

Who Will Be Affected by Welfare Reform in California?

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Foreword

California is about to experience the most sweeping changes in its welfare system since the 1960s. The federal government has already mandated some of the parameters of the system in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. This legislation affects more than a dozen programs. Most significantly, it eliminates Aid to Families with Dependent Children (AFDC), creating a new program known as Temporary Assistance for Needy Families (TANF). Funding for AFDC was divided equally between the state and federal governments, but federal support for TANF will come through block grants, essentially putting a cap on the federal share. TANF also includes time limits and work requirements.

In spite of these restrictions, California should be able to create virtually any welfare system it wants. For example, unless the Clinton administration chooses a very restrictive interpretation of the law's provisions, the time limits and work requirements will apply only to federal block grant funding. Assuming that state funding is not subject

to TANF regulations, California could use its former AFDC contribution to support poor families denied benefits under the federal rules.

As California policymakers reshape the state's welfare system, it is vital for them to know who receives assistance under the current system and how these people might fare under alternative designs. It is remarkable how little we know about the welfare population in California—the characteristics of those receiving assistance, the length of time they remain on welfare, and the extent to which families depend on multiple programs and other sources of income for support. This report represents a first step toward filling in the blanks.

The study goes beyond previous welfare research in two important ways. First, the authors present findings for families, rather than for individuals or cases (the measures traditionally used in compiling welfare statistics). Using the family unit allows the authors to identify the full package of welfare benefits received from various programs by different members of a family. Second, the study offers an extensive profile of who uses and who relies on welfare in California. Although estimating the potential effects of different program designs is not a purpose of this report, the statistical database created for the study will be useful in future PPIC studies that seek to analyze the consequences of different policy options.

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Summary

California is now facing the daunting task of redesigning its welfare system. The federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996, signed last August, gives the state new flexibility in its delivery of public assistance. At the same time, this reform legislation places new restrictions on eligibility for welfare and reduces federal funding to California. Intelligent design of a new system requires understanding the economic circumstances of families receiving welfare in California today, especially those recipients who will be most affected by the federal legislation. This study develops a profile of California families participating in a variety of welfare programs, then examines more closely two groups we believe are most vulnerable under the new federal rules: recipients highly dependent on Aid to Families with Dependent Children (AFDC) and recent immigrants receiving welfare benefits.

How Does Welfare Reform Legislation Change the System?

The centerpiece of the welfare reform legislation is block grants in place of AFDC. These funds are provided to states under a new program called Temporary Assistance for Needy Families (TANF). The block grants give the states many more options in the design of cash welfare, but there are two significant restrictions: First, after two years of assistance, recipients must work at least 20 hours per week; and second, recipients are subject to a five-year lifetime limit on welfare under TANF.

The reform legislation also dramatically reduces legal immigrants' eligibility for welfare. The legislation bars noncitizens from receiving benefits from Supplemental Security Income (SSI) or Food Stamps, unless they have completed 40 quarters of work. States are given the option to deny noncitizens TANF or Medicaid benefits as well.

The legislation reduces Food Stamps benefits by 3 percent for all recipients, imposes work requirements for childless adults receiving Food Stamps, and eliminates SSI eligibility for prison inmates and some disabled children. The law also affects a number of smaller programs; for example, it consolidates and increases funding for child care programs, and it reduces funding for child nutrition programs and social services.

Data and Methodology

The profile developed in this report draws on rich data from the Survey of Income and Program Participation (SIPP), a nationally representative survey of U.S. households, adapted here for the first time to be representative of California. The analysis uses a sample of over 5,000 California families, providing monthly data over a 21-month period in 1993 and 1994. Unlike administrative data collected by

individual welfare programs, the SIPP data capture welfare recipients in months off welfare as well as on. The survey collects data on income from different public assistance programs, from employment, and from nonwelfare sources such as interest, Unemployment Insurance, Social Security, and child support/alimony.

Unlike most of the literature on welfare participation, this study focuses on families as its basic unit of observation, instead of individuals or cases (as defined administratively for each program). Using families as the reference unit maintains a consistent definition across welfare programs and, more important, considers the income, resources, and work activities of all family members together. This approach, in our judgment, more truly reflects the living conditions of welfare participants. One must understand, however, that in the past some programs have explicitly defined cases differently from families to discount particular family resources. In this sense, our use of family data represents an alternative policy perspective.

For the purposes of this study, a family is defined as a welfare participant if at least one family member participated in one or more of four major welfare programs for at least one month during 1993–94. These four programs include AFDC, SSI, Food Stamps, and Medi-Cal (California’s Medicaid program).

Which California Families Receive Welfare?

Almost one in four California families participated in a major welfare program during 1993–94, as shown in Table S.1. Since eligibility for AFDC (as well as many categories of Medi-Cal eligibility) is based on the presence of a child, welfare participation is higher among families with children; in fact, 62 percent of all single-parent families participate in

Table S.1
Breakdown of California Families

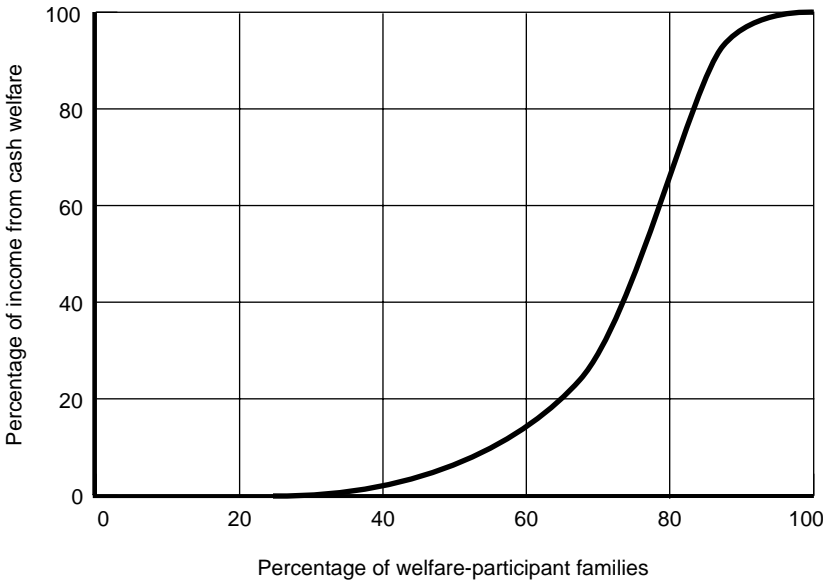
Group	Number (thousands)	% of All California Families
All families	13,100	100
All families participating in public assistance programs	4,402	34
Welfare participants	3,183	24
AFDC families	969	7
SSI families	943	7
Highly dependent families		
Families highly dependent on welfare	649	5
Families highly dependent on AFDC	432	3
Families with no disabilities	314	2
Teen mother families	183	1
Recent immigrant families		
All immigrant families	2,437	19
Recent immigrant families	1,140	9
Recent immigrant welfare recipients	501	4
AFDC recipients	158	1
SSI recipients	92	1
Food Stamps Only recipients	237	2
Recipients affected by SSI/Food Stamps denial	236	2

welfare. Among all welfare families, only about 30 percent participate in AFDC and a little less than 30 percent participate in SSI, a cash welfare program supporting low-income disabled or elderly persons. The remaining families participate in Medi-Cal or Food Stamps and usually receive little if any cash welfare.

Welfare participants do not fit any particular mold. They are ethnically mixed, with non-Hispanic whites constituting the largest participant group in all major programs except Food Stamps, which has the largest number of Hispanic families. When Medi-Cal and Food Stamps recipients are included, there were more married-parent families

on welfare than single-female-headed families. Most welfare families, even those on AFDC, did not include a woman who is or was a teenage mother. Nearly 60 percent of welfare family heads completed high school; many had some college education.

Welfare is not a way of life for most welfare families. Counting all cash welfare and Food Stamps received over two years, the median participant family received only 6 percent of annual family income from welfare, as seen on Figure S.1. This number is low because nearly one-fourth of all participants received only Medi-Cal and no cash benefits. Shares of income from welfare were significantly higher for families receiving AFDC or SSI, but welfare still made up less than half of income for most of these families over a two-year period.



**Figure S.1—Income Contribution of Cash Benefits
(all welfare families)**

Looking at AFDC in particular, we find that just under 1 million of California's 13 million families included a member who received AFDC during 1993–94. Two-thirds of the families who participated in AFDC some time during 1993–94 had earnings during the period. These families simultaneously worked and collected AFDC in 31 percent of the months spent on AFDC. Considering both current and past work experience, about 17 percent of AFDC families had never worked in their lifetimes.

Who Are the Highly Dependent AFDC Recipients?

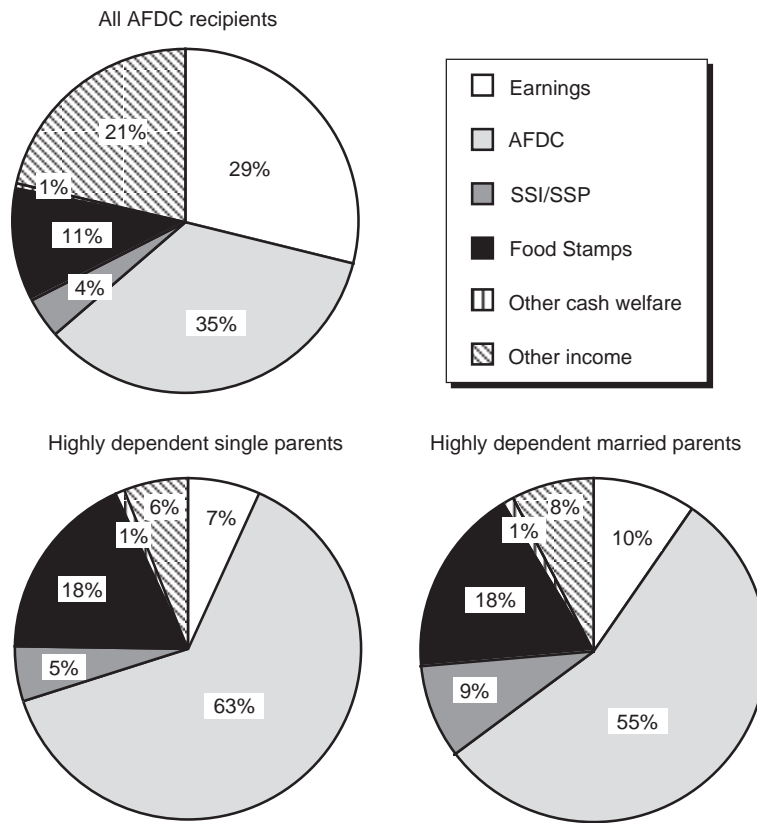
As TANF replaces AFDC, federal rules require that recipients work within two years or lose benefits and also set a five-year lifetime limit on benefits. Since current AFDC recipients have never faced such severe penalties, it is impossible to infer their responses to these new requirements. For this reason, length of time on AFDC may be a poor predictor of which families will hit the TANF time limits. In addition, families who do hit the time limits, but who do not depend on AFDC for the majority of their income, will be less seriously affected than families who are more dependent on welfare.

On the other hand, families who rely on AFDC and other welfare programs as the primary source of income for extended periods will face severe income losses if they lose eligibility because of time limits, unless they dramatically increase their earnings. Using this reasoning, we define highly dependent AFDC families—families who receive at least 50 percent of their two-year income from welfare, with at least 25 percent from AFDC—as one group of recipients who are extremely vulnerable under welfare reform.

Approximately 432,000 families were highly dependent on AFDC by this definition. These highly dependent families constituted 45 percent of all families who participated in AFDC at all during 1993–94, although they would represent a larger share of the caseload in any given month. The new legislation permits the state to exempt up to 20 percent of its caseload from the time limits. The highly dependent group is more than twice the size of this exemption.

What were some of the characteristics of these highly dependent families? Two-thirds were single-parent families; the other third were married. The race/ethnicity breakdown of single-parent families shows that non-Hispanic white, black, and Hispanic families each made up about 30 percent of the total, with 12 percent Asian. Approximately 40 percent of the married families were non-Hispanic whites and 40 percent were Asian. Almost half of the single-parent and about 20 percent of the married-parent families included teen mothers (i.e., women who had given birth as teenagers). Considering all highly dependent AFDC families in California, 62 percent (262,000 families) had no earnings at all during 1993–94.

Still, many highly dependent families had earnings, despite their dependence on welfare. Slightly over one-third (36 percent) of single-parent families and half of married-parent families worked at least one month out of two years. Figure S.2 shows the sources of income for highly dependent AFDC families compared to all AFDC families. Highly dependent single-parent families received on average 87 percent of all their income from welfare and 7 percent from earnings. Married-parent families received a slightly smaller share from welfare and about 10 percent from earnings. In addition to AFDC, highly dependent



NOTE: Totals may not sum to 100 because of rounding.

Figure S.2—Income Sources for All AFDC Recipients and Highly Dependent Recipients

families also received Food Stamps, Medi-Cal, and assistance from smaller programs such as school food programs or rental assistance.

How Did Highly Dependent AFDC Families Differ from the Working Poor?

The challenge for policymakers is to transform highly dependent recipients into families who support themselves primarily through work.

Comparing the highly dependent to the working poor families (i.e., working families with income below twice the poverty level who did not participate in AFDC or SSI) shows that even the highly dependent families who did have earnings had less work experience and lower hourly wages than the working poor. Most workers in highly dependent families reported wages below \$5.00 per hour, and more than 25 percent reported subminimum wages (based on earnings divided by hours). In contrast, the working poor had median wages ranging from \$7.78 (single-parent families) to \$8.58 (married-parent families). Highly dependent AFDC families who were employed rarely worked full-time or for a full year.

