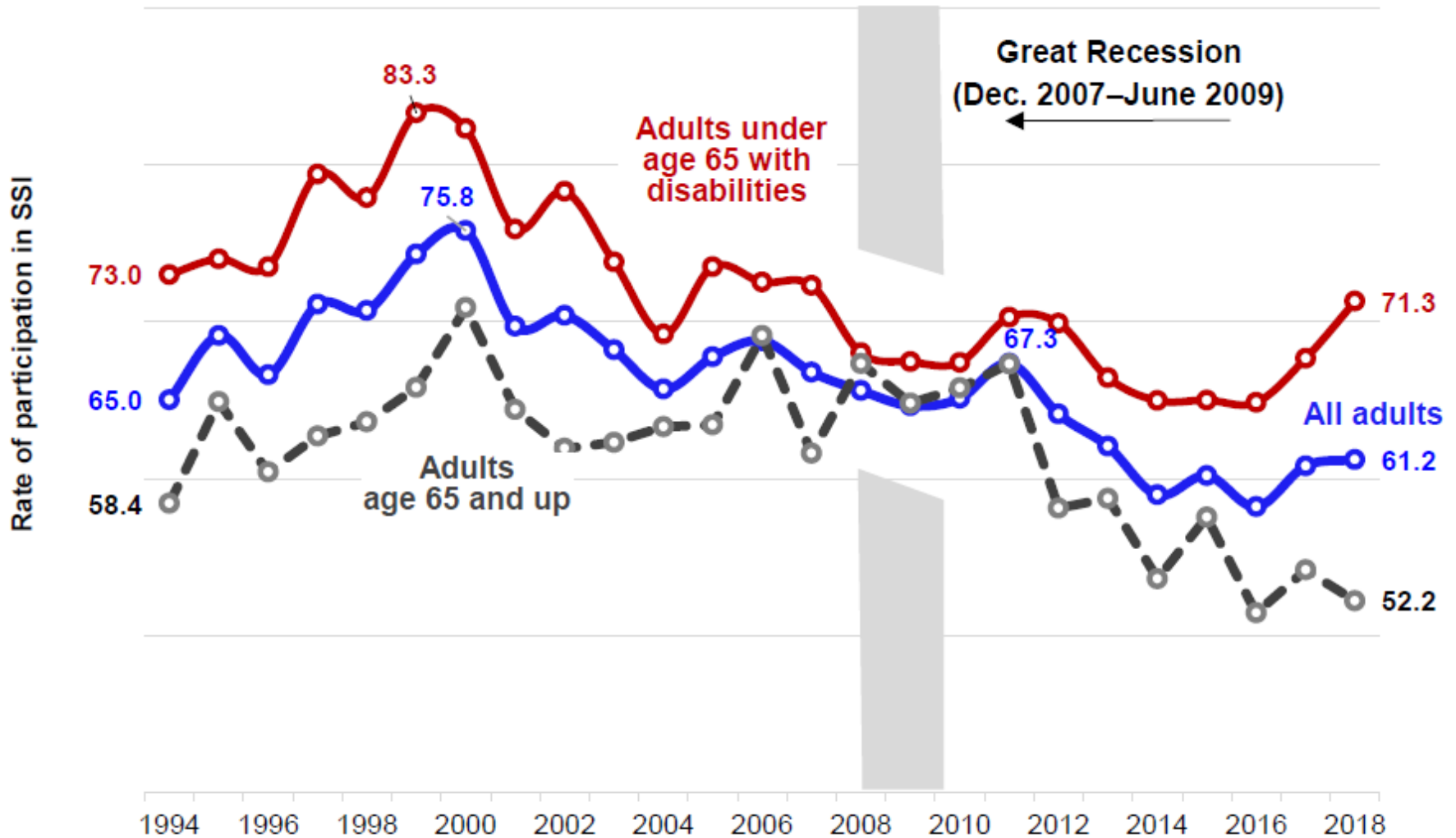
Figure 16: Rates of Participation in the SNAP (Food Stamp) Program Among Eligible Households, 1980–2018



Notes: Participant and eligibility totals represent monthly averages. Estimates from 2010 through 2015 should not be compared with prior estimates. Estimates for the following year ranges are methodologically consistent: September 1980 to August 1994, September 1994 to September 1999, FY 1999 to FY 2002, FY 2002 to FY 2009, and FY 2010 to FY 2017.

Source: SNAP Program Operations data, SNAP Quality Control data, and Current Population Survey Annual Social and Economic Supplement.

Figure: Rates of Participation in the SNAP (Food Stamp) Program Among Eligible Households, 1980–2018

