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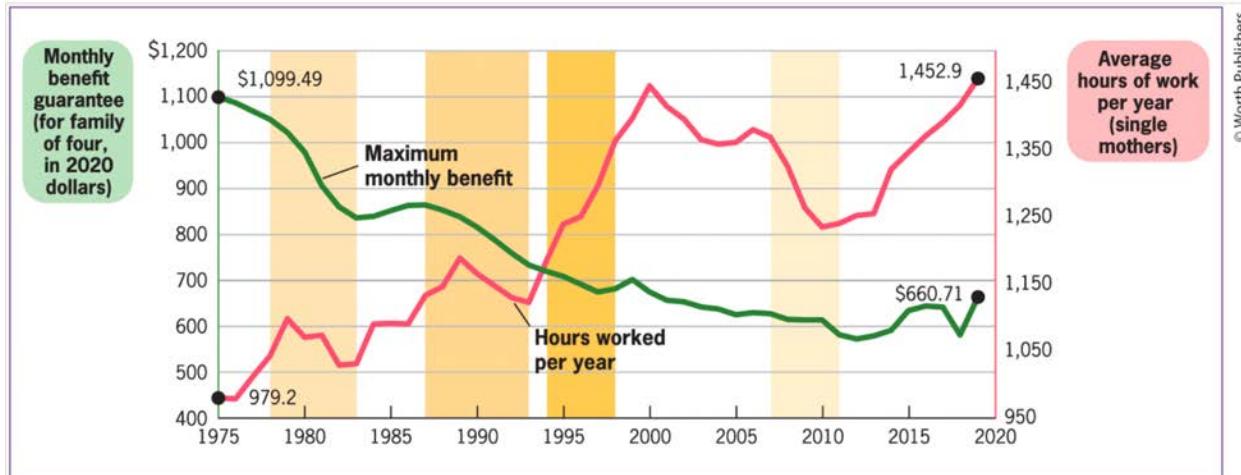


FIGURE 3-1 Average Benefit Guarantee and Single Mother Labor Supply, 1975–2019 • The left-hand vertical axis shows the monthly benefit guarantee under cash welfare, which falls from \$1,099 in 1975 to \$661 in 2019. The right-hand vertical axis shows average hours of work per year for single mothers, which rises from 979 in 1975 to 1,453 in 2019. Over this entire 45-year period, there is a strong negative correlation between the average benefit guarantee and the level of labor supply of single mothers, but there is not a very strong relationship within subperiods of this overall time span.

Data from: Calculations based on data from the Current Population Survey's annual March supplements (<https://www.census.gov/programs-surveys/cps.html>).