On the other hand, some of the characteristics most commonly blamed for high levels of dependence do not seem to be obvious barriers. Take, for instance, teen parenthood, disability, or low educational attainment. Teen mothers (women who were ever mothers as teenagers) made up almost 50 percent of the single-parent highly dependent AFDC population. However, only 20 percent of all teen mothers participated at all in AFDC in the 1993–94 period, and fewer than one out of ten were highly dependent on AFDC. Similarly, less than 15 percent of families with disabilities collected AFDC; and disabled recipients were only slightly more likely than other AFDC families to be highly dependent. Within the highly dependent population, disabled families were not significantly different from able families. Finally, educational attainment is a relatively poor predictor of high dependency. Only 17 percent of high school dropouts participated at all in AFDC in 1993–94, with less than half of these being highly dependent. Highly dependent single-parent families had less education than equivalent working poor

families, but highly dependent married-parent families had much more education than married-parent families in the working poor.

In contrast to the characteristics considered above, single parenthood is a strong predictor of AFDC participation and of high dependency. Forty-two percent of single parents collected AFDC in 1993–94, and one out of four were members of the highly dependent AFDC population. Of course, the AFDC program was designed to help single-parent families. The presence of a child under age six was a far less important factor, with highly dependent families not much more likely to have a young child than other single- and married-parent families.

How Many Immigrant Families Will Be Affected by the Welfare Reform?

Recent immigrants participating in either SSI or Food Stamps represent the second group of California welfare recipients who will be seriously affected by the federal reform. Unlike earlier arrivals, recent immigrants have not been in the country long enough to have worked 40 quarters in the United States, and they cannot qualify for citizenship until they have been in the United States for five years.

In 1993–94, 9 percent of California families included at least one family member who arrived after 1985. These recent immigrants had welfare participation rates double those of citizen families. Although these high participation rates may be partially traceable to low income, recent immigrant welfare participants, especially those on SSI or Food Stamps but not AFDC, appear to have much higher family incomes than other recipients. In addition, these participant families appear to be more self-sufficient, on average, than other participants in the sense that they had more earnings and received a smaller share of family income

from welfare. The same findings, however, do not hold for recent immigrant families receiving AFDC; these immigrant families look more like other AFDC families.

The number of these immigrant families that will be affected by the welfare reform depends on (1) California's decision on whether to ban immigrants from TANF and Medi-Cal, in addition to the mandated ban on Food Stamps and SSI, and (2) the extent to which recent immigrant families continue to qualify for benefits from other programs or from the prohibited programs through the eligibility of family members who are citizens, refugees, or long-term residents who could meet citizenship and/or work history requirements.

Out of the 501,000 recent immigrant families that received welfare in 1993–94, eliminating eligibility to SSI and Food Stamps would have affected up to 281,000 families. However, approximately 45,000 of these families would have retained their eligibility through their refugee status. Of the remaining 236,000 families, about 45 percent had adult family members who would not have lost benefits, and nearly 89 percent had very young children many of whom were likely to be citizens. Thus, our analysis suggests that approximately 26,000 immigrant families would have lost all eligibility had denial of Food Stamps and SSI been implemented in 1993–94. Eliminating AFDC eligibility in addition to the federal mandates would have added a small number of families to the affected group, but prohibiting Medi-Cal in 1993–94 would have affected up to 431,000 recent immigrant families. Once again, almost 45 percent of these families had adult family members who would have retained their Medi-Cal eligibility, and virtually all had very young children (93 percent), some of whom were citizens.

How Much Will Recent Immigrant Families Lose from Denial of Welfare Benefits?

A worst case calculation for the effect of welfare reform on the incomes of immigrant families assumes that an entire family loses program benefits if any member becomes ineligible for the program. A best case calculation determines benefit losses only for those family members who become ineligible, recognizing that an affected family may qualify to collect benefits from other programs. In our judgment, our best case calculation more closely approximates the actual situation that would be faced by California families. For completeness, we consider both the worst and best cases under two scenarios: (1) eliminate eligibility for Food Stamps and SSI, and (2) also eliminate eligibility for AFDC.

Had noncitizens been denied Food Stamps and SSI in the early 1990s, the average annual loss of cash benefits per affected family would have ranged from just over \$2,000 in the best case to nearly \$3,000 in the worst case. For the typical family, these losses would represent from 4 to 7 percent of annual income. Figure S.3 translates these income losses into poverty rates. The poverty rate, at 27 percent before passage of the legislation, would have risen to 42 percent in the worst case and 34 percent in the best case. The hardest-hit families would have been those highly dependent on SSI, constituting about 4 percent of the affected population (about 20,000 families). These families would have suffered a 50 to 80 percent reduction in total annual income depending on which case is considered. However, under the best case calculation, the typical SSI family would have received \$353 more per year in AFDC benefits to partially offset the loss of SSI benefits.

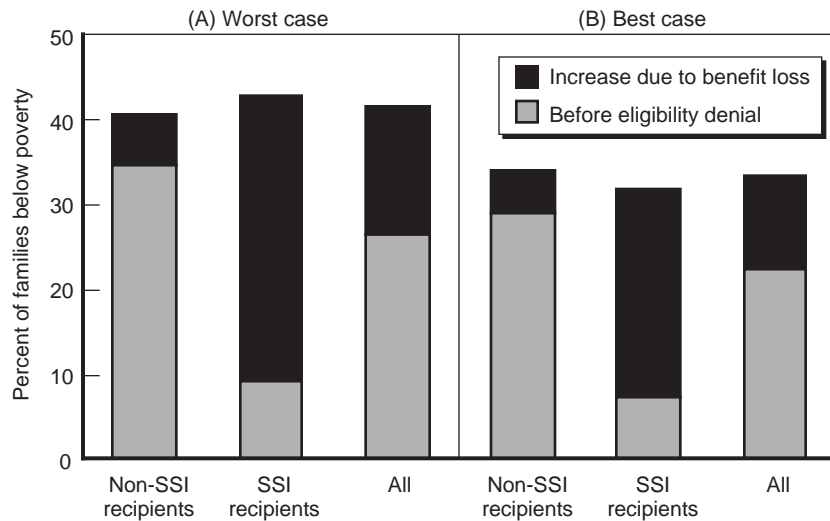


Figure S.3—Rise in Poverty Rate Among Recent Immigrant Families Affected by Denial of SSI and Food Stamps

Had California also denied AFDC to noncitizens in the early 1990s, the average decline in annual income would have been \$3,300 according to our best case and \$6,300 in our worst. For the typical family, these losses represent 7 to 13 percent of income. In the best case, one-quarter of all affected families would have lost slightly more than \$4,700—over 20 percent of their annual income. Poverty rates for all affected families would have risen from 22 percent to 35 percent. In the worst case, one-quarter of families would have lost more than \$10,337, representing over 84 percent of their annual income. Poverty rates for all affected families would have risen by about 19 percentage points—6 points more than in the best case.

Successful Welfare Reform in California

Passage of the 1996 legislation offers California the opportunity to create virtually any welfare system it desires, provided that future federal regulations do not restrict states' ability to spend their own funds as they see fit. The work of redesigning welfare in California has only just begun. Our report identifies the recipient groups who, we believe, will constitute the most challenging segments of the welfare population. Ultimately, to be judged a success as envisioned in the federal legislation, the new system must move a significant share of these groups off welfare and into the workplace while maintaining basic support to poor children. If past experiences with welfare reform are any guide to what we can expect in the future, then California's task of creating a new system will last well into the next decade and maybe well into the next century.

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1. Introduction

California is now facing its first opportunity to undertake radical changes in the design of welfare programs in the state. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, signed into federal law August 22, 1996, enacted the largest reform of welfare since the 1960s. As the centerpiece, control over the most controversial welfare program, Aid to Families with Dependent Children (AFDC), was devolved to the states. This change eliminates many federal regulations, giving California policymakers much greater flexibility in the delivery of public assistance. However, the reform also affects a number of other public assistance programs and applies new restrictions on welfare provision—most notably, time limits and work requirements for cash welfare, and denial of benefits to noncitizens. The reform also reduces federal welfare funding to the state by as much as \$7 billion over the next six years.

The work of redesigning welfare has only just begun, and it will be a long and challenging process. The stakes are high. If successful, the

reforms envisioned in the new legislation will move a significant number of welfare recipients off welfare and into the workplace. If they fail, California taxpayers will have to step in to save children from poverty in the absence of a federal safety net.

As we leave behind “welfare as we knew it,” this report takes a long look at our jumping-off point: welfare as it exists in California today. We seek to answer three basic questions:

1. How have the welfare rules changed under recent legislation?
2. How many California families participate in welfare programs and what are the demographics of these families?
3. Which of these participants will be affected by welfare reform in California?

One needs a comprehensive profile of welfare use by Californians to better understand who and how many will be affected by the forthcoming changes in the welfare system and to gain some idea of the nature and size of these effects.

The profile developed in this study provides a rich set of statistics highlighting the extent to which California families supplemented their resources through various public assistance programs during a two-year span in the early 1990s. This is the first time this type of analysis has been undertaken for California. It is unique in two ways. First, the data examined in this analysis adapt a well-established nationally representative household survey, the Survey of Income and Program Participation (SIPP), to make it representative for California. This is feasible only because California represents such a large share of the U.S. population. The second unique feature is our focus on families. Whereas most welfare statistics report results for individuals or cases (as

defined administratively for each welfare program), this report uses families, not only to develop a picture that more truly reflects the living conditions of welfare participants but also to provide essential information for designing a welfare program that takes families as the appropriate unit for income support.

The profile developed in this analysis includes an extensive body of information that we hope will serve as a valuable reference tool. We discuss only a subset of these results in the body of the report. Additional tables, and a guide to interpreting them, are included as Appendix B.

Our review of the central features of the federal welfare reform bill identifies two categories of welfare participants who will be most affected by welfare reform: recipients who are highly dependent on AFDC and recent immigrants participating in welfare. Much of the analysis is devoted to determining the composition of these groups in California and the economic circumstances they face. This endeavor produces a variety of insights into the potentially most significant consequences of welfare reform.

The report is organized as follows. Chapters 2, 3, and 4 lay the groundwork. Chapter 2 summarizes the key elements of the welfare reform bill. Chapter 3 sets out the questions we hope to address in the empirical analysis and their relevance to policy, providing a guide to the rest of the report. Chapter 4 lays out the data and the analytical approach used in developing the empirical results. The heart of the report develops a portrait of California's welfare recipients on three different levels. First, Chapters 5 and 6 provide an overview of public assistance use in California. Second, Chapters 7 and 8 hone in on the issue of highly dependent AFDC participants. Third, Chapters 9 and 10

provide a roughly parallel analysis of immigrant welfare participants in California. The final chapter, Chapter 11, reviews the key results regarding the groups most vulnerable to welfare reform and some of the options open to California policymakers.

2. How Does Welfare Reform Legislation Change the System?

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 called for dramatic changes to an already complex welfare system. The legislation affects more than a dozen programs, including the major cash and near-cash income support programs: AFDC, Supplemental Security Income (SSI), and Food Stamps. In this chapter, we provide a brief overview of the primary programs in the U.S. welfare system, then we review the major elements of the reform legislation and their costs for California.

Welfare in the United States

The U.S. welfare system is a patchwork of different programs. At least 70 means-tested programs were administered at the federal level in

1994,¹ and additional programs are administered by states, counties, and even cities. “Welfare” or “public assistance” typically refers to programs that provide basic support for low-income families. This support includes cash income, as well as in-kind support for necessities such as food, housing, medical care, or home heating. Other means-tested programs provide services such as job training, legal assistance, or child care. Table 2.1 lists the main categories of federally funded assistance programs.²

The core welfare programs provide cash or near-cash benefits to low-income families. AFDC is the best known of these welfare programs, but SSI and Food Stamps are also important sources of support for low-income families. AFDC provides cash assistance to families with children. AFDC eligibility is usually extended to single-parent families, although a growing number of two-parent families also qualify (if one parent is unemployed). SSI provides cash assistance to low-income couples or individuals who are unable to support themselves because of blindness, disability, or age. Food Stamps provides food vouchers to low-income households, regardless of family structure or disability.

Medicaid, far and away the most expensive public assistance program, provides medical services to low-income individuals and families. Recipients of AFDC and SSI are automatically eligible for

¹A means-tested program determines eligibility solely or partially on the basis of low income.

²Table 2.1 does not include two major categories of assistance that are provided to low-income families but are not typically considered to be welfare programs: the Earned Income Tax Credit, which provides a refundable tax credit to families with low earnings, and college assistance, such as Pell Grants and Stafford Loans.

Table 2.1
Key Federally Funded Assistance Programs for Low-Income Persons

Program	Type of Support	Federal Spending FY 1992 (\$ millions)
Medicaid	Medical care	118,067
AFDC	Cash income	24,923
Food Stamps	Food coupons	24,918
SSI	Cash income	22,774
Housing programs ^a	Housing or rental assistance	20,477
Child and adult nutrition programs ^b	Food coupons, reduced-price meals, commodities	8,446
Social Services Block Grant	Social services	5,419
Child care programs ^c	Child care services	4,937
Job training programs ^d	Education and training services	4,922

SOURCE: Calculated from Citro and Michael (1995), p. 434.

^aIncluding public housing, rental assistance, homeownership loans, and rural assistance.

^bIncluding School Lunch, Special Supplemental Nutrition Program for Women, Infants and Children (WIC), School Breakfast, Child and Adult Care Food Program, and other programs.

^cHead Start, Child Care and Development Block Grants, child care for AFDC and at-risk families.

^dIncluding Job Opportunities and Basic Skills (JOBS) Program, Job Corps, and Summer Youth Employment and Training Program.

Medicaid, but there are many other ways to qualify. For example, states must provide Medicaid to low-income pregnant women and to children under the age of six. Medicaid also pays for long-term nursing home care for impoverished elderly persons. Poor, uninsured persons who do not otherwise qualify (including undocumented immigrants) may receive emergency medical services reimbursed through the Medicaid program.

AFDC, SSI, Food Stamps, and Medicaid account for the highest federal welfare expenditures, but there are a number of important smaller programs, frequently offered in combination with the major programs, especially AFDC. A large share of child care, job training, and social service dollars, for example, go to AFDC recipients. Housing assistance programs, which combined are nearly as expensive as SSI, provide rental assistance, public housing, home loans, and rural housing assistance. Nutrition programs, such as School Lunch and School Breakfast, provide free or reduced-price meals for low-income families and subsidize the costs for many others.