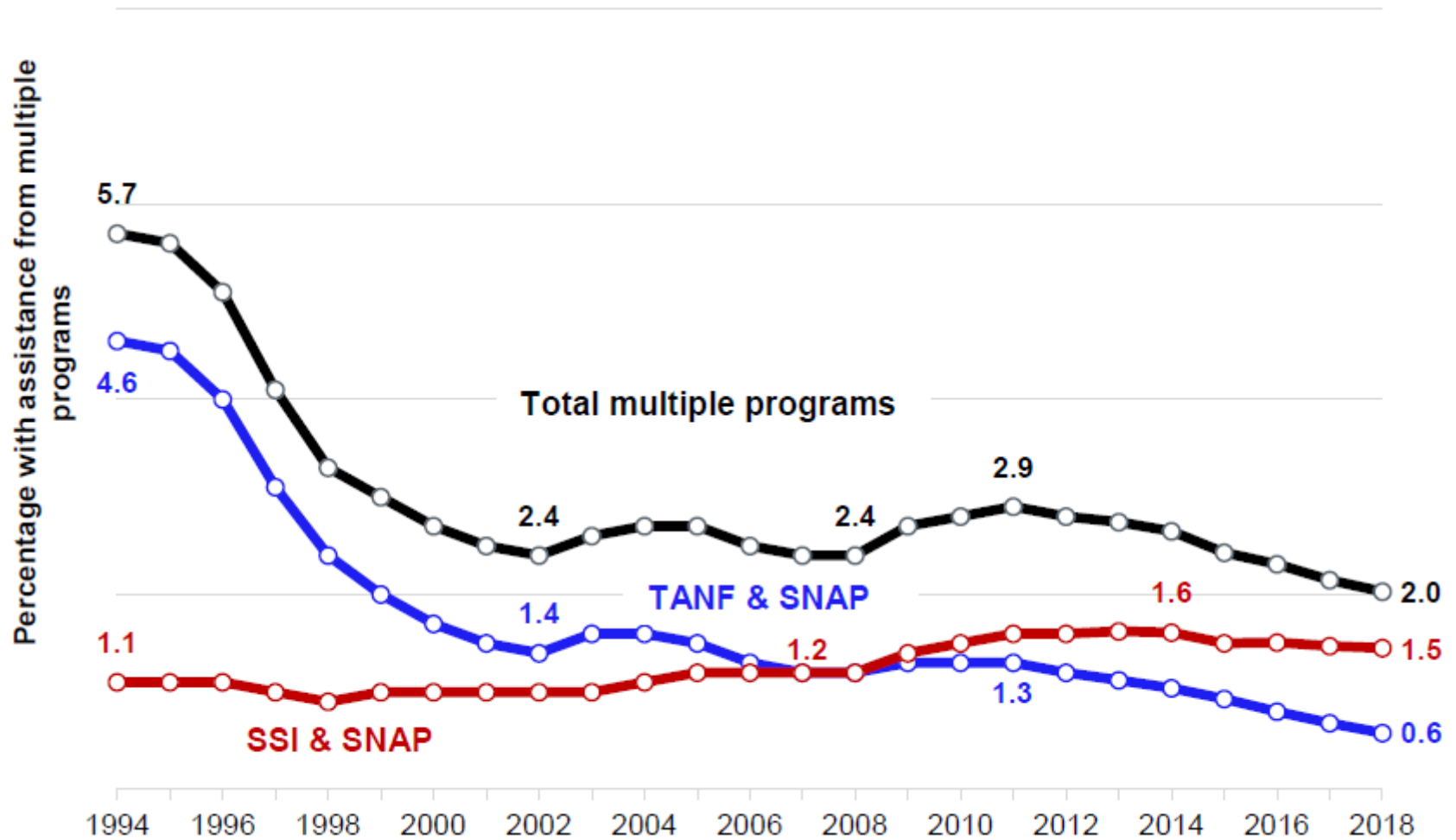


Note: Data are the average monthly percentage of eligible adults and adults with disabilities. Eligible adults are individuals age 18 to 64 with low income, low resources, and a disability or adults age 65 and up with low income and low resources. See the Technical Notes section for further detail.

Source: Current Population Survey Annual Social and Economic Supplement and microsimulation model TRIM3.

## *Indicator 5. Multiple Program Receipt*

Figure: Rates of Participation in the SNAP (Food Stamp) Program Among Eligible Households, 1980–2018



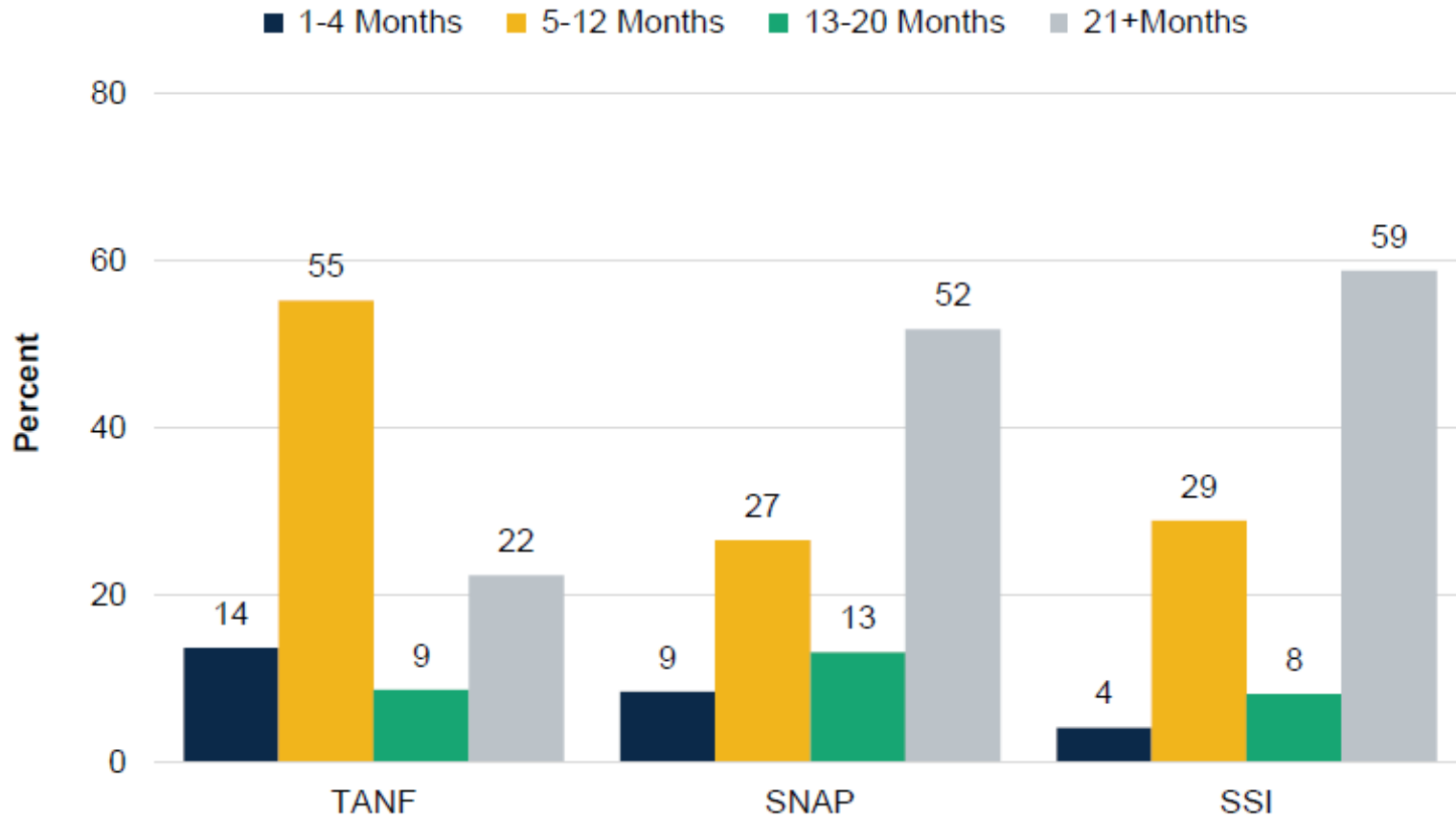
Note: Data are an average monthly percentage of the population. AFDC, TANF, and SNAP receipt are based on the family or recipient unit, while SSI receipt is based on individuals.

Source: Current Population Survey Annual Social and Economic Supplement and microsimulation model TRIM3.

