

## **The Importance of a *Credible* Counterfactual: An Explanation for Tarren Bragdon and the FGA**

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In “They’re the think tank pushing for welfare work requirements. Republicans say they’re experts. Economists call it ‘junk science,’” Caitlin Dewey of *The Washington Post* describes the newfound influence of the Foundation for Government Accountability (FGA) in the national debate over welfare work requirements.<sup>2</sup>

House Republicans – including [Speaker] Ryan, who was introduced to the group in 2016 through Kansas Gov. Sam Brownback – have repeatedly proffered the FGA’s analysis as proof that most Americans support strict work rules in welfare programs and that such rules boost income and employment.

...And it has churned out a steady stream of infographics, opinion polls and first-person videos to promote its policies, many trumpeting a 2016 FGA study from Kansas that claimed that the reinstatement of SNAP work requirements prompted thousands of unemployed Kansans to get jobs and more than doubled their average incomes.

...On the farm bill, the FGA mobilized in a huge way to support the Republican plan, canvassing lawmakers’ offices and churning out a stream of widely disseminated “one-pagers” designed to deflect both liberal and tea party criticisms.<sup>3</sup>

While the FGA’s “analyses” have support among some politicians, their work is not seen as credible among serious observers. Mark Hall, Professor of Law and Public Health at Wake Forest University, describes the widespread criticism of the FGA and its methods as follows:

Various credible and respected sources (including a federal judge, a Pulitzer prize journalist, and both liberal and conservative legislators and analysts) have concluded that it produces and disseminates information and analysis that, based on “even a cursory review,” is “not competent,” “bogus,” “highly misleading,” “fundamentally flawed,” “oversimplistic and exaggerated,” “absurd,” “a parade of alternative facts designed to obscure the simple truth,” “misrepresents or omits data,” and presents “a myriad of misleading and irresponsible statements.”<sup>4</sup>

Is such criticism warranted? Tarren Bragdon, president and CEO of the FGA, says he is “proud” of the group’s “research” and that others are free to use “different approaches.”<sup>5</sup> The reason other researchers use “different approaches” is precisely because the FGA’s approach is not credible; it is the FGA that should be using a different approach if it is serious about providing policy-relevant information.

The FGA “research” suffers from a myriad of problems, described in detail elsewhere (see Appendix); this response focuses on the most important – the lack of a credible counterfactual.

## The FGA's Kansas Study

Writing in *Forbes*, Nic Horton, Jonathan Ingram, and Josh Archambault of the FGA touted the findings of their Kansas “study,” which purported to examine the effects of a food stamp work requirement (really a time limit) for able-bodied adults without dependents (ABAWDs).

New research from the Foundation for Government Accountability examines the results of Kansas’ welfare reforms and the findings are simply staggering. Work requirements have led to more employment, higher incomes, and less poverty. And instead of drawing millions of dollars in taxpayer-funded welfare benefits, these able-bodied adults are now contributing tens of millions of dollars to the local economy.<sup>6</sup>

Some of the FGA’s key “findings” include:

- “Nearly 60 percent found employment within a year of leaving food stamps.”
- “After leaving food stamps, incomes increased 127 percent.”
- “Within a year of leaving food stamps, the number of able-bodied adults living in poverty dropped significantly and roughly half of those working climbed out of poverty entirely.”

In testimony before the House Ways and Means Committee, Bragdon asserted:

Those who didn’t meet the work requirement were transitioned off welfare after three months. But guess what happened next? They went back to work in record numbers and are now better off. ... People literally transformed themselves through work, earning hope, higher incomes and a brighter future.<sup>7</sup>

In other related “studies,” the FGA “researchers” assert that their results *prove* that work requirements are responsible for these results, as in the title of an article by Jonathan Ingram and Josh Archambault – “New report proves Maine’s welfare reforms are working.”<sup>8</sup>

By saying that work requirements “led to” or that “people literally transformed themselves” or that their results “prove,” the FGA “researchers” are claiming a cause-and-effect relationship. They are saying that work requirements *caused* these changes to occur. No serious researcher would accept these claims as being even remotely credible, because there is no comparison or control group that serves as a counterfactual to represent what would have happened in the absence of the requirements. The FGA confuses data collection with evaluation, simply assuming that any change in employment and other outcomes was the due to work requirements.