A final, important welfare program is not included in Table 2.1 because it is supported at the county level rather than at the federal level. General Assistance (GA) provides cash support or vouchers to low-income individuals and families who do not qualify for benefits through AFDC or SSI. The payments individuals receive through GA are minimal, but GA is a significant expense to county governments. More important, it represents the final safety net in the U.S. welfare system.

The 1996 legislation changes the rules and funding for many but not all of these welfare programs.³ The most dramatic change is the elimination of AFDC, although eligibility rules and funding levels are changed for Food Stamps and SSI. The reform also affects the smaller programs, reducing funding for job training, nutrition programs, and social services, while increasing funding for child care. Finally, legal immigrants are banned from a number of programs.

³Programs that are not directly affected by the legislation (such as GA, which is the program of last resort) may be indirectly affected if recipients move off one program and onto another.

Changes to Cash Welfare: Temporary Assistance for Needy Families

The centerpiece of the reform legislation is the elimination of AFDC. The legislation calls for a replacement program called Temporary Assistance for Needy Families (TANF) with funds block-granted to the state. AFDC rules were established by the federal government, and the program was administered by the states, with funding divided between the state and federal governments. Under the new legislation, the block grants give a set level of funding to the states, rather than sharing costs incurred through payments to recipients. For the six years covered in the reform bill, the block grant amount for California is equal to the federal AFDC expenditures in California in FY 1995. As a result of the state's economic recovery, which has reduced the caseload, the block grant for TANF is actually higher than the predicted spending levels under AFDC.

Cash welfare under the block grants will differ from AFDC in a number of ways, as described below.

No Entitlement to Cash Welfare

By block-granting TANF, the federal government eliminated the entitlement to cash welfare. An entitlement means that all eligible applicants to a program are funded, and the amount of funds depends on the number of recipients. In the absence of an entitlement, the budget for a program is fixed, and eligible applicants may be denied benefits if the funding is depleted.

In the case of TANF, the size of the block grant is established by the 1996 legislation and remains more or less fixed through 2002, although

the size of the block grant could be adjusted slightly. For example, it could be increased for states with high population growth and low grant amounts per poor person (California is unlikely to qualify under this provision). Also, penalty and bonus provisions could influence the size of the block grant. Finally, there is a loan fund and a contingency fund for states with high unemployment or high use of Food Stamps. Nevertheless, even if the block grant is not absolutely fixed, it will not automatically rise (or fall) with the caseload.

The elimination of the AFDC entitlement applies to federal funding but need not apply to state funding. Before this reform, AFDC benefit payments were funded 50-50 by state and federal dollars. This matching payment relationship no longer remains under block grants. Thus, although the federal funding is no longer an entitlement, the state could continue to treat cash welfare as an entitlement by funding benefits beyond the block grant entirely out of state funds.

Flexibility in Use of Funds, State Maintenance of Effort

Before the current reforms, welfare dollars were strictly allocated between AFDC benefits, AFDC administration, and related programs such as emergency assistance and the JOBS program.⁴ The block grants combine these funding streams. The combined funds can be used “in any manner that is reasonably calculated to accomplish the purpose” of the grant. However, no more than 15 percent of the grant can be spent on administration. Up to 30 percent can be used for child care or Title XX programs, which include child welfare services, foster care, and social services.

⁴JOBS was created by the Family Support Act of 1988.

Eliminating the matching payment relationship also gives California much greater flexibility in its use of state funds for public assistance. For example, California may now implement previously legislated reductions in the grant levels for AFDC—reductions that had been blocked by the federal government. However, the reform legislation does require states to maintain nonfederal (state and local) spending on public assistance at 80 percent of FY 1994 spending on AFDC and related “qualified programs.” The maintenance of effort requirement falls to 75 percent if a state meets the work requirements.⁵

TANF Recipients Are Required to Work Within Two Years

To receive the entire block grant, California must ensure that TANF recipients work. The state loses part of its grant unless 25 percent of federally funded cases work in 1997 and 50 percent work by 2002. Work requirements are particularly stringent for two-parent families: 75 percent of these families must work in 1997, and 90 percent must work by 1999.

A family is considered to be working if an adult is employed or participating in on-the-job training, vocational education, job search, or community service. A single parent must work at least 20 hours per week in 1997 and 1998. The required hours rise to 30 per week in 2000. From 1997 on, adults in two-parent families must work at least 35 hours per week.

Although the state sanctions are based on the share of the total caseload working, an individual family cannot receive aid for more than

⁵The Clinton administration has not yet issued an interpretation of “qualified programs” under the maintenance-of-effort requirement. Recent reports suggest that the restrictions on federal spending may also be applied to state spending, although states are strongly opposed to this interpretation (Pear, 1996).

24 months without working. The state has the option to exempt families with children under the age of one. Recipients who refuse to participate in work activities must be sanctioned.

A Family Cannot Receive TANF Benefits for More Than Five Years

In addition to the two-year time limit for receiving aid without working, TANF prohibits a family from receiving block grant funds for more than five years. This is a lifetime limit, cumulative across welfare spells. A state may exempt up to 20 percent of families from this time limit. Once again, however, the time limit applies specifically to federal TANF funds. The state could pay cash welfare beyond these time limits by exclusively using state funds.

Provisions to Reduce Teen Parenthood and Illegitimacy

The welfare reform legislation seeks to discourage teen parenthood and illegitimate births, although these provisions were significantly weakened from early proposals. Under the block grants, teen parents cannot receive TANF unless they attend school and live with their parents or other supervisory adults. There are no specific rules regarding out-of-wedlock birth, but a family's grant must be reduced 25 percent for failure to cooperate in establishing paternity. The law also calls for annual grants of \$20 million to \$25 million for the five states that most reduce the rate of illegitimate births (without increasing abortions).

State Options to Impose Family Caps or Lower Benefits for Migrants from Other States

The legislation allows states to initiate two reforms commonly requested by states under AFDC. In the AFDC program, benefits were

based on family size, which was perceived as not discouraging subsequent births to AFDC mothers. TANF rules permit states to deny additional benefits for children born to families on welfare. This is known as imposing a family cap on benefits. The legislation also permits states to set grant levels for people moving from another state to the grant level in the former state of residence. This is intended to address concerns that some states might be “welfare magnets” because of their relatively high benefit levels and to reduce the possibility of a “race to the bottom” among state welfare programs.

California had previously passed legislation imposing family caps and lower benefits for new residents, but these changes could not be implemented without a waiver of federal AFDC rules.

Medicaid Eligibility Continues

In the shift from AFDC to TANF, states may not change the eligibility rules for Medicaid. In other words, all persons (other than noncitizens) who would have been eligible for AFDC and thus for Medicaid must continue to receive Medicaid under the income-eligibility rules in place on July 16, 1996. However, states may deny Medicaid to adults who refuse to work.

Changes to Food Stamps and Supplemental Security Income

As noted above, the 1996 legislation addresses not only AFDC/TANF but also many other public assistance programs, including the two other major cash or near-cash programs: Food Stamps and SSI. The SSI and Food Stamps reforms include a variety of administrative changes intended to rationalize and streamline procedures. The most

substantive changes to benefits under Food Stamps and SSI are discussed below.

Food Stamps: Work Requirements, Benefit Reductions

The change to the Food Stamps program that has prompted the greatest outcry is the imposition of work requirements. Childless recipients between the ages of 18 and 50 will not receive Food Stamps for more than three months if they are not working. Pregnant women and those physically or mentally unfit to work are exempted from this provision. A state may apply for a waiver of the work requirement in areas where unemployment rates exceed 10 percent or where it is otherwise determined that there are insufficient jobs to employ recipients of Food Stamps.

The reform law also reduces Food Stamps benefits. The maximum benefit is reduced 3 percent across the board (from 103 percent to 100 percent of the Thrifty Food Plan⁶), although benefits will continue to be indexed to food-price inflation. Several income deductions are eliminated or frozen, and children under 21 living at home can no longer be treated as separate Food Stamps households, even if they are married or have children of their own. These changes will reduce benefits by increasing the net income counted in the benefit calculation.

Like the TANF rules, the new Food Stamps rules also give states more flexibility in administering the program and bringing it in line with other public assistance. For example, eligibility rules and procedures for TANF can be applied to the Food Stamps benefits of TANF recipients. The state could also replace Food Stamps benefits with wage

⁶The Thrifty Food Plan, a USDA estimate of the cost of food, serves as the basis for determining need for Food Stamps.

supplements provided through employers. Although Food Stamps is not block-granted, the legislation includes a list of requirements that must be met by states replacing Food Stamps.

SSI: No Payments to Prison Inmates, Reduced Eligibility of Children

The SSI reforms are designed to address two areas of perceived abuse in the program. First, the legislation sets up procedures to help ensure that SSI payments are not made to prison inmates, primarily by rewarding states and localities for promptly providing the names of inmate recipients. Second, the legislation eliminates benefits to less-disabled children. Previously, a child could be eligible for SSI if he or she had a disability of “comparable severity” to a work disability in an adult. If a child’s disability was not included on the list of impairments that might meet the SSI disability definition, a child could be individually assessed for his or her ability to perform age-appropriate activities. This assessment is eliminated in the new legislation, the definition for disability based on functional impairments is tightened, and eligibility redeterminations with reviews of disability status are made more frequently for children.

Changes to Child Support Enforcement, Child Care, Nutrition Programs, and Social Services

The reform seeks to tighten enforcement of child support for children on public assistance. Beyond numerous administrative provisions, the law eliminates the partial “pass-through” of child support to the family. Before this change, families were allowed to keep the first

\$50 of monthly child support, with any additional child support going to offset the government grant.

Child care block grants were also expanded. The legislation reauthorizes the Child Care Development Block Grant (CCDBG), rolling into this grant funding previously provided as AFDC/JOBS Child Care, At-Risk Child Care (for families at risk of needing public assistance), and Transitional Child Care (for families leaving AFDC). The combined funding is increased 24 percent in 1996–97 and 35 percent over the six years covered under the legislation. States must use approximately 47 percent of the entire child care block grant on the TANF, at-risk, or transitional population. Another 4 percent must be set aside to improve the quality of child care.

Although child care is expanded under the new legislation, child nutrition programs are somewhat reduced. Reimbursement rates for the Summer Food Program, which provides meals for elementary school students when they are not attending school, are cut slightly; reimbursement rates in the Child and Adult Care Food Program are reduced for families with incomes above 185 percent of the poverty level.

Finally, the new law reduces funding in the Social Services Block Grant (Title XX) by 15 percent. In California, these funds have been used to support developmental services and in-home supportive services.

Changes to Legal Immigrant Eligibility

Deep reductions in immigrant eligibility for welfare is one of the most dramatic elements of the welfare reform legislation. For the first time, citizenship or substantial U.S. work history will be required for welfare eligibility. California will be affected by these restrictions more than any other state, since 38 percent of all noncitizens in the United

States reside in California and 16 percent of all Californians are noncitizens (Bureau of the Census, 1995).

Before this reform, legal permanent residents could qualify for participation in all major public assistance programs. Under the new law, all legal immigrants, including those already in the country, will be denied SSI and Food Stamps unless they have worked in the United States for 40 quarters (the Social Security qualification period) or become citizens.⁷ States are permitted to also deny cash welfare assistance and Medicaid to noncitizen immigrants. Newly arrived legal immigrants will be denied eligibility for all federal means-tested programs for five years after arrival.⁸ After this period, new arrivals will be treated like current resident immigrants. For example, if a state continues Medicaid eligibility for immigrants, new arrivals will be banned from the program for the first five years and then will become eligible.

There are a few exceptions to these rules. Within the first five years after arrival, refugees and asylees remain eligible for means-tested public assistance. After this initial five-year period, however, they are treated like other legal noncitizen immigrants. In addition, immigrants who are

⁷Under the new legislation, illegal immigrants are denied all federal, state, and local benefits, means-tested or otherwise, except for some emergency services. States and localities can provide benefits under nonfederal programs only by passing new legislation. In addition, states must now not only verify immigration status but also report to the Immigration and Naturalization Service any information it obtains about unlawful residents. Before this legislation, illegal or undocumented immigrants were barred from receiving benefits under virtually all major federal welfare programs. The major explicit exception to this was emergency medical care under the Medicaid program. A few other programs, such as WIC, had rules that were silent on the eligibility of undocumented persons. Some families headed by undocumented immigrants did receive welfare benefits because their children were citizens.

⁸Certain emergency services are excepted: emergency medical assistance, short-term noncash disaster relief, public health assistance for immunization and serious communicable diseases, and community-level in-kind services such as soup kitchens.

veterans or active armed forces personnel or their dependents are eligible for benefits.

For federal programs, a sponsor's income and resources could be counted as income or "deemed" in determining an alien's eligibility for benefits, until the alien meets the 40 quarters' requirement or becomes a U.S. citizen. The income of a sponsor's spouse could also be deemed. Finally, the sponsor's affidavit of support will be legally enforceable, including required reimbursement to the government of any assistance that is provided. States can also use these federal deeming rules for state-funded programs. Immigration reform also now bars U.S. citizens with incomes below 125 percent of the poverty line for a family of four (\$19,461) from sponsoring the immigration of spouses and children.

Summary: Loss of Federal Funding to California

The Legislative Analyst's Office (1996) estimates that welfare reform will reduce federal funds to California by nearly \$7 billion over the six years covered by the legislation. As Table 2.2 shows, most of this reduction—\$5.9 billion—is due to restricting welfare for legal, noncitizen immigrants. Judging by these projections, California will benefit from the TANF block grant and the changes in child support, child protection, and child care. However, changes to SSI, Food Stamps, and child nutrition programs will reduce federal funding to the state.

In the empirical analysis to follow, we focus on the changes to AFDC (TANF), SSI, and Food Stamps, which will account for 91 percent of the projected loss in federal dollars to California; we will not directly address the changes to smaller programs.