## *Indicator 6. Program Receipt Duration*



Figure: Duration of TANF, SNAP, and SSI Receipt over 24 Months, 2015–2016



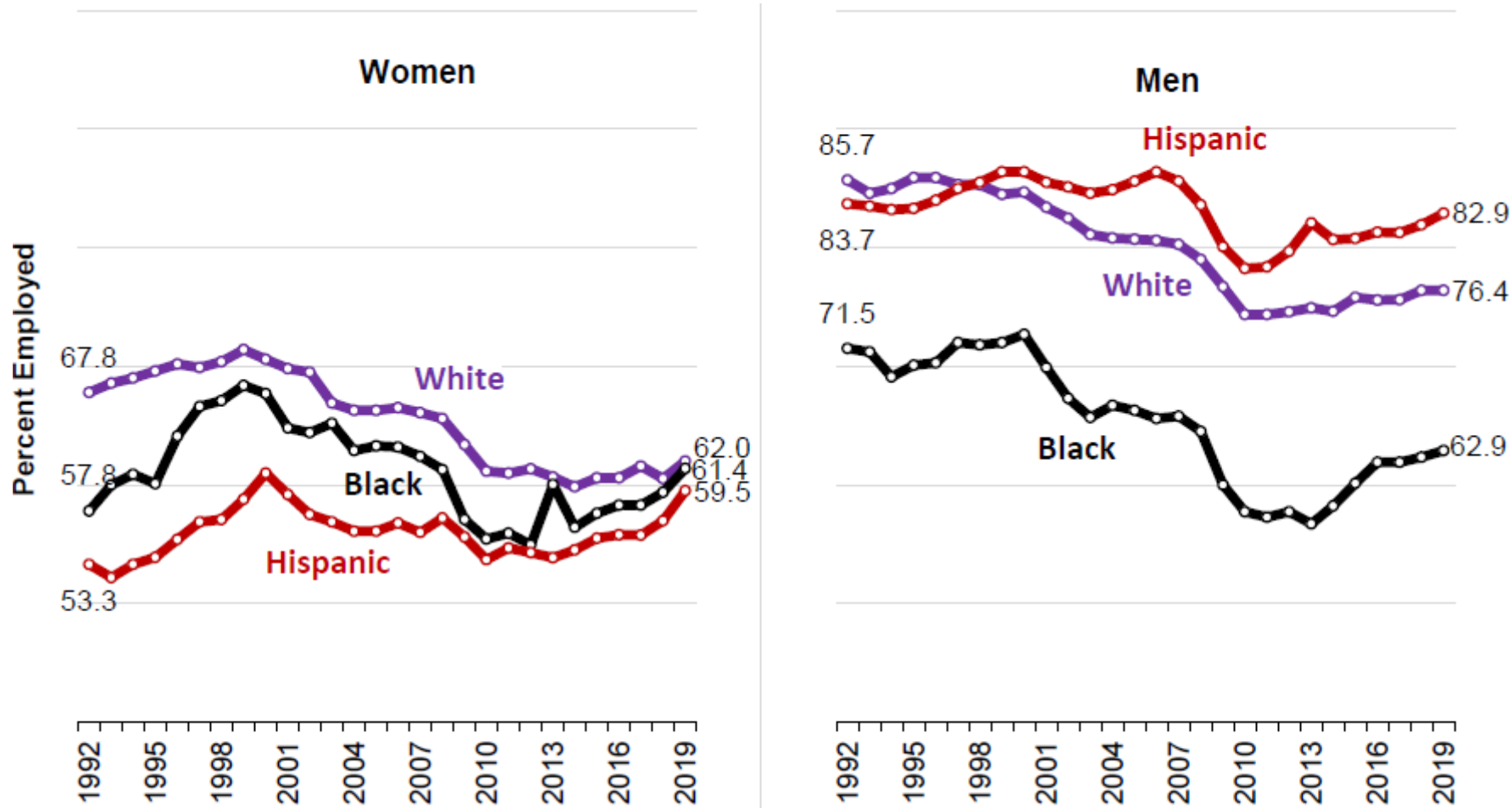
Note: Data are restricted to individuals in both the 2015 and 2016 waves and waves 3 and 4 of the 2014 Survey of Income and Program Participation panel survey who participated in TANF, SNAP, or SSI for at least one month during the period. SNAP estimates may differ from U.S. Department of Agriculture estimates due to methodological differences.

Source: Survey of Income and Program Participation 2014.

# Risk Factors: Social and Economic Context

*Indicator 7. Employment Among Adults with  
High School Education or Less*

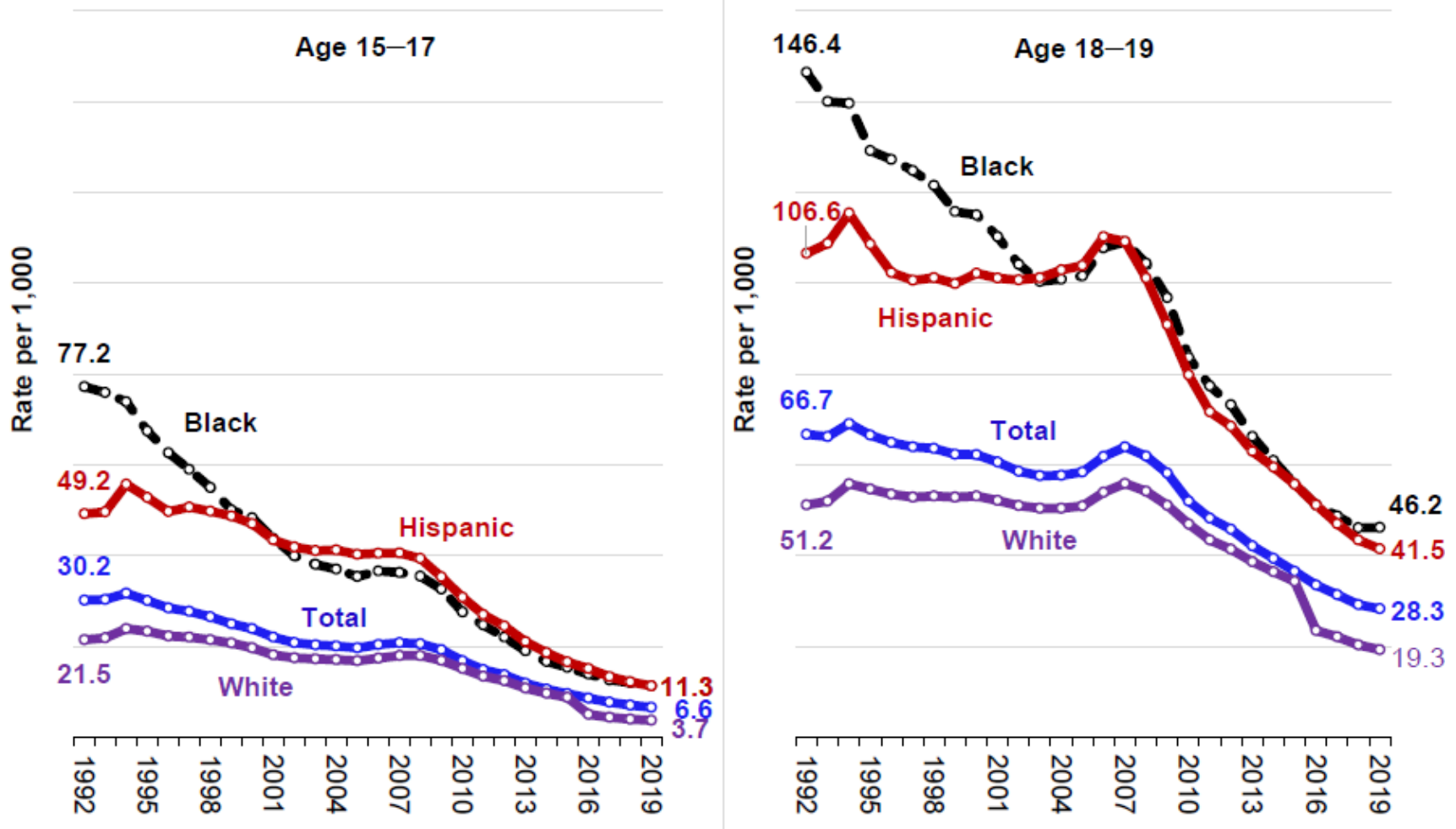
Figure: Percentage of Adults Employed Any Time During the Year, Age 18 to 65, with a High School Degree or Less Education, by Race and Ethnicity, 1992–2019



Note: Data include both full-year and partial-year employment. Beginning in 2002, estimates for White and Black adults are for people reporting a single race only.