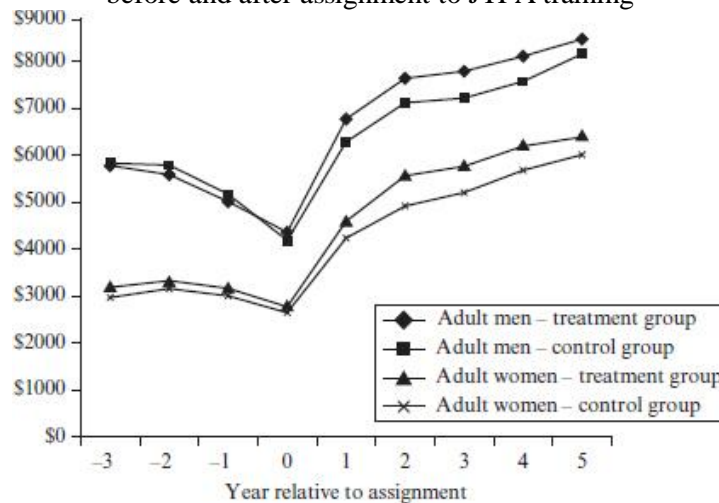
## The Importance of a Credible Counterfactual

The most credible approach for assessing the impact of work requirements is to randomly assign individuals to a treatment group that is subject to the requirements and to a control group that is not. The findings from random assignment experiments are considered the most credible, because the treatment and control groups are alike and subject to the same external conditions, with the only difference being the intervention itself. Any difference in outcomes between the groups can be attributed to the intervention – a work requirement – itself. Thus, policymakers

could have confidence in whether such requirements actually reduced welfare dependency and poverty by increasing employment and earnings.

To understand the importance of a counterfactual, one can examine the employment and earnings trajectories of the control group from *any* random assignment evaluation of work requirements or training programs. For purposes of this response, consider the results of the National JTPA Evaluation, as illustrated in Figure 1 below.<sup>9</sup> The vertical axis shows annual earnings and the horizontal axis reflects the time since individuals were randomly assigned, where “year 0” is the year in which individuals were randomly assigned either the treatment group or the control group. For adult men, the annual earnings are shown with a diamond for those in the treatment group and with a square for those in the control group. For adult women, a triangle and cross are used to show the same, respectively.

Figure 1: Annual earnings of adult men and women before and after assignment to JTPA training



Source: Stephen A. Woodbury, “Chapter 17: Unemployment,” in Gerrit de Geest, editor, *Encyclopedia of Law and Economics*, 2009-2017, available at: [https://www.elgaronline.com/view/nlm-book/9781782547457/b2\\_chapter17.xml](https://www.elgaronline.com/view/nlm-book/9781782547457/b2_chapter17.xml).

Before the experiment, the earnings of both treatment and control men and women dropped, which is common in evaluations of social welfare and employment training programs, as individuals who are eligible for and use these programs have often suffered a recent job loss. Many of them regain employment on their own over time. This phenomenon (known as “Ashenfelter’s Dip”) is central to understanding the main problem with the FGA’s approach. Stephen Woodbury, a professor of economics at the University of Wisconsin, explains:

Ashenfelter’s Dip is important because a researcher who ignored it might be tempted to do a ‘before–after’ evaluation of training. For example, comparing the earnings of workers in the treatment group in the year of assignment (year zero, when earnings were about \$4,500) with their earnings two years later (year two, when earnings were about \$7,800) would lead to the conclusion that JTPA increased the earnings of adult men by about \$3,300 a year – an enormous ‘effect’.