Table 2.2
Effects of Welfare Reform Legislation on Federal Funds to California
(\$ millions)

Program	1996-97	Six-Year Impact
TANF	286	1,350
SSI	0	-524
Child support	25	28
Restricting welfare for noncitizens	-282	-5,863
SSI	(-176)	(-3,746)
Food Stamps	(-90)	(-1,563)
Medicaid (Medi-Cal)/newcomers	(-6)	(-263)
Medicaid (Medi-Cal)/in-home supportive services under SSI	(-10)	(-291)
Child protection	20	21
Child care	55	525
Child nutrition	0	-340
Food Stamps	-105	-1,679
Miscellaneous	-50	-302
Total	-\$51	-\$6,784

SOURCE: Legislative Analyst's Office (1996).

3. What Do We Need to Know About the Groups Most Affected by Welfare Reform?

Despite the complexity of the federal legislation, the goals of the reform are relatively straightforward. The primary intent of the welfare reform is to create a system that expects families to be self-sufficient but that still provides assistance for families with short-term needs, augments income for workers whose earnings are not sufficient to support their families, and supports for longer periods families with genuine barriers to work and no other resources.¹

¹The legislation was also intended to reduce the deficit in the federal budget. However, welfare programs represent a relatively small share of the federal budget overall. Including the Earned Income Tax Credit and higher education assistance, low-income assistance programs accounted for only \$279 billion out of the \$1,308 billion of federal expenditures in 1992. Medicaid, which is essentially unchanged under the reform legislation, alone accounted for 43 percent of expenditures on low-income programs.

Planning for welfare reform needs to focus on the groups that will be seriously affected by the new legislation. Policymakers designing a new welfare system need to know:

1. The size and composition of these groups;
2. How various reform options will affect each group; and
3. How these groups differ from those exhibiting the degree of self-sufficiency that is the goal of the reforms.

The analysis in this report aims to develop an understanding of these three policy issues, as well as to look at how seriously affected groups fit into the context of all California families and of California welfare recipients in general.

What Kinds of Recipients Will Be Most Affected by Reform?

Although some changes, such as the reductions in Food Stamps, will affect many recipients, these cuts are minor as a share of the total income of these families. However, two groups of California recipients will be seriously affected by welfare reform.

Recipients Highly Dependent on AFDC

Although many families use AFDC as a temporary stop-gap, many others depend on AFDC as a primary source of income for long periods of time. These highly dependent families will be hardest hit by the change from AFDC to TANF. Under TANF, these families will have to meet work requirements that are much more stringent than those imposed by AFDC or lose benefits after two years. In addition, TANF imposes a five-year lifetime limit on participation.

Recent Immigrants Receiving SSI or Food Stamps

The second group of recipients who will be severely affected by welfare reform is legal immigrants, particularly recent immigrants. As noted in Chapter 2, immigrants will be barred from receiving SSI and Food Stamps unless they have worked in the United States for 40 quarters or become citizens. California could impose the same barriers for legal immigrants to receive TANF and Medicaid (called Medi-Cal in California). Recent immigrants are more vulnerable than less-recent immigrants, since they could not have completed the five-year residency requirement for citizenship, let alone 40 quarters of work in the United States.

What Policy Issues Are Relevant for Those Highly Dependent on AFDC?

The main emphasis of welfare reform nationally is to move families from welfare into work. This is the philosophical motivation underlying both work requirements and time limits. Families depending on welfare as a primary source of income, and in particular those depending on AFDC, will experience the greatest changes in their lives if the TANF sanctions are applied as envisioned by the federal legislation. They will have to alter their behavior and find substantial supplementary income through work or marriage, or they will suffer serious reductions in resources on which to live.

Identifying which AFDC recipients compose the group most economically vulnerable under welfare reform is of fundamental importance; the outcomes of this group will surely play a critical role in judging the success of any new system. If these recipients enter the workforce and receive incomes comparable to those currently offered by

AFDC and its associated programs, then many will give the new policy high marks. If, on the other hand, many of these families suffer significant declines in their resources, then the new policy will undoubtedly be scrapped for another, since the public and political tolerance for children living in very poor families is quite limited. After all, California has one of the highest AFDC benefit levels in the United States, and neither the public (through ballot propositions), the legislature, nor the governor have shown any intention of lowering benefits beyond a modest amount,² and certainly nothing remotely approaching the cuts contemplated by TANF sanctions.

To identify the AFDC recipients who will present the greatest challenge to policymakers, many fix their sights on the length of time that recipients remain on AFDC. Given the time limits specified by the TANF rules, this appears to be an obvious choice. However, as we will see below, time on AFDC need not be commensurate with dependence on AFDC as a main source of income over an extended period. For example, if a family is on AFDC steadily, say for two years, but AFDC makes up only 10 percent of its overall income during this period, will reform policy be viewed as a failure if this family must leave the new TANF program? Certainly some will argue so, but many others will view this as within a tolerable range if enough other former AFDC families

²The highest proposed cuts were the 10 to 15 percent reductions in AFDC benefits suggested by the governor in 1991. The decline in AFDC families' incomes would have been smaller than these cuts suggest because they would have been offset by corresponding increases in Food Stamps and by permitting families to keep more of their earnings while on AFDC. The public rejected cuts of this size in a referendum in 1992, and, in the face of severe revenue losses resulting from the recession, the legislature compromised on smaller reductions. Since the passage of the federal reform legislation, the governor has implemented 5 to 10 percent benefit cuts (which had been passed in the state but blocked by the federal government), and he has also proposed an additional 15 percent benefit cut after the first six months of TANF receipt.

achieve meaningful progress toward self sufficiency. Is this family likely to represent a very significant challenge for reformers attempting to increase the work ethic of welfare families? It seems unlikely, since these families are already near the self-sufficiency goal envisioned by welfare reform. We choose not to use “time on AFDC” as our criterion for the “seriously affected” category to avoid including families such as this.

As an alternative, we identify vulnerable AFDC recipients based on their reliance on AFDC as their primary source of income. If welfare makes up 100 percent of a family’s income over a two-year period, with AFDC benefits contributing 70 percent, there is no question that this family will undergo radical changes in its lifestyle with the advent of welfare reform. A family receiving 75 percent of its income from welfare and 60 percent from AFDC over two years will also face a dramatic loss of income if forced off AFDC. Of course, the threshold of income share from AFDC used to classify an AFDC recipient as seriously affected will be somewhat arbitrary, but in this analysis we have chosen a 50 percent threshold for income from welfare and consider AFDC recipients with half or more of their income from welfare as “highly dependent.”

Highly dependent families may have difficulty meeting work requirements. For them, time-limited welfare may impose severe penalties; at worst, they could end up on county-provided General Assistance that does not adequately meet the needs of their children. This outcome is not the goal of reform; rather, it is to turn such welfare recipients into families who support themselves primarily through their earnings.

To design such a system, to move these “harder” cases into work, the policy issues most relevant are those related to making highly dependent AFDC families move significantly toward self-sufficiency. The first and

third issues cited at the beginning of this chapter certainly fall into this category. Information on the size and composition of the highly dependent AFDC recipients group is vitally important for determining who and how many must find gainful jobs in California and how far they are from attaining this goal under the current system. How the highly dependent AFDC families compare with the working poor is clearly of intense interest to policymakers, because many feel that highly dependent AFDC recipients will join that group if reforms achieve their objectives. These policy issues are the subject of Chapters 7 and 8.

The second policy issue, noted at the beginning of this chapter (i.e., how reform options will affect the highly dependent AFDC group) is, of course, a central concern for reformers. However, at this time it is a matter of pure speculation. If these recipients are cut off from TANF and they do not work, then they will obviously be severely affected. They fall into the category of those highly dependent on AFDC because they rely on it heavily as a source of income. On the other hand, if these recipients respond by working, then they could even gain income as a consequence of the reforms.

Because predicting the behavioral responses of highly dependent AFDC families involves much speculation, we do not pursue forecasting the consequences of reforms on this group. Our analysis offers a variety of information on the demographic characteristics of these families, on how much of these families' income comes from various sources, and on how often these families worked in 1993–94 and before. Using this information, a reader can make any calculations he or she views as appropriate.

What Policy Issues Are Relevant for Recent Immigrant Families Collecting Welfare?

Immigrants receiving welfare are a very different case. As described in the legislation, the national policy concerning welfare and immigration maintains that the United States cannot afford to support indigent noncitizens and that we as a nation have the right to demand that persons we allow to enter the country be self-sufficient. At the very least, welfare should not be an inducement to immigrate. Thus, the legislation immediately cuts noncitizens off two fully federally funded welfare programs—SSI and Food Stamps—and permits states to cut them off from TANF and Medicaid. Because this includes immigrants who already reside in the country, it represents a particular problem for California, which has the largest immigrant population of any state in the nation.

California is free to choose its own policy toward immigrants and their use of welfare. Of crucial concern in making this choice, of course, is how many immigrants are vulnerable to the elimination of federal benefits. Identifying the size and composition of the recent immigrant population, as well as how the removal of particular benefits will affect this population, provides the most elementary information needed by anyone contemplating reforms to counterbalance the changes mandated at the federal level. These are the issues that dictate the costs of various reform options and how these costs are likely to be distributed across the immigrant population. Chapter 9 of this report explores the characteristics of recent immigrants participating in welfare in California; the discussion summarizes their dependence on cash benefits along with their sources of other income, such as earnings. Chapter 10 projects how

much income immigrants would lose under a complete denial of benefits from various welfare programs and assesses the fraction of participant-family incomes these losses represent.

4. Data and Methodology

Two features are key to understanding our empirical approach in assessing welfare use in California. The first is the definition of welfare or public assistance participation. The second is our focus on families. We believe that each of these elements contributes to our unique, policy-relevant approach to the question of welfare use by Californians, although they are also partially driven by the availability of data. This study uses a rich sample of data drawn from the Survey of Income and Program Participation (SIPP). The SIPP, an ongoing household survey conducted by the Bureau of the Census, is designed to provide detailed information in two central areas: (1) household income and economic resources and (2) eligibility for and participation in public assistance. Given these joint goals, the SIPP allows us to examine not only the use of welfare programs but also the economic context that leads to welfare participation. In this chapter, we first describe our sample, then discuss the definitions of family and welfare participation that are critical to our analytical approach.

1992–93 California SIPP Sample

Each annual panel of the SIPP includes approximately 20,000 households nationally. Each household is surveyed every four months for over three years, creating overlapping annual panels. SIPP provides data at three levels: households, families, and individuals. Our sample combines data on families from the 1992 and 1993 panels, integrating data over a 21-month period from January 1993 to August 1994. This period represents the months of overlap in the 1992 and 1993 SIPP panels. Data must be available for at least five months for a family to be included in our sample—expanding this restriction to longer than five months (up to a year) only barely influences our findings. Together, these two panels yield a sample of over 5,000 families in California. Since the SIPP is designed to be nationally representative, we have reweighted the California subsample to be representative of families in the state for 1993. The SIPP data and the weighting procedure are described in Appendix A.

The core SIPP survey, which is repeated at each interview, covers monthly income by source, program participation, weekly workforce participation, and educational attainment. Periodic interview modules provide information on topics such as work history, marital history, welfare reciprocity, and disability status. Our income and work-activity measures accumulate information for all months available for each family. The measures are monthly averages translated into annual terms, so they summarize more than a year's worth of data in most cases.

Survey and administrative data (i.e., data collected by the agencies administering programs) both have advantages. Administrative data have two basic advantages over survey data. First, they include information on all participants in a program. The data are not subject to the sampling

errors that naturally arise in survey data. Second, administrative data should be extremely accurate in reporting payments made to recipients in a program, whereas participation information based on self-reporting (in surveys) may be flawed because of stigma, faulty memory, or misunderstanding of the questions.

Nevertheless, we believe that the advantages of survey datasets such as the SIPP outweigh the limitations. First, although administrative data can tell us about participants, they do not tell us the participation rates in the population at large. The SIPP allows us to calculate these participation rates and to compare the characteristics of participants and nonparticipants. Second, the multiyear monthly reporting in the SIPP reveals the activities of participants in periods when they are on and off the welfare rolls. Third, there may be reporting errors in the survey responses; for example, the anonymity of the survey means that respondents may well report income information that they may not report to program administrators. The repeated survey waves may also help respondents better report the information requested.

However, the key advantage of the SIPP is its observation of families rather than case units. Public assistance programs typically base participation and benefits on a case unit, and administrative data reflect this in defining an observation. As discussed below, we believe that families are the most policy-relevant unit for analysis, so the empirical results in this report are based on California families.

Why Consider the Family as the Recipient of Public Assistance Benefits?

Throughout this analysis, we use families as the basic unit of observation, both in reporting participation and in calculating income.

Our definition of a family matches the layperson's concept. That is, a family is either (1) an individual adult or (2) two or more persons related by birth, marriage, or adoption who reside together. Typically, a family consists only of an individual, his or her spouse (if present), and their children (if they have children at home). Some families are more extended; for example, a married couple residing with his or her parents are included in the parents' family. However, families that include these "related subfamilies" make up only about 9 percent of all families in our sample.¹ Usually, relatives, even in the same household, compose several families. For example, two sisters and their children, all living in the same house, make up two families. Where children are living in households with nonrelatives, we assign the children to the family.

Our focus on families differs sharply from most of the literature on welfare participation, where statistics are typically based on individuals or on administrative cases. We believe that both of the latter approaches abstract from the economic reality in which people live. For example, although an individual may appear to be the obvious unit of observation, it is unclear how we should treat children. We do not expect a child to be self-sufficient, although we would count a child on a welfare grant as a welfare recipient. Individual adults, such as married couples, may combine resources, so that a married couple in poverty may be treated differently from two single people in poverty. These examples strongly suggest that individuals are not the appropriate unit to consider for welfare participation. From a policy perspective, we are interested in the ability of adults to support themselves and their children.

¹Subfamilies are much more common among AFDC families, where 26 percent of families include subfamilies.