Source: Current Population Survey Annual Social and Economic Supplement.

Figure: Births per 1,000 Unmarried Women Age 15–17 Years and 18–19 Years by Race-Ethnicity, 1990–2019



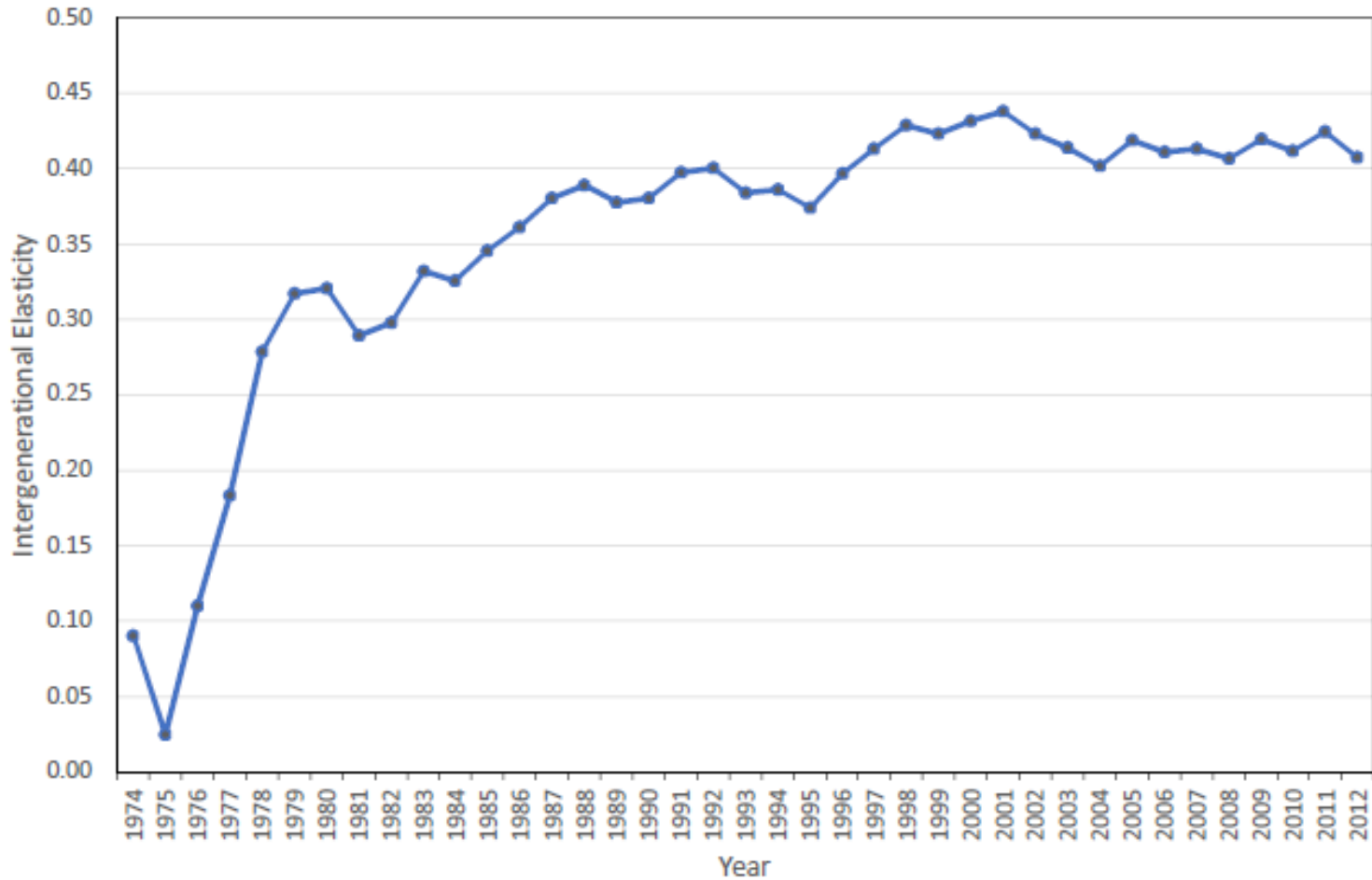
Note: Data are available beginning in 1990 for Hispanic women.

Source: National Center for Health Statistics, "Nonmarital Childbearing in the United States, 1940-1999," National Vital Statistics Reports, vol. 48, no. 16 (2000), and vol. 68, no. 13 (2019).

Do income transfers work?

Do we create dependence across  
generations?

## Figure: Trends in the Intergenerational Correlation of Welfare Participation



Source: Hartley et al. 2016

Note: Welfare participation includes AFDC/TANF, SSI, Food Stamps and Other Welfare