Random assignment gives a different and more convincing answer for the impact of JTPA on the earnings of adult men. Comparing the difference between the earnings of the treatment and control groups in the years following the experiment suggests that two years after training that difference was about \$500 and three years after training it was about \$700. The evidence does suggest that JTPA training improved the earnings of adult men, but the estimated effect – \$500 to \$700 a year – is substantially less than the effect suggested by a before–after comparison (\$3,300).<sup>10</sup>

The FGA study is a simplistic before-and-after study. It should not be used for making cause-and-effect statements. Paraphrasing Jeffrey Grogger, a professor of economics at the University of Chicago, Dewey notes that the FGA’s conclusions are “at odds with the scientific literature, which has largely found that such rules do not greatly improve recipients’ incomes and may even hurt them.”<sup>11</sup>

Indeed, Grogger co-authored one of the most detailed and thorough reviews of the effects of welfare, including work requirements, for the U.S. Department of Health and Human Services (see: *Consequences of Welfare Reform: A Research Synthesis*).<sup>12</sup> This review included findings from dozens of random assignment experiments of welfare-to-work programs and none reported findings that were remotely close in magnitude to those reported by the FGA. And, these were evaluations of programs that actually offered a concrete set of services – there is little evidence that the Kansas and Maine work requirements actually provided much in the way of employment and training activities – they mainly cut individuals off the rolls. (Another shortcoming of the FGA’s approach to evaluation is the absence of any meaningful assessment of how work requirements were actually implemented.) The research synthesis by Grogger and his colleagues shows that welfare-to-work programs typically have small to modest effects on employment and earnings, and very little impact on total income and poverty (because earnings gains are typically associated with reductions in benefit payments).<sup>13</sup> (Note: in all of these studies, the control group shows improvement over time even though its members are not eligible for the treatment.)

Indeed, Grogger and his colleagues explicitly make it clear that studies that simply follow people after leaving welfare – like those of the FGA – are not appropriate for drawing causal conclusions:

We also draw on the so-called “leaver” studies that examine post-exit outcomes under welfare waivers and PRWORA for former welfare recipients (e.g., USDHHS, 2001a). While these studies provide relevant context and are essential for monitoring the status of families that discontinue receiving aid, they do not purport to identify the causal impact of welfare reform on outcomes.<sup>14</sup>

## **Conclusion**

In November 2015, Speaker Ryan spoke on the House floor in support of the *Foundations for Evidence-Based Policymaking Act*, stating, “The driving purpose of this legislation is simple: we are requiring federal agencies to prioritize evidence when measuring a program’s success.”<sup>15</sup> Anyone serious about evidence-based evaluation findings must reject the work of the FGA – policy should be based on credible evidence and attention to policy details.

## Appendix

The “research” by the FGA suffers from multiple problems beyond lacking a credible counterfactual. The most detailed critiques have been undertaken by “Peter the Citizen” (a conservative) and the Center on Budget and Policy Priorities (often described as a liberal organization). With respect to evidence-based policymaking, the starting point should be facts.

### Papers by “Peter the Citizen”

“Maine DOES NOT Show How to Make Welfare Work: A Response to Jared Meyer and Mary Mayhew,” June 4, 2017, available at: <http://mlwiseman.com/wp-content/uploads/2017/06/Meyer.pdf>.

“The FGA’s ‘First of Its Kind Study’ Should Have Been the Last: An Evaluation Note for Pre-Post Conservatives,” July 4, 2017, available at: [http://mlwiseman.com/wp-content/uploads/2016/05/The-FGA.FF\\_.pdf](http://mlwiseman.com/wp-content/uploads/2016/05/The-FGA.FF_.pdf).

“Using Squirrely Data is No Way to Justify Conservative Policies: A Note to AEI’s Marc Thiessen,” July 8, 2017, available at: <http://mlwiseman.com/wp-content/uploads/2016/05/Thiessen.pdf>.

“‘The Truth About Welfare Reform’ Won’t be Found at the Foundation for Government Accountability: A Response to Jonathan Ingram,” August 31, 2017, available at: <http://mlwiseman.com/wp-content/uploads/2016/05/Ingram.pdf>.