Statistics based on administrative cases come closer to economic reality. In administering programs, a case unit is the set of individuals in a household who apply for and receive benefits from a program as a unit. Unfortunately, case units are impossible to identify in the SIPP. The survey provides information on the sources of income for each adult in the household but does not include information on which family members are included in a benefit unit. These case units need not map to families, subfamilies, or households. That is, the household of a welfare recipient may include other related or unrelated individuals who are not included in the case. For example, a child may be eligible for AFDC benefits even though his or her parents or guardians are ineligible.² In this example, only the child would be included in the case. To further complicate analysis, case unit definitions differ across programs. More important, cases again do not reflect the true economic circumstances that people live in. In the child-only example cited above, the welfare benefit for the child is paid to an adult in the family and, despite his or her exclusion from the case, the adult is still responsible for the child.

For these reasons, focusing on families and thus on family income seems to be a natural approach. We look beyond the case unit to the financial and human capital resources of the entire family. (Note that we are therefore implicitly treating all income of family members as available to other family members, an assumption that may or may not reflect the treatment of income for eligibility rules.) Our family definition is also

²An adult with an eligible child could be ineligible for a variety of reasons. Two common examples are the cases of citizen children with undocumented immigrant parents and cases where a grandparent cares for the child of an impoverished son or daughter, rather than having the AFDC-eligible grandchild placed in foster care.

constant across programs, even though different family members may receive benefits from different programs; for example, a worker may receive Unemployment Insurance, a disabled child may receive SSI payments, and the whole family may receive Food Stamps.

We should make explicit a second policy assumption embedded in this family-based analysis. In addition to treating the income of relatives as available to all family members, even across subfamilies, by looking at families we are also assuming that the family is relevant when looking at the welfare system. Although encouraging intact families and family responsibility were specific goals of the reform legislation, designers of individual programs may not embrace our definition of family. After all, before the 1996 legislation, federal policy specifically excluded the income of some family members when determining an individual's eligibility and the magnitude of the grant for many of the major welfare programs such as AFDC, Medicaid, and SSI. To some extent, therefore, moving from individual and case to family data can be interpreted as a change in public policy.

Table 4.1 shows the number of families in California by marital and child status, as well as by family structure within the survey household.

How Do We Define Welfare Participation?

As we noted in Chapter 2, in the United States “welfare” does not refer to a single program, or even to a well-defined set of programs. In addition, families as a whole or members individually may qualify for and participate in a number of programs at the same time. This complexity, as well as the complexity of the welfare reform legislation, requires careful explanation of what we mean when we discuss welfare, welfare participation, or welfare recipients, since these terms may have

Table 4.1
Types of Families in California

Family Types	Number (in millions)	Percent
By marital and child status		
Single individuals with no children	5.45	41
Married with no children	2.95	22
Single mothers with children	1.09	8
Single fathers with children	0.22	2
Married with children	3.48	26
Total, all families	13.19	100
By family structure		
Primary families (related subfamilies considered part of family)	8.15	62
Secondary individuals (living in household with others but not a family member and unrelated to anyone in household)	0.17	1
Unrelated subfamily (living in household with others but not related to primary family or anyone else in household)	3.38	26
Primary individual (does not live in household with relatives)	1.49	11
Total, all families	13.19	100

very different meanings for different people. In this chapter, we present our approach to identifying who participates in welfare in California, concluding with the definition we use in our empirical analysis.

Public Assistance in the SIPP

The SIPP data offer longitudinal information on nine public assistance programs, listed in Table 4.2. We divide these programs into two broad categories: major programs, which offer core resource support for poor families, and minor programs, which provide only modest support. For programs that offer cash or near-cash support, SIPP provides monthly information on the income received from the program

Table 4.2
Public Assistance Programs in the SIPP

Program	Type of Information
Major programs	
AFDC	Monthly income
SSI	Monthly income
Food Stamps	Monthly income
Medi-Cal	Participation
Minor programs	
School Lunch/Breakfast	Participation
Energy assistance	Participation
Housing assistance	Participation
WIC	Monthly income
GA	Monthly income

by the adults in the family. Thus, we have income data for three out of the four major programs included in the SIPP dataset: AFDC, SSI, and Food Stamps.³ The SIPP also provides income data for two minor programs: the Special Supplemental Food Program for Women, Infants and Children (WIC) and General Assistance (GA). The benefits received from these five programs are included in calculations of family income in our empirical analysis.

The remaining public assistance programs offer in-kind support, the value of which is often not known to the recipients. One of these is the most expensive major program, Medi-Cal. Data on participation in Medi-Cal are difficult to interpret. AFDC and SSI recipients are automatically eligible for Medi-Cal, and they are generally aware of their Medi-Cal coverage. Still, California has over 80 categories of Medi-Cal eligibility. Although SSI and AFDC recipients are likely to report Medi-

³The SSI benefits reported in the SIPP include both the federal benefits and the State Supplementary Payment (SSP).

Cal participation regardless of their use of medical care, many other individuals would only report participation if they actually received medical care through the Medi-Cal system. Because Medi-Cal accounts for the largest share of low-income spending in California, we include Medi-Cal participants as participants in major welfare programs. However, we do not report statistics separately for recipients of Medi-Cal only, and we do not calculate a value of Medi-Cal to include in income calculations.

The minor program category includes a number of other programs for which we report only participation and not benefit value, since the value of the assistance may not be known to recipients and is not recorded in SIPP. These programs include support for housing, which may be provided either as reduced rent or public housing; energy assistance through the Low-Income Home Energy Assistance Program (LIHEAP); and school lunches and breakfasts, which may be provided free or at reduced prices.

Definition of Welfare Participant

Given these distinctions between major and minor program definitions, welfare participation for the purposes of this report is easy to define: A welfare participant is a family in which at least one family member participated in one or more major public assistance programs during the period covered by the data. We will use the terms public assistance and welfare interchangeably.

5. Which Families Receive Public Assistance in California?

Our strategy is to move from the broadest perspective of all California families and then gradually narrow the view as we hone in on those families who will be most affected by welfare reform. As a starting point, this chapter examines the welfare participation of all California families and of California families with children. In doing so, we take a first look at the role of the family and welfare definitions we outlined as the key features of our methodology. We ask how welfare-participant families differ from other families, and we then turn to the characteristics of families participating in individual welfare programs. Finally, we consider the issue of multiple program participation—information not available in administrative data.

Participation in Public Assistance by California Families¹

We begin by examining participation in welfare programs by California families. Unless otherwise specified, the tables in this chapter examine those families who participated in welfare at any time during the 21 months of data collected in 1993–94. Because 1993–94 was a recession period in California, participation rates may have been higher during this period. The participation rates in this chapter include families who participated for as little as a single month during the period, as well as families who participated throughout all months of the period. In this chapter, we look generally at participation in any major welfare program. In the next chapter, we examine individual programs.

One in Three California Families Participated in a Public Assistance Program in 1993–94

Out of the 13 million families living in California, 34 percent participated in a public assistance program for at least one month during the 1993–94 period. Figure 5.1 shows participation rates for all California families. Approximately 16 percent of the families participated only in a minor program, typically School Lunch. However, 24 percent (nearly 1 in 4 families) participated in one or more of the major welfare programs: AFDC, SSI, Food Stamps, or Medi-Cal. Of these families, two-thirds participated in both major and minor programs.

Families with children participated at higher rates than families in general, primarily because most public assistance programs are designed to aid children. Forty-five percent of married families with children

¹Unless otherwise specified, the results in this chapter are drawn from Appendix Tables B.1 and B.2. Appendix B also provides detailed explanations of all tables.

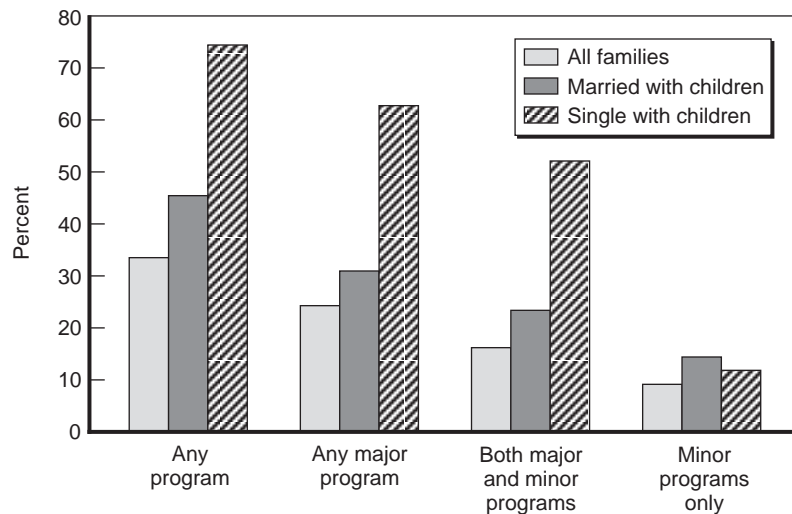


Figure 5.1—Participation of California Families in Public Assistance

participated in some program, and 31 percent participated in a major program. Three-fourths of major program participants also participated in minor programs.

The highest participation rates apply to single-parent families with children. Over the 1993–94 period, almost 75 percent of these families participated in public assistance. Most participated in major programs: 62 percent received assistance from AFDC, SSI, Food Stamps, or Medi-Cal. There are two reasons for the high participation of this group. First, these families are more likely to live in poverty: During the 1993–94 period, 29 percent of single-parent families in California lived below the poverty line, compared to only 9 percent of all California families. Second, the eligibility rules for welfare programs, especially AFDC, make it easier to qualify as a single-parent family than as a married-parent (or childless) family.

As noted in Chapter 3, we use the term “welfare participants” or “public assistance participants” to refer to those families who participated in one or more major program some time during the 1993–94 period.

Forty-Two Percent of Welfare Participants Had an Annual Income Above 185 Percent of the Poverty Level

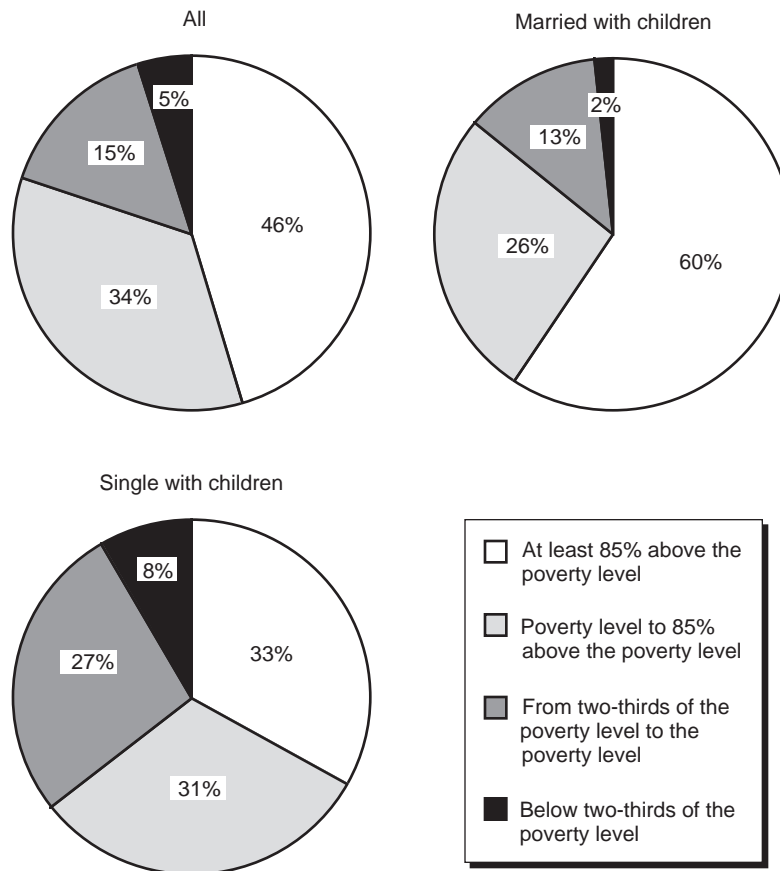
Figure 5.2 shows the poverty status of California families who participated in welfare. These pie charts report family income as a share of the federal poverty level for welfare participants, by type of family. The poverty threshold depends on the size of the family.² We count benefits from welfare programs as income, including the value of Food Stamps.³

After counting both cash welfare and Food Stamps, 20 percent of welfare participants still lived below the poverty level. Married-parent families on welfare were less likely than participants overall to live in poverty, but 36 percent of single-parent families on welfare still lived in poverty. In fact, even with the safety net of welfare, 8 percent of single-parent families had income below two-thirds of the poverty level. The high poverty rate among single parents overall—25 percent—helps explain the high rate of welfare participation in this group.

At the same time, 45 percent of welfare-participant families had annual incomes exceeding 185 percent of the poverty level. At first, this

²The federal poverty level is used to determine whether or not families are classified as poor. The thresholds are based on family size and number of adults and children. The thresholds were originally calculated in 1963 as three times the cost of a minimal diet, and they have not changed except to be updated annually for inflation.

³This approach differs slightly from the traditional measure of poverty, because we count all cash and near-cash benefits (Food Stamps and WIC) as income. However, the difference between the two measures is relatively small. The share of welfare participants in poverty by the traditional measure is 23 percent; by our broader income measure, the share is 20 percent.



NOTE: Totals may not sum to 100 because of rounding.

Figure 5.2—Poverty Status of California Welfare Participants, by Family Type

seems somewhat surprising because 185 percent of poverty is a common income threshold for welfare eligibility.⁴ However, this relatively large

⁴Although AFDC and Food Stamps set income thresholds for eligibility at about 130 percent of the poverty level, 185 percent of poverty is a cut-off point for Medicaid eligibility (certain categories), reduced-price school lunch, WIC, and the Summer Food

share of families above the cut-off is largely an artifact of our definitions of family, family income, and welfare participation. Poverty status is calculated based on annual income, whereas most welfare programs base eligibility on monthly income. Thus, we are capturing families whose monthly income qualified them for welfare at some time during the 21-month period but whose annual income averaged over the entire period was above the poverty level. Our family income calculation may also include income that was not counted for eligibility because of differences between the family and the case unit. Family members may have participated before a change in family structure and thus family income (as a result of marriage, for example).⁵ Finally, a small share of Medi-Cal recipients qualify for services as “medically needy,” even though their income exceeds the 185 percent threshold.⁶

Participant Families Had Different Demographic Characteristics from Nonparticipant Families

Judging by the 1993–94 data, welfare participants had demographic characteristics—age, education, race/ethnicity, or family structure—different from those of California families in general. Some of these differences were driven by program eligibility rules. For example, participant families were more likely to be headed by single females, partially because AFDC includes deprivation of a parent as an eligibility standard. Participant families were also more likely to include children.