Extracted from  
“Family Welfare Cultures” by Dahl et al., 2014

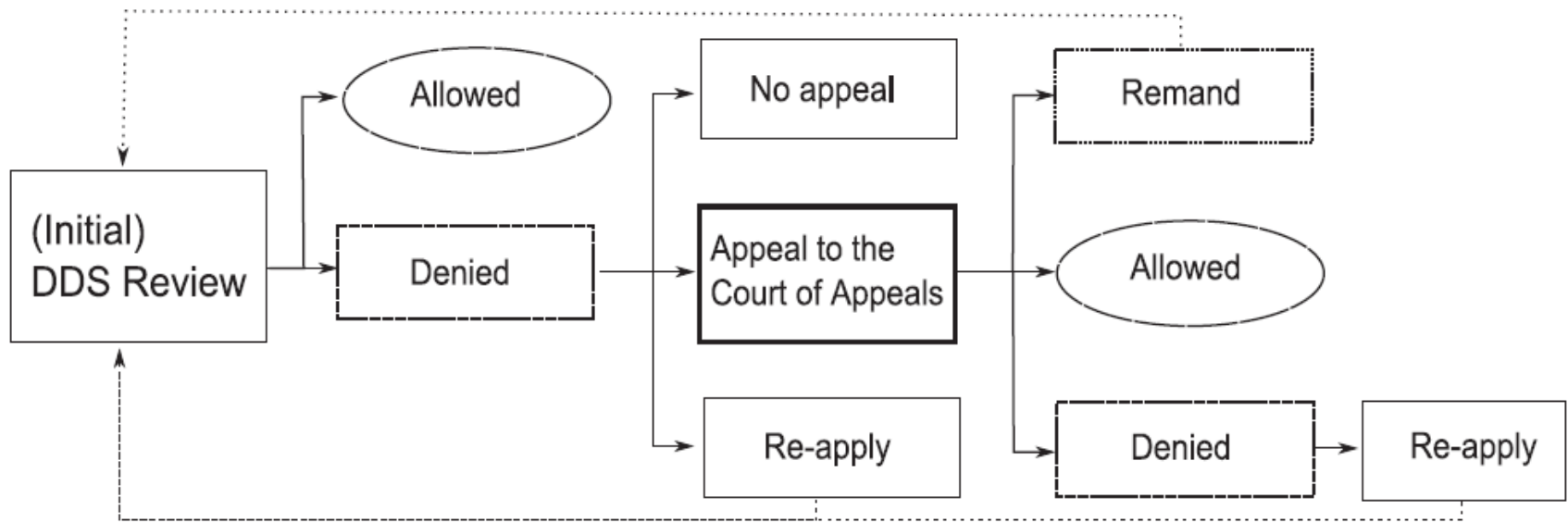


- Norway's disability insurance (DI) system.
- To overcome the challenge of correlated unobservables across generations, we take advantage of random assignment of judges to DI applicants whose cases are initially denied.
- Some appeal judges are systematically more lenient, which leads to random variation in the probability a parent will be allowed DI.

- Using this exogenous variation, we find strong evidence for a causal link across generations: when a parent is allowed DI at the appeal stage, their adult child's participation over the next five years increases by 6 percentage points.
- This effect grows over time, rising to 12 percentage points after 10 years.
- Although these findings are specific to our setting, they highlight that welfare reforms can have long-lasting effects on program participation, since any original effect on the current generation could be reinforced by changing the participation behavior of their children as well.
- The detailed nature of our data allows us to compare the intergenerational transmission with spillover effects in other networks and to explore mechanisms.