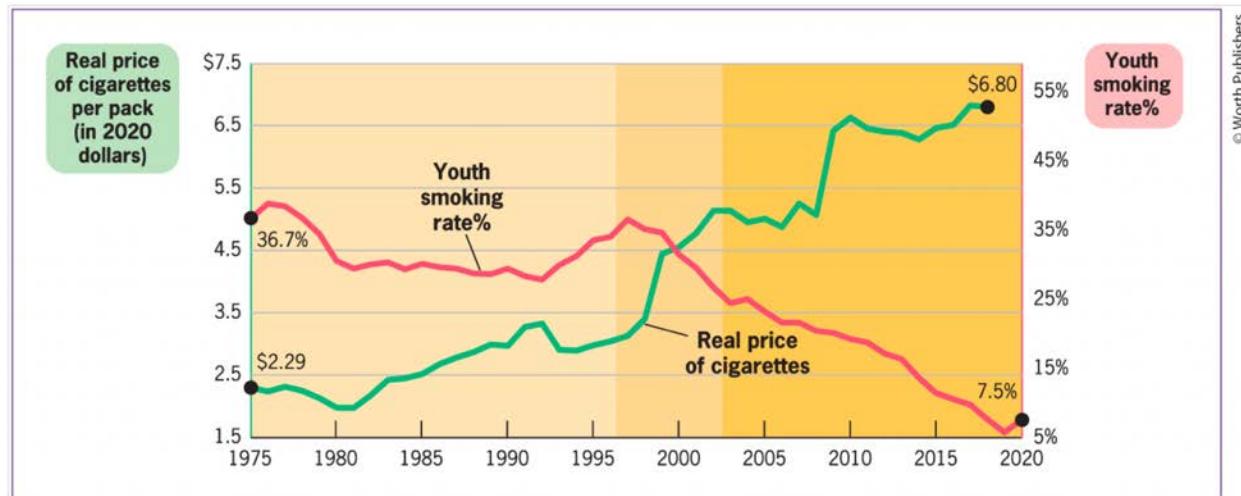
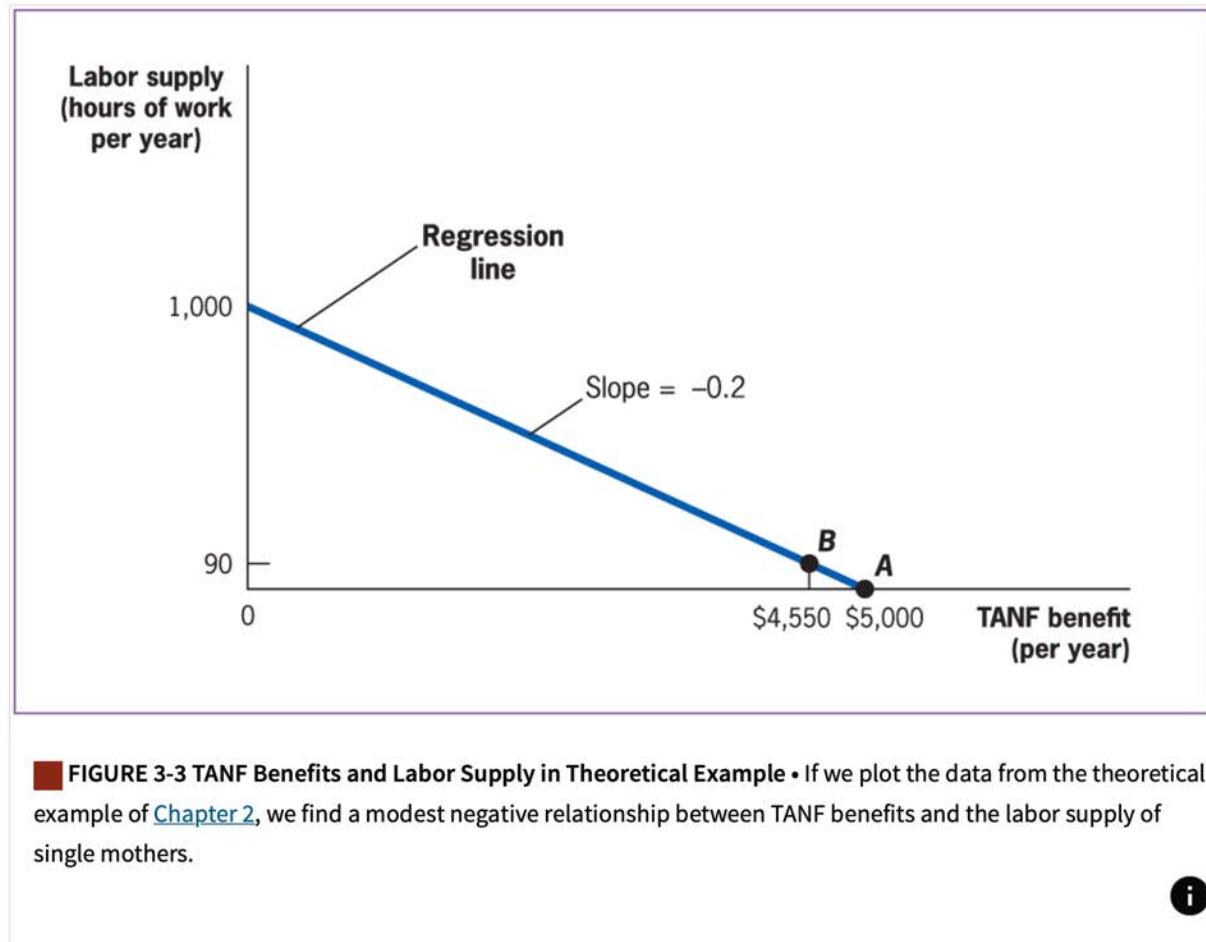


FIGURE 3-2 Real Cigarette Prices and Youth Smoking, 1975–2018 • The left-hand vertical axis shows the real price of cigarettes per pack, which rises from \$2.29 in 1975 to \$6.80 in 2018. The right-hand vertical axis shows the youth smoking rate (the share of high school seniors who smoke at least once a month), which fell from 1980 to 1992, rose sharply to 1997, and has fallen thereafter. There is a striking negative correspondence between price and youth smoking within subperiods of this era.