Service Program for Children. Other programs commonly use cut-offs between 100 and 200 percent of the poverty level.

⁵Families with changes in marital status over the period represented less than 4 percent of all families.

⁶Federal statistics show that approximately 15 percent of Medicaid-covered persons had family incomes greater than 185 percent of poverty in 1992 (U.S. House of Representatives, 1994).

Again, AFDC and, to a lesser extent, Medi-Cal require the presence of children for a family to qualify for benefits.

Participant families were more likely to be disadvantaged in a number of other ways. They were almost twice as likely to be headed by a high school dropout and 80 percent more likely to have a disabled family member.

Finally, the race/ethnicity breakdown of participant families differs from the profile of all California families. The largest group of participant families—43 percent—were those headed by non-Hispanic whites, but their proportion among welfare families is smaller than their proportion among all families. Hispanics headed 34 percent of participant families, compared to 21 percent of all California families.⁷ Participant families were also more likely than other families to be headed by blacks or Asians.

Characteristics of Recipients, by Program

To participate in AFDC or SSI, a family must not only have low income but must also meet additional eligibility standards. AFDC is designed to help needy children who are deprived of parental support either because the parent is absent, incapacitated, deceased, or unemployed. SSI provides payments to individuals who are blind, disabled, or aged. As a result of these varying eligibility criteria, we would expect the characteristics of participants to differ a great deal depending on the program they participate in. We divide participant families into three groups, depending on the major programs they use:

⁷Hispanic is defined to include only white Hispanics and whites are defined to include only non-Hispanic whites. Thus, the four race/ethnicity groups are mutually exclusive.

AFDC, SSI, or Food Stamps Only (families who received Food Stamps, and often other benefits, but not AFDC or SSI). The AFDC and SSI groups are not mutually exclusive. Major program participants who do not fall in any of these three groups received only Medi-Cal (and possibly minor program benefits). These “Medi-Cal only” cases represent one-third of the major program participants. However, as we noted above, Medi-Cal participation for the non-AFDC, non-SSI population is likely to include only those who used medical services and does not include persons who would be likely to use medical care as the need arose. Given the difficulty in interpreting this population, we do not separately break out “Medi-Cal only” families.

Characteristics of AFDC Participant Families

Since family structure is a key determinant in eligibility for AFDC, we first examine the characteristics of the family. Compared to California welfare participants overall, families who participated in AFDC were more likely to be headed by women. Four in ten AFDC families included a woman who had been a teen mother, and 64 percent of these teen mothers were unmarried when their children were born. Twenty-three percent of AFDC heads had never been married, and 18 percent were divorced. Although the single parents on AFDC were usually women, 1 in 20 of these single-parent families were headed by men.

Nevertheless, many families with AFDC recipients were not single-parent families: 38 percent of AFDC-participant families were headed by a married couple. The category of married-couple families includes three different groups of recipients: families who qualify because of an unemployed parent, families in which children but not adults qualify—

so-called “child-only” cases—and families including former participants who subsequently married. Although all three groups are captured in our SIPP data, only the first of these groups would be captured in administrative data.

AFDC families also differed from other participant families along characteristics less related to the AFDC eligibility criteria. AFDC families were more likely than other participant families to have a family head under the age of 26. However, the vast majority of AFDC family heads were age 26 to 64. More than one-third of AFDC families included a family member with a disability that limited his or her ability to participate in normal activities. Almost 40 percent of those families reported a child with a disability. Finally, AFDC participants were less likely than other participants to be non-Hispanic whites and more likely to be black.

AFDC families are more impoverished than other participant families. Thirty-six percent had income below the poverty level, and only 32 percent had average annual income exceeding 185 percent of poverty.

Characteristics of SSI Participant Families

As with AFDC, the demographic characteristics of California’s SSI population were closely tied to the eligibility criteria. The majority of families receiving SSI (55 percent) included a disabled family member. Although children have been a growing segment of SSI recipients, child disabilities are less common among SSI families than among AFDC families: 14 percent of AFDC families but only 7 percent of SSI families included a child with a disability.

SSI was the only major welfare program to have a sizable elderly population: 34 percent of family heads were age 65 or older (the family head need not be the oldest family member). The probability of participating in SSI rose dramatically with age.

Non-Hispanic whites made up almost half of the SSI participant group. Thus, SSI had a greater share of non-Hispanic white participants than other major programs. Asians were also more likely to participate in SSI than in other programs, but Hispanic families were less likely to participate in SSI.

The family structure of SSI families was very different from that of AFDC families. Whereas AFDC served primarily female-headed households with children, only 28 percent of SSI families included children, and 21 percent had single male heads.

SSI families were also less impoverished than AFDC families. Only 9 percent of SSI families had annual income below the poverty level, and 41 percent had family income above 185 percent of the poverty level. The next chapter examines in depth the income of these and other welfare participants.

Characteristics of Food Stamps Only Families

The Food Stamps Only category includes many different kinds of families. For example, it includes families with income above the AFDC threshold, married-parent families that did not meet the unemployment criterion for AFDC, and low-income families without children. About 60 percent of the Food Stamps Only families did include children, with almost three times as many married-parent families as single-parent families. As with AFDC, about 3 percent of the Food Stamps Only

families were single males with children. Single male heads overall accounted for 20 percent of Food Stamps Only families. Hispanic-headed families made up 43 percent of the Food Stamps Only participants.

Food Stamps Only participants are more likely to live in poverty than SSI or Medi-Cal only participants. Twenty-six percent of these families lived below the poverty level; 8 percent had income below two-thirds of the poverty level.

Multiple Program Participation

California families participating in major welfare programs more typically received benefits from a number of different programs at once. Table 5.1 shows the shares of participants by program who received benefits from other programs.

Table 5.1
Cross-Program Participation by Welfare Participants in California
(in percent)

Program	Program			
	Any Major	AFDC	SSI	Food Stamps Only
AFDC	31	–	16	n.a.
SSI	30	16	–	n.a.
Food Stamps	42	88	28	–
WIC	14	21	5	13
GA	6	6	6	21
School Lunch/Breakfast	47	80	25	48
Housing assistance	68	82	63	73
Energy assistance	22	30	31	15
Medi-Cal	97	100	100	70

AFDC Participants Also Participated in Food Stamps, Medi-Cal, and Minor Programs

Participants in AFDC were categorically eligible for Medi-Cal and Food Stamps, although the Food Stamps eligibility calculation includes the income of family members who may not be part of the AFDC case. Under these rules, 100 percent of AFDC recipients participated in Medi-Cal, and 88 percent also received Food Stamps. Most AFDC recipients received benefits from minor programs as well, perhaps because AFDC case workers assist families in receiving all benefits for which they qualify. Thus, 82 percent of AFDC recipients also received housing assistance (public housing or rental assistance), 21 percent received WIC, and 30 percent received energy assistance.

Although an individual cannot qualify for AFDC and SSI, or AFDC and GA, at the same time, some AFDC families included individuals not on the AFDC grant. Thus, 15 percent of AFDC families included a family member receiving SSI, and 6 percent included a family member receiving GA.

Since AFDC families include children, it is not surprising that 80 percent of these families also participated in School Lunch or Breakfast programs.

SSI Recipients Were Less Likely Than AFDC Recipients to Participate in Minor Programs

As with AFDC, SSI recipients are categorically eligible for Medi-Cal. However, in California, individuals receiving SSI receive SSP in lieu of Food Stamps. For this reason, no individual can receive SSI and Food Stamps at the same time. However, SSI covers individuals rather than entire families, so 28 percent of families receiving SSI in 1993–94 also

received Food Stamps. Sixteen percent of SSI families also received AFDC.

Participation in minor programs was less common for SSI families. Most of the 28 percent of SSI families with children participated in school-based nutrition programs, but only about 5 percent of all SSI families received WIC or GA. SSI families received energy assistance at a rate similar to that of AFDC families, but fewer received housing assistance (although 63 percent is still a significant majority).

Food Stamps Only Families Commonly Received Medi-Cal, Housing, and GA

Food Stamps recipients who did not receive AFDC or SSI still commonly qualified for other assistance programs. Seventy percent of these families received Medi-Cal, and 73 percent received housing assistance. One in five Food Stamps Only families received cash welfare through GA. Only 15 percent received energy assistance—about half the share of AFDC or SSI families.

Families receiving Food Stamps also participated in other food programs. Thirteen percent participated in WIC, and 48 percent participated in school food programs.

Summary: Welfare Participation in California

Welfare participants in California are not a small, isolated underclass. One in four families received benefits from a major welfare program, as did 39 percent of families with children. The stereotypical welfare recipient is often portrayed as a poor, uneducated, black teenage mother raising many children alone. California's welfare participants do not fit

this or any other simple category—our welfare population is as diverse as the overall California population.

Nor can one consider each welfare program in isolation, since families participate in many different programs at once. Instead, we must keep in mind the interaction of different programs in supporting families when evaluating the effect of changes to individual programs. The next chapter examines the combined income from different welfare programs, as well as other sources of family support.

6. How Much Income Do Welfare Participants Receive?

In this chapter, we examine the role of welfare benefits as a source of income for California families who participated in welfare during 1993–94. We are particularly interested in the role of welfare compared with the role of work in the support of families. We have two goals for this chapter. First, we want to look at the benefits from various welfare programs within the context of the family's overall resources. This provides a starting point for assessing the effects of the welfare reform. Second, we recognize that welfare participants vary widely in their reliance on public assistance. Clearly, participants who rely on welfare as a significant source of income will be much more affected by welfare reform than those who receive welfare only for a short period or as a relatively small share of their income. Yet the participation rates presented in the previous chapter do not distinguish between these two kinds of participants. The results in this chapter provide the groundwork for distinguishing highly dependent welfare participants from

participants who use welfare only as a supplement to other income sources.¹

The income results reported here diverge from the results one would expect from administrative data. As a longitudinal household survey, SIPP allows us to assess times spent off welfare as well as times spent on welfare. In addition, our family definition captures all income resources available to family members, regardless of which family members are counted in the program case unit.

What Is the Total Annual Income of Welfare Recipients?

Figure 6.1 shows the annual income received by California families who participated in welfare in 1993–94 at three points in the distribution of income, identified as the 25th, 50th, and 75th percentile points.

Imagine ordering the income of welfare recipients from least to greatest. The *x*th percentile is the value that *x* percent of the distribution is below. The median income is the 50th percentile income; it is the value of income such that half the families have income below this value and half have income above this value. Similarly, 25 percent of families have income below the 25th percentile income level, and 75 percent of families have income higher than the 25th percentile income. Finally, 75 percent of families have income below the 75th percentile value, and the remaining one-fourth of families have income above this value.

The median annual family income for California welfare participants was \$21,230 (in 1996 dollars). However, 25 percent of families had

¹Results in this chapter are drawn from Appendix Tables B.3 through B.5.

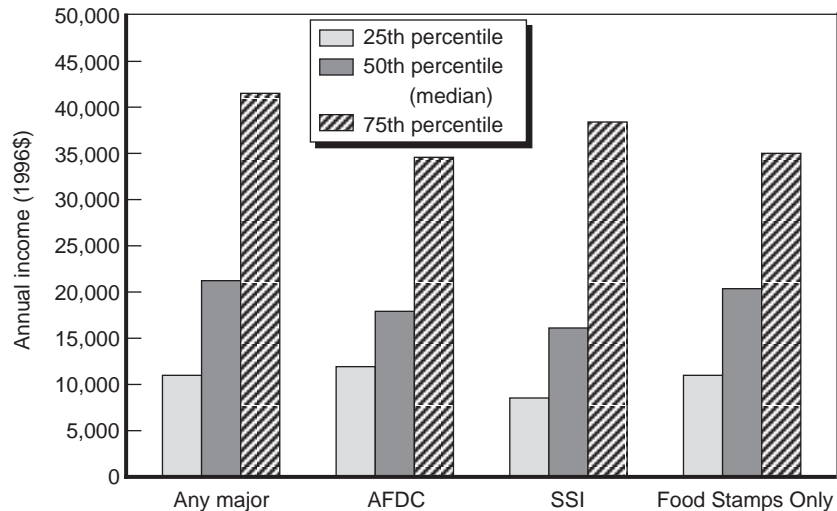


Figure 6.1—Total Annual Income of Welfare-Recipient Families, by Program

income below \$10,958 (the 25th percentile income), and 25 percent of participant families had income above \$41,429. Although \$41,429 seems high, it is not inconsistent with the finding that 46 percent of participant families had income above 185 percent of the poverty level.² Again, these families may not have been on welfare every month in the period, and the income of some family members may not have been counted by welfare administrators working on a case basis. These annual incomes also include families of all different sizes, so larger families could have higher income without being better off economically.

The median family income for *all* participant families is higher than the median for either AFDC or SSI families. For example, the median income for SSI families was \$16,107. One in four SSI families had

²For a family of four, the poverty threshold in 1995 was approximately \$15,569.