## II. Identifying Intergenerational Welfare Transmission

Figure. DI Application and Appeals Process



## IV. Evidence on Intergenerational Welfare Transmission

Figure. Trends in DI Receipt in Norway and the United States

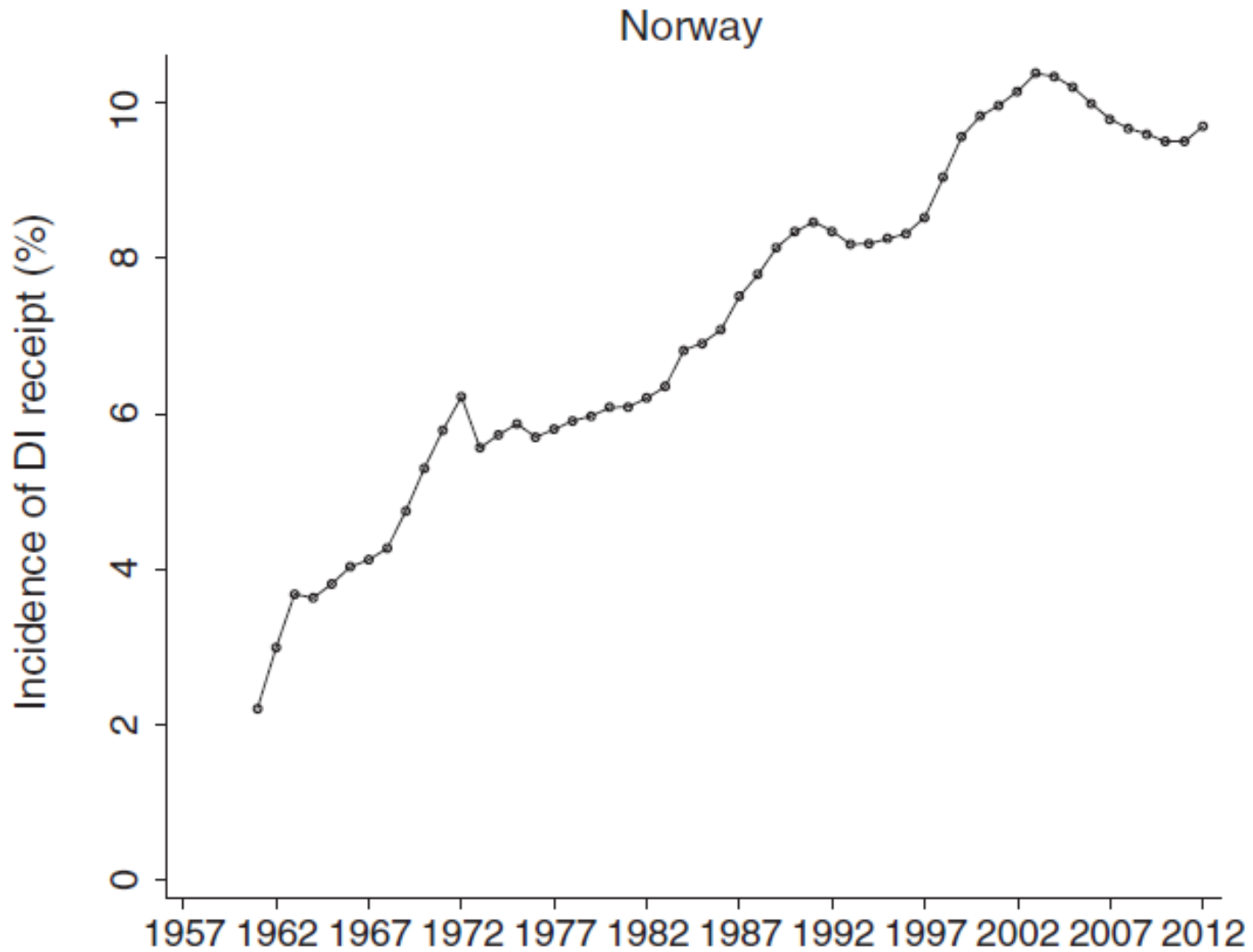


Figure. Trends in DI Receipt in Norway and the United States, Cont'd

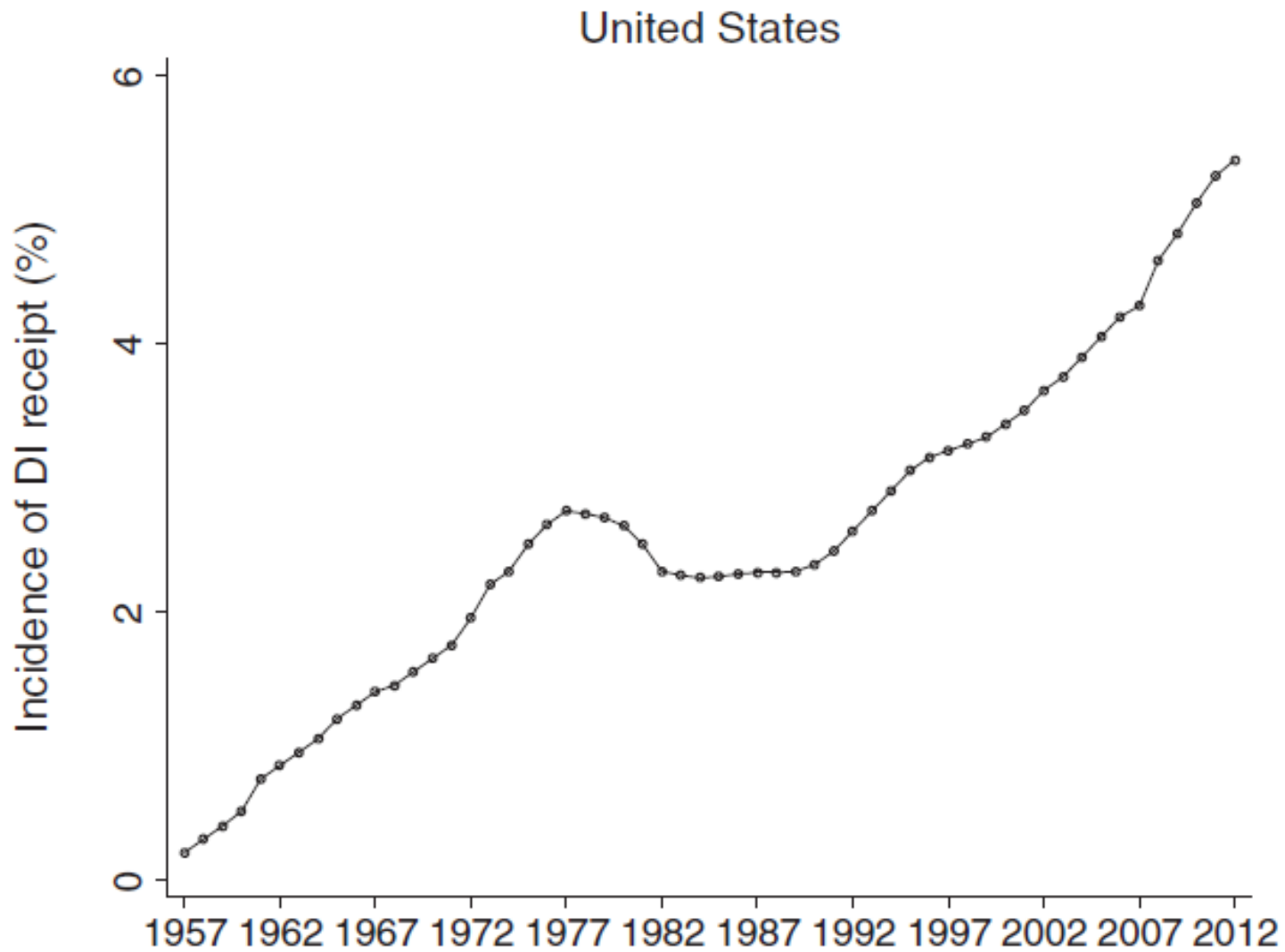
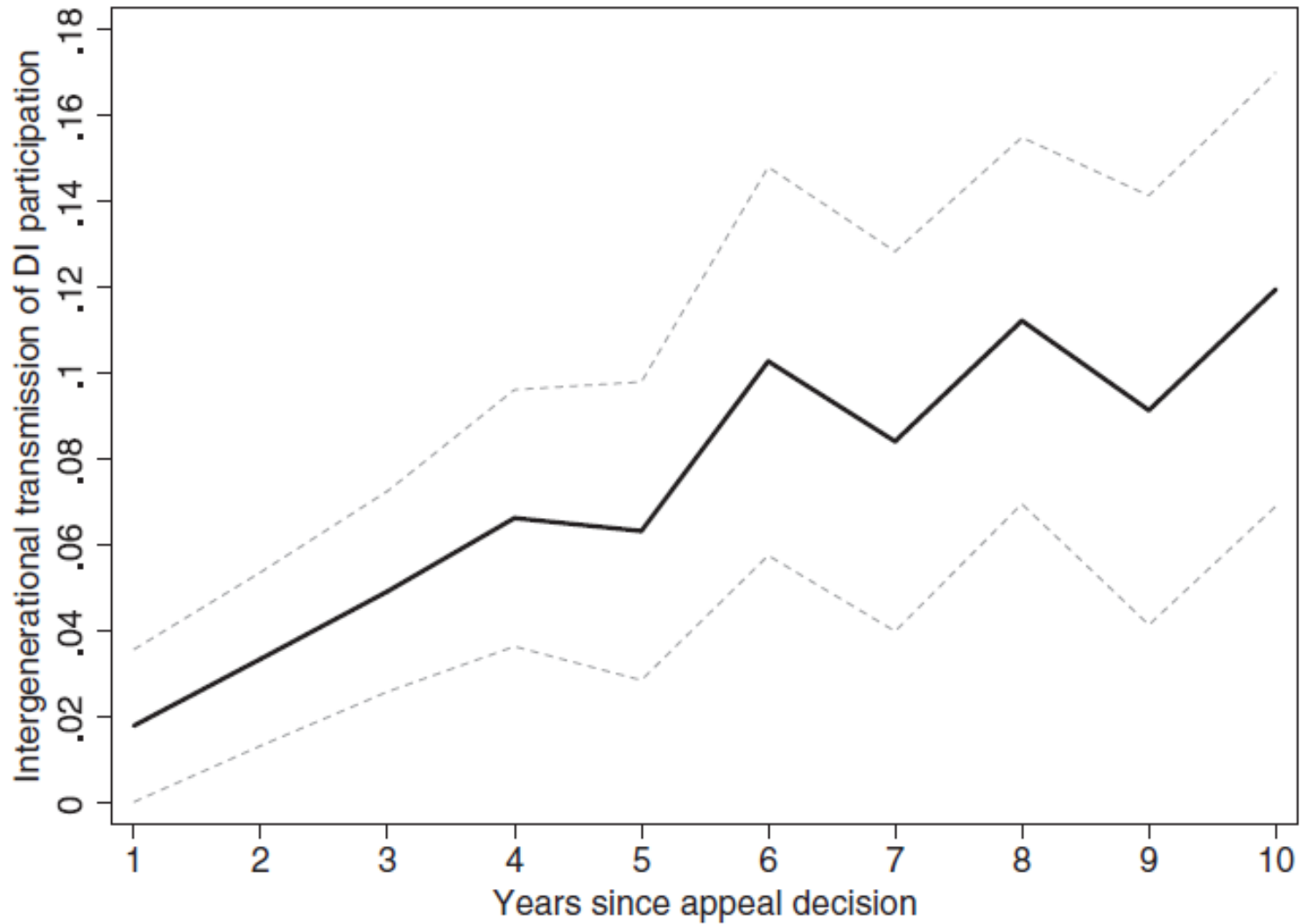


Table. Estimates of Intergenerational Welfare Transmission

	First stage	Child on DI 5 years after parent's appeal decision		Child ever on DI after parent's appeal decision	
		Reduced form	IV	Reduced form	IV
Panel A: No additional controls					
Parent's judge leniency	0.909*** (0.112)	0.055*** (0.020)		0.107*** (0.030)	
Parent allowed DI			0.061*** (0.022)		0.118*** (0.033)
Panel B: With additional controls					
Parent's judge leniency	0.869*** (0.108)	0.052** (0.020)		0.101*** (0.027)	
Parent allowed DI			0.060*** (0.023)		0.116*** (0.032)
Dependent mean	0.12	0.03		0.08	