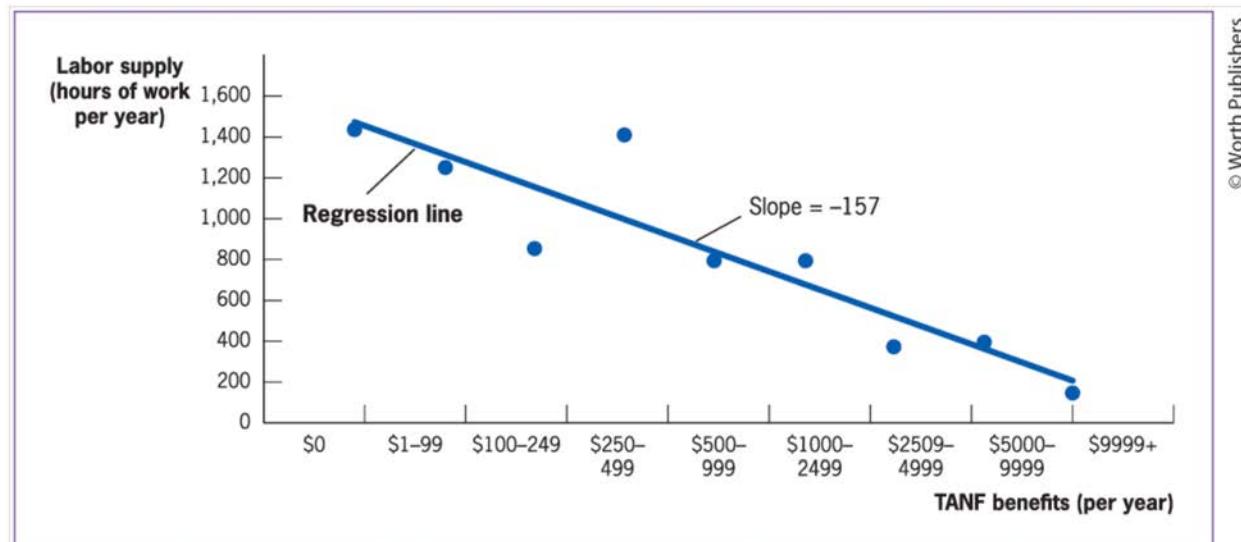
Data from: Calculations based on [Monitoring the Future \(2020\)](#).





■ **FIGURE 3-3 TANF Benefits and Labor Supply in Theoretical Example** • If we plot the data from the theoretical example of [Chapter 2](#), we find a modest negative relationship between TANF benefits and the labor supply of single mothers.

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■ **FIGURE 3-4 TANF Benefit Income and Labor Supply of Single Mothers, Using CPS Data** • Using data from the CPS, we group single mothers by the amount of TANF income they have. Those who are receiving the lowest level of TANF income are the ones providing the highest number of work hours.

Data from: Calculations based on data from the Current Population Survey's 2019 March supplement (<https://www.census.gov/programs-surveys/cps.html>).



TABLE 3-1 Using Quasi-Experimental Variation

Arkansas	2017	2019	Difference
Benefit guarantee	\$5,000	\$4,000	-\$1,000
Hours of work per year	1,000	1,200	200
Louisiana	2017	2019	Difference
Benefit guarantee	\$5,000	\$5,000	\$0
Hours of work per year	1,050	1,100	50

In Arkansas, there is a cut in the TANF guarantee between 2017 and 2019 and a corresponding rise in labor supply, so if everything is the same for single mothers in both years, this is a causal effect. If everything is not the same, we can perhaps use the experience of a neighboring state that did not decrease its benefits, Louisiana, to capture any bias to the estimates.

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