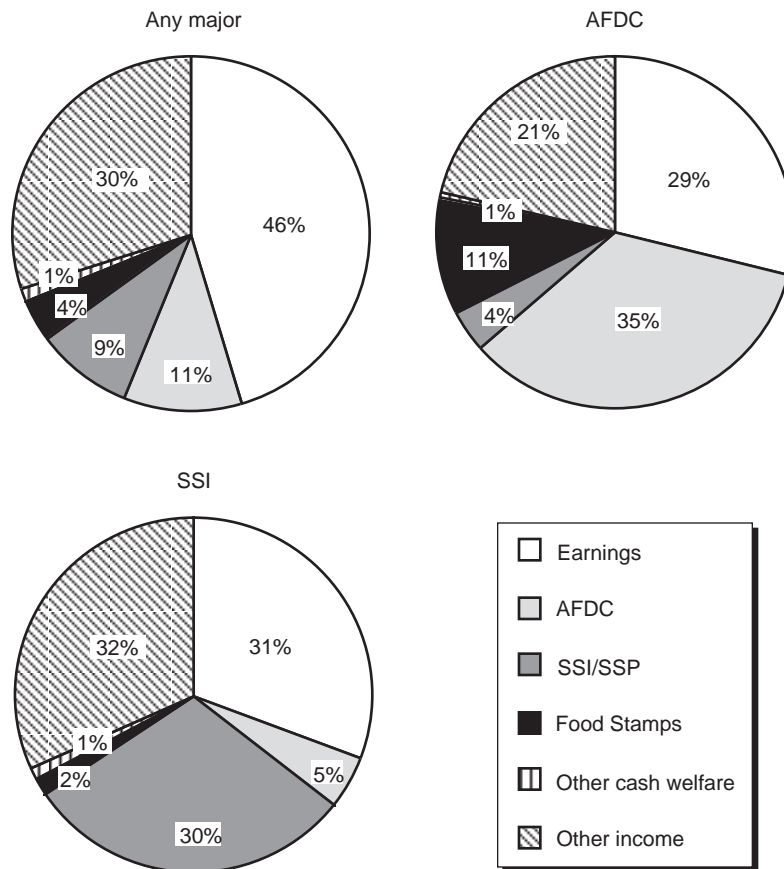
income below \$8,679, and one in four had income above \$38,468. Because SSI is paid to both individuals and members of larger families, the income dispersion in part reflects differences in family size.

What Are the Sources of Income for Welfare Recipients?

Figure 6.2 shows the sources of income for welfare recipients in any major program, in AFDC, and in SSI during 1993–94. The pie charts provide some interesting insights.

Earnings Are the Largest Source of Income for Welfare-Participating Families

For families participating in any major program, earnings easily constitutes the largest source of income, contributing 46 percent to overall income. The “any major” category includes families who participated only in Medi-Cal—representing 33 percent of all participant families. These families receive no cash benefits from SSI, Food Stamps, or AFDC (but may receive benefits from GA or WIC). Participants in Food Stamps but not AFDC and SSI also depend primarily on earnings. Thus, when all major program participants are combined, cash welfare accumulated from all programs is in fact the least important source of income at 25 percent, following the 30 percent registered as “other income,” a catchall category including property income; nonwelfare transfers, such as Unemployment Insurance, Workers’ Compensation and Social Security; and support payments such as child support and alimony. Among the cash welfare programs, income from AFDC contributes the largest share of income at 11 percent, closely followed by SSI at 9 percent.



NOTE: Totals may not sum to 100 because of rounding.

Figure 6.2—Income Sources for Welfare Participants in California

AFDC Families Received Half Their Income from Cash Welfare

The second chart in Figure 6.2 shows income sources for AFDC participants. For these families, cash welfare accounted for 50 percent of

annual income: 35 percent from AFDC, 11 percent from Food Stamps, and the remaining 4 percent from SSI, WIC, and GA. At 29 percent, earnings still accounted for a significant portion of the income of AFDC recipients. Over one-fifth of the income of AFDC recipients came from sources other than welfare and earnings.

SSI Families Received Equal Shares of Income from Earnings, SSI, and Nonwelfare Sources

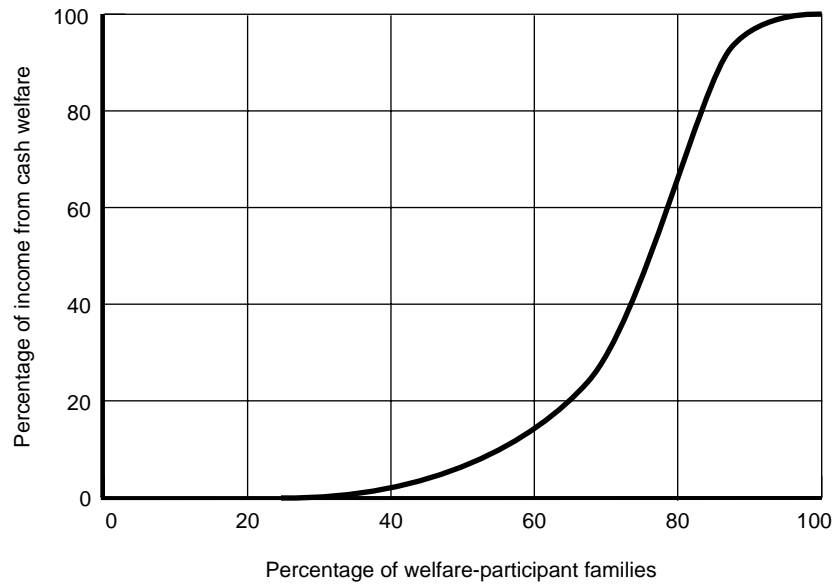
The third chart shows income sources for families of SSI recipients. SSI families received about 31 percent of annual income from earnings, very similar to the level for AFDC recipients. However, SSI families received only about 30 percent of their income from SSI. Another 30 percent came from other income, particularly Social Security.

What Share of Income Comes from Welfare?

The findings in Figure 6.2 give the shares of different sources in the aggregate income of welfare participants grouped in the designated program categories, but these average relationships do not indicate how many families fit the “average” profile. In fact, families range from receiving very little of their income from welfare to receiving the vast majority of their income from welfare.

Less Than 25 Percent of Welfare-Participant Families Are Heavily Dependent on Cash Benefits

Figure 6.3 shows the distribution of the contribution of cash welfare to the incomes of welfare families. The graph plots the percentage of each family’s income that comes from cash welfare, arranged in ascending order. In other words, out of all welfare participant families, the family receiving the smallest share of income from welfare (the “least



**Figure 6.3—Income Contribution of Cash Benefits
(all welfare families)**

dependent” family) is represented at the far left edge, in this case, with 0 percent of income from cash welfare. As one moves from left to right, families receive increasingly higher shares of income from welfare. The family most dependent on welfare is plotted on the right-hand edge. Reading up from the 60 percent mark on the horizontal axis, for example, one sees that 60 percent of the families received less than 20 percent of their income from cash benefits.

Figure 6.3 shows that about 23 percent of welfare families received no cash benefits from major or minor programs. These families participate only in Medi-Cal, and we do not include Medi-Cal benefits in the calculation of income. (Although one-third of major welfare participants received Medi-Cal but not AFDC, SSI, or Food Stamps,

some of these families did receive GA or WIC.) Slightly less than 25 percent received more than half of their income from cash benefits. Nearly 10 percent of recipients had no income source other than welfare.

The Majority of AFDC and SSI Families Are Not Highly Dependent on Cash Benefits

Table 6.1 presents the median income from cash benefits, both in dollars and as a share of total annual income, for all major program participants and for participants in our three program categories. Most AFDC and SSI families obtain less than half of their income from cash benefits.³ The median AFDC family received \$8,123 annually from cash welfare (AFDC, SSI, Food Stamps, GA, and/or WIC). The median SSI family received just over half that amount from cash welfare, but these families were likely to be smaller than AFDC families (since SSI is paid to individuals or couples and does not require the presence of a child). Still, SSI families appear to be less dependent than AFDC

Table 6.1
Contribution of Cash Welfare to the Incomes of Welfare Participants in California

Welfare Utilization (1996\$)	Program			
	Any Major	AFDC	SSI	Food Stamps Only
% receiving benefits ≥ 6 months	55	92	85	54
Median % of annual income from cash benefits	6	43	22	3
Median annual income from cash benefits, \$	1,641	8,123	4,446	557

³Again, these families often include subfamilies and therefore may include one or more adults not included on the AFDC case.

families, with 50 percent receiving no more than 21 percent of their income from cash benefits.

Although most AFDC and SSI participants receive only a minority of their income from welfare, they may receive welfare for an extended period. Virtually all AFDC and SSI participants received benefits for more than six months during the 21-month period. Recipients of only Medi-Cal and/or Food Stamps are less likely to receive benefits for this long, so the percentage of all welfare participants receiving benefits for six or more months was only 55 percent.

AFDC and SSI Made Substantial Payments to Participants in Both Programs

Families participating in AFDC received an annual average payments of \$5,564 from the program, as shown in Table 6.2. For these recipients, AFDC payments represented 35 percent of total income. Families that received both AFDC and SSI had even higher average payments from AFDC, although the payments represented a smaller share of total income. Annual payments from SSI were smaller, averaging \$4,142 across participating families. However, since SSI generally covers only individuals or couples, these benefits were actually very generous compared to AFDC. As with AFDC, participants in both AFDC and SSI received higher average SSI payments than SSI participants generally.

Other cash or near-cash benefits provided much smaller payments. Food Stamps, the next largest program, provided about \$1,932 annually to AFDC families and \$806 annually to Food Stamps Only families. The 27 percent of SSI families who received Food Stamps (for family

Table 6.2
Contributions of Various Welfare Sources to the Incomes of Welfare
Participants in California

	Program			
	Any Major	AFDC	SSI	Food Stamps Only
% receiving AFDC	31	100	16	n.a.
For these AFDC recipients				
% of income from AFDC	35	35	30	-
Annual AFDC benefits, \$	5,564	5,564	6,077	-
% receiving SSI	30	16	100	n.a.
For these SSI recipients				
% of income from SSI	30	26	30	-
Annual SSI benefits, \$	4,142	5,099	4,142	-
% receiving Food Stamps	42	88	28	100
For these Food Stamps recipients				
% of income from Food Stamps	9	12	6	6
Annual Food Stamps benefits, \$	1,473	1,932	1,262	806
% receiving WIC	14	21	5	13
For these WIC recipients				
% of income from WIC	1	1	0	1
Annual WIC benefits, \$	262	289	165	270
% receiving GA	6	6	6	21
For these GA recipients:				
% of income from GA	14	5	8	22
Annual GA benefits, \$	1,407	1,018	1,000	1,780

members not covered by SSI) received an average of \$1,262 annually. Across all Food Stamps recipients (42 percent of all welfare participants), the average payment was \$1,473. These payments will fall by 3 percent under the welfare reform legislation, lowering the average by \$44 annually.⁴ GA participants in AFDC and SSI families, less than 10

⁴The work requirements for Food Stamps will have more serious consequences. Evaluating the effect of these requirements is beyond the scope of this report.

percent of families in each category, received only about \$1,000 annually, although GA participants in Food Stamps Only families received an average of \$1,780 per year. WIC payments were smaller still. WIC participants received less than 1 percent of their annual income from the program.

What Share of Income Comes from Earnings?

In light of the work requirements under welfare reform, the most crucial question we can ask is, What role does work play as an income source for welfare participants? As we saw in Figure 6.2, earnings made up a substantial portion of the income of families who participated in major welfare programs.

Across the 21-month period, the majority of families who participated in welfare programs at some time during the period also worked at some time during the same period. Table 6.3 lists the share of participants in different program groups who worked. Food Stamps Only (and Medi-Cal only) families were most likely to have earnings. More than 80 percent of Food Stamps Only families had earnings. SSI participant families were the least likely to have earnings, which is expected since SSI provides benefits to individuals who face significant

Table 6.3
Share of Participant Families with Earnings
in California

Program	% with Earnings
Any major program	70
AFDC	66
SSI	51
Food Stamps Only	84

barriers to work because of disability or age. However, even for SSI, the majority of families had earnings.

Participant Families Who Worked Earned a Large Share of Their Annual Income

Families may be recorded as having earnings even if these earnings are minimal. To assess the extent to which families use work as a significant source of income, Figure 6.4 plots the percentage of each family’s income that comes from earnings for all welfare families, with shares arranged in ascending order. This figure is analogous to Figure 6.3. The families most dependent on welfare (with the lowest earnings shares) are on the left side of the graph; families with the highest earnings shares are furthest to the right. Reading from right to left in this figure,

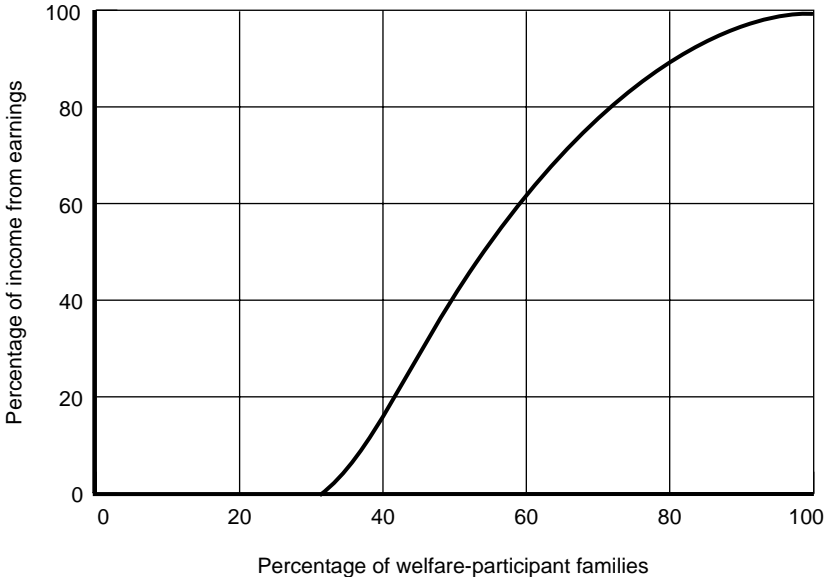


Figure 6.4—Income Contribution of Earnings (all welfare families)

we see that over 65 percent of welfare families supported themselves through the work of a family member for at least part of the period. Considering income for the entire period, we see that nearly 55 percent of welfare families (including recipients of only Medi-Cal or Food Stamps) receive more than half of their income from earnings, with about 35 percent earning at least three-quarters of their income. If we exclude families with no earnings, the median share of income from earnings for all participants was 75 percent.