Figure. Estimates of Intergenerational Transmission over Time



## V. The Breadth and Nature of Welfare Cultures in DI Receipt

Table. Estimates of Spillover Effects in Other Networks

	First stage	Second peer on DI 5 years after first peer's appeal decision		
		Reduced form	IV	<i>N</i>
Panel A: Close neighbors				
Neighbor's judge leniency	0.746*** (0.089)	-0.003 (0.009)		161,569
Neighbor allowed DI			-0.003 (0.012)	
Dependent mean	0.10	0.06		
Panel B: Spouses				
Spouse's judge leniency	0.834*** (0.089)	0.044 (0.082)		5,763
Spouse allowed DI			0.052 (0.096)	
Dependent mean	0.10	0.12		
Panel C: Siblings				
Sibling's judge leniency	0.749*** (0.094)	-0.005 (0.039)		17,706
Sibling allowed DI			-0.006 (0.052)	
Dependent mean	0.10	0.10		

Table. Intergenerational Welfare Transmission by Living Arrangement and Age of Child

Sample	Reduced form	IV	Dep. mean	<i>N</i>
Child on DI 5 years after parent's appeal decision				
A. Child living away from home	0.077** (0.031)	0.080** (0.031)	0.03	8,395
B. Child at least 25 years of age	0.079*** (0.030)	0.075** (0.030)	0.03	6,489
Child applied for DI 10 years after parent's appeal decision				
C. Child between the ages of 8–17	0.080** (0.039)	0.095** (0.043)	0.03	4,220

Table. Do Children Apply with the Same Disorder as Their Parents?

5 years after parent's appeal decision			
Panel A: DI application			
	Apply	Apply $\cap$ Same	% of column 2 explained by reporting
Parent's judge leniency	0.057*** (0.020)	0.036** (0.017)	53.0
Dependent mean	0.032	0.010	
Panel B: DI participation			
	Participation	Participation $\cap$ Same	% of column 2 explained by reporting
Parent's judge leniency	0.052** (0.020)	0.024* (0.014)	49.6
Dependent mean	0.027	0.007	

## VI. Conclusion

Extracted from  
“Intergenerational Spillovers in Disability Insurance” by  
Dahl and Gielen, 2021

- Using a 1993 Dutch policy reform and a regression discontinuity design, we find children of parents whose disability insurance (DI) eligibility was reduced are 11 percent less likely to participate in DI themselves, do not alter their use of other government programs, and earn 2 percent more as adults.
- The reduced transfers and increased taxes of children account for 40 percent of the fiscal savings relative to parents in present discounted value terms.
- Moreover, children of treated parents complete more schooling, have a lower probability of serious criminal arrests and incarceration, and take fewer mental health drugs as adults.



