

Programs Build Their Own Defenders: Welfare Reform, the ACA, and the Housing Tax Credit

POSC 459 — Social Welfare Politics and Policy

Week 11 · Wednesday, November 4

*Pierson 1993 · Béland and Waddan · Jacobs and Skocpol · Howard ch. 7 ·
Monday's film*

Today

1. Three fates
2. Pierson's questions
3. Welfare reform
4. The ACA
5. The housing tax credit
6. Exercise: a senator's office
7. Paper 4

Three programs, three fates

1996: Congress ends AFDC

2017: ACA repeal bill fails, **49–51**

2025: Film's tax credit raised **12%**, for good

Which has held up better: welfare reform or the ACA?

Béland and Waddan, p. 24 · outside the readings: Senate; CRS

Forty years in one slide

When	What happened
1986	Housing tax credit (LIHTC) created
1996	AFDC ends; TANF begins
2005	TANF reaches 40% of eligible families (AFDC: 84%)
2010	ACA signed
2013–14	Exchanges open; mandate takes effect
2017	Film airs · repeal fails 49–51 · penalty to \$0
2025	LIHTC enlarged · TANF grant frozen since 1996

Béland and Waddan · Jacobs and Skocpol · outside the readings: CRS, Senate, IRS

Words you'll need today

Term	Meaning
Policy feedback	Laws reshape their own politics
Spoils	Benefits worth organizing for
Lock-in	Lives built around a program
Visibility	Noticed at all?
Traceability	Traced to government?
Tax expenditure	Spending through the tax code
Block grant	Fixed federal sum per state

Pierson 1993

Pierson: programs create their own defenders, or don't

Pierson's term	Ask
Spoils	Who gains, and organizes to keep it?
Lock-in	What did people build around it?
Visibility, traceability	Can people see it, and trace it to Washington?

Pierson 1993, figure 1, p. 626

Monday's film: two programs, two kinds of beneficiary

	Vouchers	Tax credit
Who gets the benefit	Poor families	Developers, investors
What the film found	1 in 4 eligible get housing help	Fewer units, more money; fraud

Poverty, Politics and Profit (2017)

1. Welfare reform: no one organized to defend AFDC

- Social Security, Medicare: a powerful constituency
- Welfare recipients "lacked a strong political presence"
- Medicaid's providers have a stake; AFDC had none

Béland and Waddan, p. 69 · Week 9

TANF shrank, and nobody came back for it

What	Number
Eligible families reached	84% (1995) → 40% (2005)
2007–09 recession	Unemployment doubled; caseload +13%
Block grant	\$16.5 billion since 1996 (<i>outside the readings</i>)

"No impetus to roll back the changes"

Béland and Waddan, pp. 67–68 · CRS IF10036

Ending welfare didn't change views of the poor

- Welfare as a top problem: **26.6%** (1996) → **4.8%** (2000)
- Poor are too dependent on aid, 2003: **71%**
- **Distant-visible**: a spectacle few experience

"Erasure, however, is not the same as counter-argument"

Soss and Schram, pp. 116, 122–123 · open to all for Paper 4

2. The ACA: benefits went to groups with lobbyists

Who	Gained
The uninsured	26 million more covered
Hospitals	Medicaid pays for the uninsured
Health industry	32 million new customers; "winners, on balance"

Jacobs and Skocpol, chs. 2 and 4

The ACA was visible and traceable: that cut both ways

- "ObamaCare": more disapproved than approved
- Its core features: **60% to 80%** support
- Pierson: voters react to what they can see and trace

Jacobs and Skocpol, ch. 4, p. 1 · Pierson, p. 622

The ACA delayed the pain, as Pierson predicted

"front-load benefits and back-load costs" (Pierson, p. 622)

Provision	What happened
Coverage, Medicaid, insurer rules	Still law
Mandate penalty	Repeal fails, July 2017; \$0 from 2019

Jacobs and Skocpol, p. 17 · outside the readings: Senate; IRS

3. The tax credit: housing built through investors' tax bills

- IRS → states → developers → investors, mostly banks
- About **\$10 billion** a year (Howard); **\$8 billion** (film)
- "'Low-Income' does not mean poor"

Howard ch. 7, Canvas PDF p. 9 · film

Its defenders get what Pierson calls "spoils"

- An industry convention in Chicago
- Investors: "a good after-tax yield"
- Howard: developers and landlords as caregivers

Film · Howard, Canvas PDF p. 11 · Pierson, p. 599

Who can see it? Almost no one, and that protects it

- Tax expenditures: no yearly review by Congress
- "There's only been seven audits in 29 years" (Grassley)
- Treasury declined an interview

Pierson, p. 620 · film

Where it is weak: fraud, cost, siting

Problem	Film
Fraud	\$34 million taken from 14 Florida projects
Cost	Fewer units for 66% more, 1997–2014
Siting	Dallas: 90%+ of family projects in poor areas

Outside the readings: Congress enlarged it in 2020 and 2025

Film · CRS RS22389

You run a senator's office. Three bills arrive.

Made-up bill	Who calls to stop it?	Who never hears?
A. Cut TANF's block grant 10%		
B. End the ACA's Medicaid expansion		
C. End the housing tax credit		

Groups of three · 6 minutes · cite a source

The three programs on Pierson's grid

	Welfare reform	The ACA	Tax credit
Who depends	Poor families, no lobby	Patients, hospitals, insurers	Developers, banks
Who sees it	The symbol, not the program	Everyone: "ObamaCare"	Almost no one
Weak spot	Reach: 84% → 40%	Penalty cut to \$0	Fraud, cost, siting

The point: The poorest families' program had the weakest defenders.

Béland and Waddan · Jacobs and Skocpol · Howard · film

What "held up" means decides your answer

If "held up" means	Stronger case
The rules stuck	Welfare reform
The benefits survived	The ACA

The point: Name your meaning in paragraph one.

Béland and Waddan, p. 67 · Jacobs and Skocpol, ch. 4

Where the readings push back

- Pierson: the evidence "remains illustrative" (p. 602)
- Tax credit tenants are often not poor (Howard, Canvas PDF p. 9)
- Most of the film's families hold vouchers

Pick one as the objection your paper answers

Paper 4: due Friday 11/6, 11:59 p.m.

1. Your position: which held up better, and why
2. Policy feedback for each; test it on the tax credit
3. A film moment + a reading claim, with a page

About 600 words · any edition's pages · prompt on Canvas

Film moments you could pair with a reading

Film moment	Reading
Grassley's seven audits	Pierson, p. 620: no yearly review
The Chicago convention	Pierson, p. 599: spoils
Farryn: "Nobody wants my voucher"	Howard, Canvas PDF p. 8: most landlords opt out

Starting pairs, not answers

Next week

Fri 11/6, 11:59 p.m.: Paper 4

Mon 11/9: Howard ch. 9; Gilens ch. 3 (skim ch. 5)

Wed 11/11: Veterans Day, no class

By 2:15 you should be able to say

Welfare reform stuck: no one defended the benefit

The ACA's benefits survived; its delayed penalty didn't

The tax credit: quiet, well defended, growing

Friday: Paper 4 at 11:59