“The FGA’s Simplistic, Misleading, and Irresponsible Report on Work Requirements in Kansas: A Sentence-by-Sentence Critique,” September 2, 2017, available at: [http://mlwiseman.com/wp-content/uploads/2016/05/FGA.TANF\\_.KS\\_.pdf](http://mlwiseman.com/wp-content/uploads/2016/05/FGA.TANF_.KS_.pdf).

“A Note to Pre-Post Conservatives: You Are Not Fooling Anyone – Except Maybe Yourself (and Some Politicians),” September 2, 2017, available at: <http://mlwiseman.com/wp-content/uploads/2016/05/PrePost-Conservatives.0904.pdf>.

### Papers by the CBPP (including critiques of FGA’s “analyses” of TANF work requirements based on the same fundamentally flawed methodology)

Dottie Rosenbaum and Ed Bolen, “SNAP Reports Present Misleading Findings on Impact of Three-Month Time Limit,” December 14, 2016, available at: <https://www.cbpp.org/research/food-assistance/snap-reports-present-misleading-findings-on-impact-of-three-month-time>.

Tazra Mitchell, “Most Kansas Families After TANF: Unsteady Work, Extremely Low Earnings,” January 24, 2018, available at: <https://www.cbpp.org/blog/most-kansas-families-after-tanf-unsteady-work-extremely-low-earnings>.

Tazra Mitchell, LaDonna Pavetti, and Yixuan Huang, “Study Praising Kansas’ Harsh TANF Work Penalties Is Fundamentally Flawed,” February 20, 2018, available at: <https://www.cbpp.org/research/family-income-support/study-praising-kansas-harsh-tanf-work-penalties-is-fundamentally>.

Tazra Mitchell, LaDonna Pavetti, and Yixuan Huang, “Life After TANF in Kansas: For Most, Unsteady Work and Earnings Below Half the Poverty Line,” February 20, 2018, available at: <https://www.cbpp.org/research/family-income-support/life-after-tanf-in-kansas-for-most-unsteady-work-and-earnings-below>.

Tazra Mitchell, “Some House Leaders Ignore Evidence, Cite Flawed Reports to Justify Taking Basic Assistance Away From Needy Individuals,” April 19, 2018, available at: <https://www.cbpp.org/research/poverty-and-inequality/some-house-leaders-ignore-evidence-cite-flawed-reports-to-justify>.

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<sup>1</sup> The views in this document reflect my own as a citizen and do not reflect the views of any organization I am now or have ever been affiliated with. By way of background, I am a conservative and have worked on welfare issues for the Heritage Foundation, the American Enterprise Institute, and the White House under both President Reagan and President George H.W. Bush.

<sup>2</sup> Caitlin Dewey, “They’re the think tank pushing for welfare work requirements. Republicans say they’re experts. Economists call it ‘junk science,’” *The Washington Post*, May 18, 2018, available at: [https://www.washingtonpost.com/news/wonk/wp/2018/05/18/theyre-the-think-tank-pushing-for-welfare-work-requirements-republicans-say-theyre-experts-economists-call-it-junk-science/?utm\\_term=.09384a7121c2](https://www.washingtonpost.com/news/wonk/wp/2018/05/18/theyre-the-think-tank-pushing-for-welfare-work-requirements-republicans-say-theyre-experts-economists-call-it-junk-science/?utm_term=.09384a7121c2).

<sup>3</sup> *Ibid.*

<sup>4</sup> Mark A. Hall, “Do States Regret Expanding Medicaid?,” Wake Forest University, Health Law & Policy Program, March 2018, available at: <http://hlp.law.wfu.edu/files/2015/10/Medicaid-regret-Issue-brief-21.pdf>.

<sup>5</sup> Caitlin Dewey, “They’re the think tank pushing for welfare work requirements. Republicans say they’re experts. Economists call it ‘junk science,’” *The Washington Post*, May 18, 2018, available at: [https://www.washingtonpost.com/news/wonk/wp/2018/05/18/theyre-the-think-tank-pushing-for-welfare-work-requirements-republicans-say-theyre-experts-economists-call-it-junk-science/?utm\\_term=.09384a7121c2](https://www.washingtonpost.com/news/wonk/wp/2018/05/18/theyre-the-think-tank-pushing-for-welfare-work-requirements-republicans-say-theyre-experts-economists-call-it-junk-science/?utm_term=.09384a7121c2).