Figure. Effects of the Reform on Parents

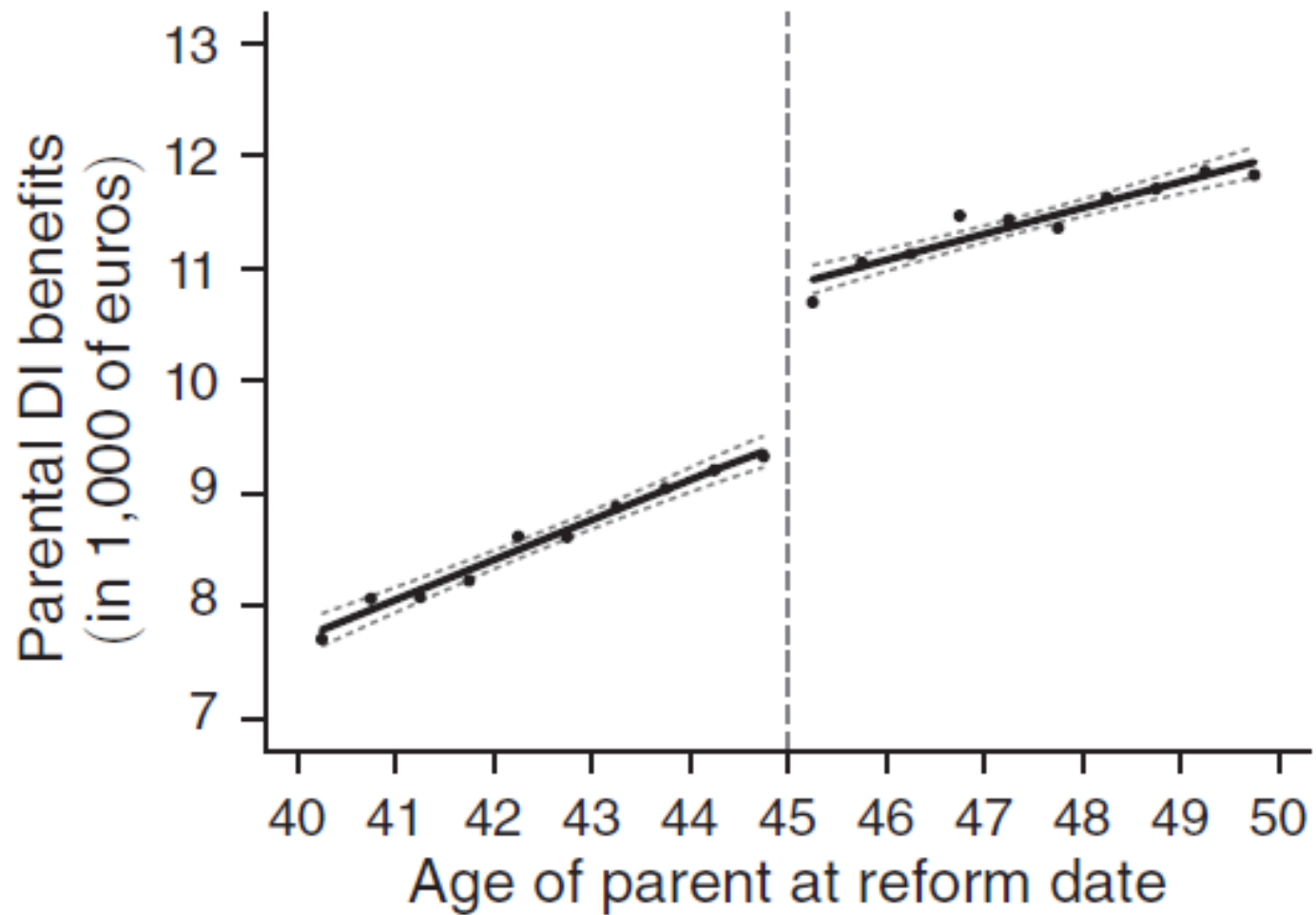


Figure. Effects of the Reform on Parents, Cont'd

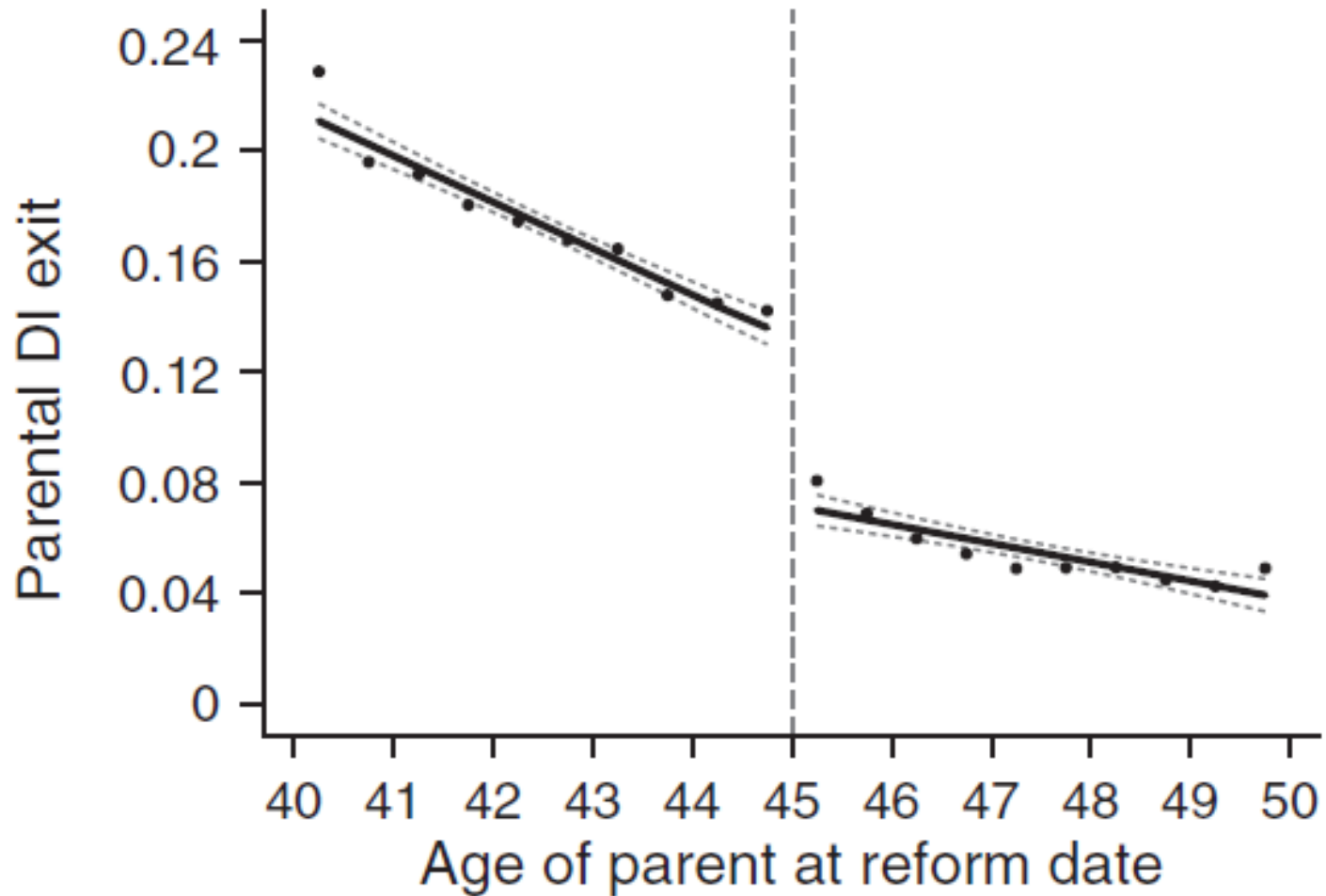


Table. RD Estimates of the Reform on Parental DI

Dependent variable	First stage	Mean
A. Parental DI benefits (in 1,000 euros)	−1.300 (0.095)	10.063
B. Parental exit from DI	0.054 (0.005)	0.114
Observations	116,356	

*Notes:* The sample is parents between the ages of 40–50 and on DI as of the reform date of August 1, 1993, who were still on DI in 1995 and had children living at home around the time of the reform. Parental DI benefits measure payments received in 1999, indexed to the year 2014. Parental exit measures whether the parent has exited DI by 1999. All coefficients are estimated using an RD model with separate linear trends on each side of the cutoff and triangular weights. Parent control variables are measured as of January 1, 1996, and include age, birth month dummies, a gender dummy, a cubic in predisability earnings, a dummy for no predisability earnings, six dummies for degree of disability, a cubic in DI duration, a dummy for native Dutch, a marriage dummy, and number of children in the household; child control variables include age and a gender dummy. Parents appear more than once if they have more than one child. Standard errors in parentheses, clustered at the parent level.

## IV. Spillovers in Program Participation and Work

Table. RD Estimates of Child DI Participation

Child outcome in 2014	RF	Mean
A. Ever on DI	-0.011 (0.004)	0.104
B. Cumulative days on DI	-47.2 (13.9)	298
Observations	116,356	

*Notes:* See notes to Table 1. The independent variables measure whether a child ever participated in DI between 1996 and 2014 and the cumulative number of days on DI between 1996 and 2014. Standard errors are in parentheses, clustered at the parent level.

Table. RD Estimates of Child Benefits from DI and Other Government Programs

Child outcome in 2014 (in 1,000 euros)	RF	Mean
A. DI benefits		
A1. Cumulative DI income	-1.578 (0.499)	10.107
B. Other benefits		
B1. Cumulative total benefits, excluding DI (B2 + B3 + B4)	0.092 (0.379)	13.746
B2. Cumulative UI income	-0.067 (0.162)	5.639
B3. Cumulative general assistance income (traditional cash welfare)	0.092 (0.266)	4.432
B4. Cumulative miscellaneous benefit income (all other government safety net programs)	0.067 (0.145)	3.675
Observations	116,356	

*Notes:* See notes to Table 1. Independent variables measure cumulative amounts between 1996 and 2014, indexed to the year 2014. Standard errors are in parentheses, clustered at the parent level.

Table. RD Estimates of Child Mental Health

Child outcome in 2014	Children 14 or younger around implementation	
	RF	Mean
A. Ever prescribed		
A1. Any mental health drug (A2   A3   A4   A5   A6)	−0.026 (0.013)	0.234
A2. Antipsychotics	−0.011 (0.006)	0.047
A3. Anxiolytics	−0.014 (0.009)	0.109
A4. Hypnotics and sedatives	−0.015 (0.006)	0.050
A5. Antidepressants	−0.014 (0.010)	0.132
A6. Psychostimulants	−0.003 (0.006)	0.041
Observations	27,218	

Extracted from  
“Network Effects and Welfare Cultures,” by Bertrand et al.,  
2000



# I. Introduction

- We empirically examine the role of social networks in welfare participation using data on language spoken at home to better infer networks within an area.
- Our empirical strategy asks whether being surrounded by others who speak the same language increases welfare use more for those from high welfare-using language groups.
- This methodology allows us to include local area and language group fixed effects and to control for the direct effect of being surrounded by one's language group; these controls eliminate many of the problems in previous studies.
- The results strongly confirm the importance of networks in welfare participation.