Typically, when people talk about “welfare” in the United States, they are really referring to a program known as Temporary Assistance to Needy Families (TANF, formerly AFDC or Aid to Families with Dependent Children) and Food Stamps. TANF provides cash assistance to families with dependent children and an absent, incapacitated, or unemployed parent while Food Stamps provides payment vouchers from the federal government that can only be redeemed for approved food purchases. Both programs are administered and funded jointly by the federal and state governments. Each state determines its own benefit levels, which results in large interstate differences in benefits.

1) Explain how the Food Stamp program can “kink” the budget line of its recipients. 2) Explain when the Food Stamp program can have the same effect on the consumption pattern and well-being of recipients as an outright cash transfer of the same amount. 3) Why do you think it is not converted into an explicit cash program, thereby saving the cost of printing and redeeming food stamps?

In your analysis, please address the following questions as well. Prior to 1979, the Food Stamp program required families to pay a certain amount for food stamps (this was known as the purchase requirement). Suppose a family can receive $150 in food stamps for a payment of $50; no other options are offered. 4) How would this policy affect the family’s budget line? 5) Compared with an outright gift of $100 in food stamps (which is the way the program now works), would this policy lead to more, less, or the same food consumption?

Please prepare a 3-4 page, double-spaced, typed paper, discussing the above issues. Your graph should be included as a separate sheet, making the finished paper 4-5 pages in length. Please remember to refer to your graph in the body of your paper as you detail your explanations. Also, I numbered the questions so that you would not miss one; however, please don’t just write out a series of answers — make your paper a cohesive analysis. While this paper could be completed without referring to additional sources, if you do use books or journal articles, they must be referenced within the text (no separate bibliography). In addition to content, the paper will be graded on style, grammar, and clarity. Late papers will not be accepted. You are encouraged to discuss the paper with your classmates (and me) prior to writing; however, all final papers must be based on your own work.

Good luck!

The people who work here might be able to help you, too:

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