<sup>6</sup> Nic Horton, Jonathan Ingram, and Josh Archambault, “First-Of-Its-Kind Study Shows The Power Of Work,” *Forbes*, February 19, 2016, available at: <https://thefga.org/wp-content/uploads/2016/12/Forbes-First-Of-Its-Kind-Study-Shows-The-Power-Of-Work.pdf>.

<sup>7</sup> Statement of Tarren Bragdon, CEO of the Foundation for Government Accountability, “Moving America’s Families Forward: Setting Priorities for Reducing Poverty and Expanding Opportunity,” House Ways and Means Committee, May 24, 2016, available at: <https://waysandmeans.house.gov/wp-content/uploads/2016/05/20160524FC-Testimony-Bragdon.pdf>.

<sup>8</sup> Jonathan Ingram and Josh Archambault, “New report proves Maine’s welfare reforms are working,” *Forbes*, 2016, available at: <http://www.forbes.com/sites/theapothecary/2016/05/19/new-report-proves-maines-welfare-reforms-are-working>.

<sup>9</sup> This example comes from Stephen A. Woodbury, “Chapter 17: Unemployment,” in Gerrit de Geest, editor, *Encyclopedia of Law and Economics*, 2009-2017, available at: [https://www.elgaronline.com/view/nlm-book/9781782547457/b2\\_chapter17.xml](https://www.elgaronline.com/view/nlm-book/9781782547457/b2_chapter17.xml). Notably, “the treatment and the control groups had essentially similar earnings in the three years leading up to the experiment, which suggests that randomization of workers was successful in all four cases.”

<sup>10</sup> *Ibid.*

<sup>11</sup> Caitlin Dewey, “They’re the think tank pushing for welfare work requirements. Republicans say they’re experts. Economists call it ‘junk science,’” *The Washington Post*, May 18, 2018, available at: [https://www.washingtonpost.com/news/wonk/wp/2018/05/18/theyre-the-think-tank-pushing-for-welfare-work-requirements-republicans-say-theyre-experts-economists-call-it-junk-science/?utm\\_term=.09384a7121c2](https://www.washingtonpost.com/news/wonk/wp/2018/05/18/theyre-the-think-tank-pushing-for-welfare-work-requirements-republicans-say-theyre-experts-economists-call-it-junk-science/?utm_term=.09384a7121c2).

<sup>12</sup> Jeffrey Grogger, Lynn A. Karoly, and Jacob Alex Klerman, *Consequences of Welfare Reform: A Research Synthesis*, RAND, Prepared for the Administration for Children and Families, U.S. Department of Health and Human Services, July 2002, available at: [https://www.acf.hhs.gov/sites/default/files/opre/consequences\\_of\\_welfare\\_reform.pdf](https://www.acf.hhs.gov/sites/default/files/opre/consequences_of_welfare_reform.pdf).

<sup>13</sup> The synthesis report focused on findings for AFDC/TANF. There are relatively few studies of welfare-to-work programs for food stamps, though some are currently underway. Unlike the FGAs work, these studies are based on a rigorous research design.

<sup>14</sup> Jeffrey Grogger, Lynn A. Karoly, and Jacob Alex Klerman, *Consequences of Welfare Reform: A Research Synthesis*, RAND, Prepared for the Administration for Children and Families, U.S. Department of Health and Human Services, July 2002, available at: [https://www.acf.hhs.gov/sites/default/files/opre/consequences\\_of\\_welfare\\_reform.pdf](https://www.acf.hhs.gov/sites/default/files/opre/consequences_of_welfare_reform.pdf).

<sup>15</sup> Speaker Ryan press office, “Speaker Ryan’s Floor Remarks on Evidence-Based Policymaking Bill,” November 15, 2017, available at: <https://www.speaker.gov/press-release/speaker-ryan-s-floor-remarks-evidence-based-policymaking-bill>.