For many families, these earnings were not only a substantial share of income but also represented substantial dollar value. Figure 6.5 shows the annual earnings of those families with earnings at the 25th, 50th, and 75th percentiles in the distribution of earnings. Across all major program-participant families with earnings, the median annual earnings was \$19,163, which is 123 percent of the poverty threshold for a family of four (although these earnings statistics do not control for family size).

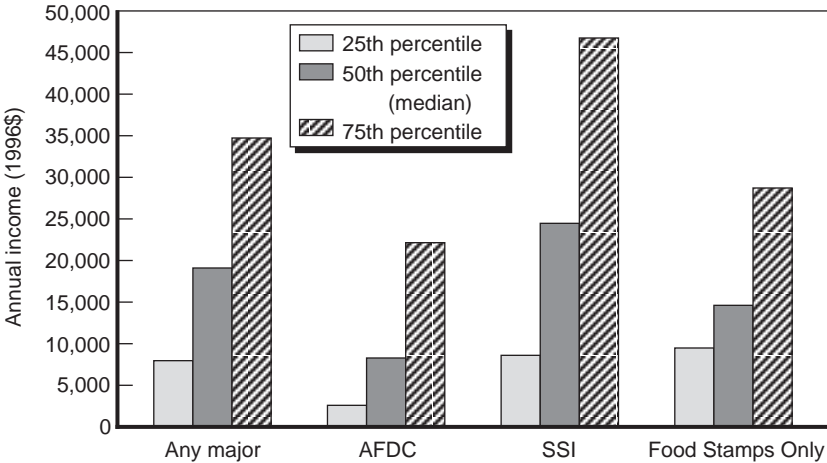


Figure 6.5—Total Annual Earnings of Welfare Families with Earnings, by Program

One in four families earned more than \$34,612 annually, averaged over the survey period. Again, this emphasizes the influence both of counting Medi-Cal participants among welfare participants and of considering the economic well-being of families not just while they are on welfare but across periods on and off welfare.

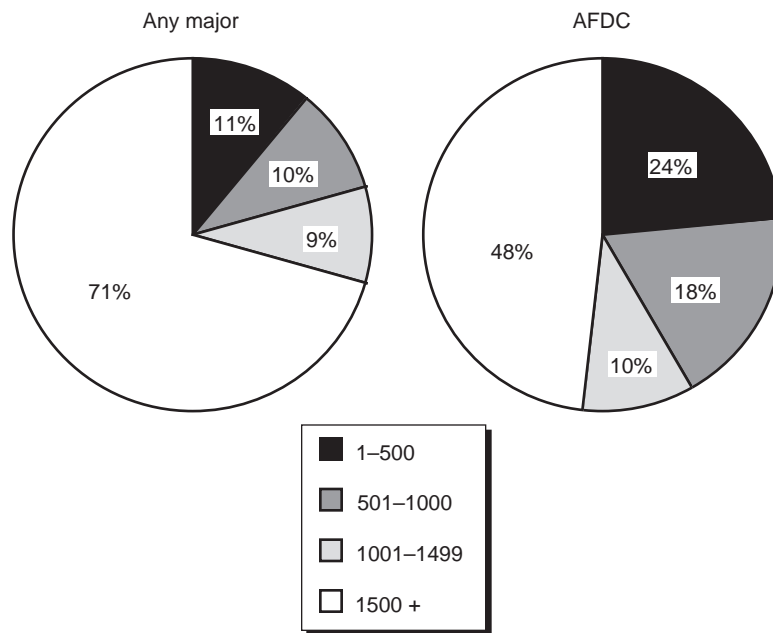
SSI families were less likely to have workers than were other participant families, but those families with earnings had fairly high earnings; the median for working families with SSI was \$24,665. Working SSI families include the parents of disabled children and the children of elderly parents. The latter group is the likely explanation for the high earnings among certain SSI families: 25 percent earned more than \$46,819. Where working adults share a household with elderly parents, the SSI grant is lowered, but the individual would still qualify for SSI, since his or her children's income would not be counted.⁵

AFDC participants who worked earned a smaller share of their incomes. The median share of income from earnings was 44 percent, and one in four earned less than 14 percent of their income. The median income from earnings for AFDC families was only \$8,419. Nevertheless, the top 25 percent did earn the lion's share of their income. The 75th percentile income from earnings was about \$22,000. Below, we return to the issue of work for AFDC recipients in particular.

Work Hours, Wages, and Number of Workers

Earnings are clearly a function of how many hours family members work and the wages they receive. Figures 6.6 and 6.7 consider these

⁵Adult children's income would be counted only if the child was the sponsor of an immigrant on SSI. In this case, the sponsor's income would be counted in determining eligibility for the first five years that an immigrant lived in the United States. However, the sponsor may or may not share a household with the SSI recipient.



NOTE: Totals may not sum to 100 because of rounding.

Figure 6.6—Hours Worked per Year by All Working Welfare Families and by Working AFDC Families

issues. Participant families with workers typically reported working full-time. Over 70 percent of working families had logged more than 1,500 hours of work per year (summing across all workers) and more than 40 weeks per year. In addition, over half of these families had two or more workers. The median hourly wage of the primary worker was \$9.53.

SSI and Food Stamps participants worked similar hours to welfare participants overall, but AFDC participant families worked fewer hours. Only 48 percent of AFDC families worked more than 1,500 hours per year. Still, a majority of these families worked 40 weeks or more per year, and most worked at least half-time on average. Working AFDC

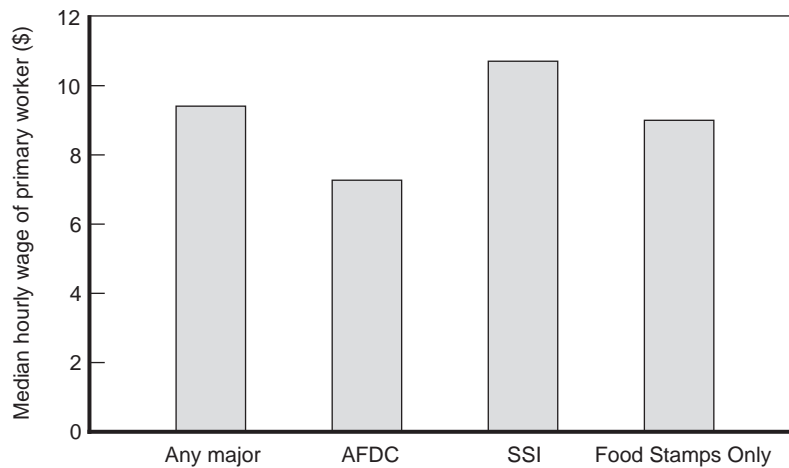


Figure 6.7—Median Wages for Working Welfare Families, by Program

families were only slightly less likely than other working welfare families to have multiple workers, but wages for AFDC participants were lower. The median hourly wage in this group was \$7.36, and 25 percent received wages below \$5.00.

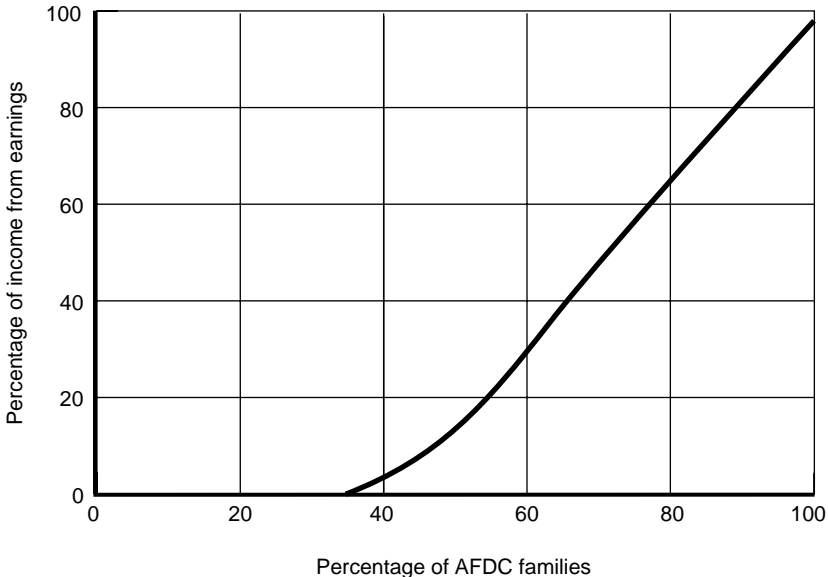
Recipients of Food Stamps Only who were over age 26 were most likely to have previous work experience. AFDC families had previous work experience similar to the average for participants in major programs overall, both in probability of work experience and years worked. Workers in AFDC families were more likely to have previous work experience than were workers in SSI families.

How Much Do AFDC Recipients Work?

Although we have discussed work activities of AFDC recipients in comparison to other participants, the AFDC recipients deserve special focus, given the work requirements in the reform legislation.

Participating in work activities is a requirement not only for individual AFDC recipients, but also for the California TANF program as a whole. California is required to have 25 percent of the caseload in work activities in 1997, increasing this share to 50 percent by 2002.

As we have seen, 66 percent of families who participated in AFDC some time during 1993–94 had positive earnings during the period. Work and welfare could occur simultaneously or in different months during the period. Figure 6.8 mirrors Figure 6.4 above: It plots in ascending order the percentage of each family’s income that comes from earnings, this time only for AFDC participants. Only about 25 percent of AFDC families received more than half of their income from earnings. Just under half of those who have any earnings received half or more of



**Figure 6.8—Income Contribution of Earnings
(all AFDC families)**

their income from earnings. Ten percent of AFDC recipients gained more than 80 percent of their income from earnings.

California AFDC families simultaneously worked and collected AFDC in 31 percent of the months spent on AFDC. This finding contradicts the accepted wisdom from administrative data, where recent U.S. statistics suggest that only between 10 and 15 percent of AFDC recipients work while on AFDC. Several factors might account for the higher amounts of work activities reported in the SIPP. First, our findings refer to the circumstances of families, whereas administrative data refer to “cases.” A SIPP family combines all related adults and children into one unit, where a case may not include the working member of the family (e.g., cases consisting of only a child or excluding a stepfather). Second, it is plausible that a considerable number of AFDC recipients hold jobs while on AFDC but do not report this to administrative authorities. To the extent that these hidden jobs turn up in the confidential questionnaires of SIPP, job holding in conjunction with AFDC participation appears more common. Of course, if work requirements become a condition of a new welfare program in California, these jobs will come above ground and be reported to authorities as a way of qualifying families for program participation.

In addition, very few AFDC families had no members with work experience by 1993. Although almost 35 percent of AFDC-recipient families reported no earnings in 1993–94, many had worked in previous years. Among families with heads of household age 25 and younger, more than a third worked before 1993; and among those with heads of household between the ages of 25 and 55, more than half worked. Considering both current and past work experience, only about 17 percent of AFDC families had never worked.

What Share of Income Comes from Nonwelfare and Nonearnings Sources?

Traditionally, families have some outside sources of income to rely on in periods when they do not work, so that welfare functions as a payer of last resort. In many cases, this is a work-related benefit, such as Unemployment Insurance (UI) or Workers' Compensation. This chapter, as well as Figure 6.9, explores this issue. Figure 6.9 shows the primary income support received by participant families in the months

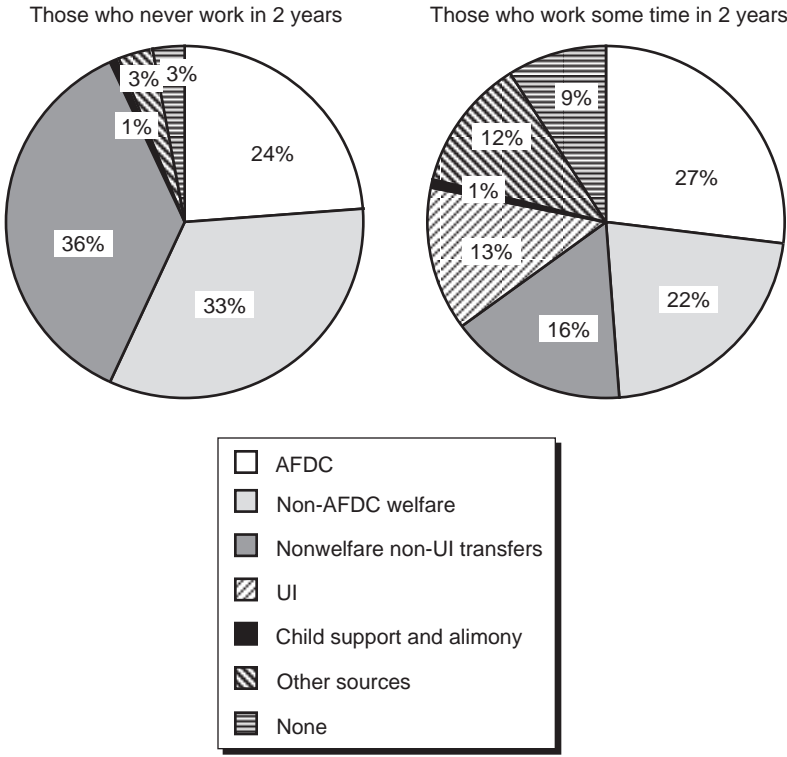


Figure 6.9—Primary Income Support for Welfare Families in Months Not Working

that they did not work. The primary income source is the one that provided the greatest share of income in a month.

Primary Support While Not Working

For participants in any major program, families were broadly split on the income sources that provided their primary support. Families that never worked during the 1993–94 period generally relied on transfer income. For 56 percent of families, this transfer income was cash welfare from AFDC or other programs, including SSI and GA. Those families who worked during the period were only slightly less reliant on welfare, with 49 percent using welfare as a primary source of income.⁶

Three percent of those who never worked and 9 percent of those who had worked during the period reported no individual income source that accounted for at least 25 percent of monthly income. (Reporting no income was most common among Food Stamps Only families.)

The remaining families depended on nonwelfare sources of income when they did not work. Of those who sometimes worked, 13 percent were supported in nonwork periods by Unemployment Insurance. This number fell to 8 percent for AFDC families with workers. In these working families, 16 percent received other nonwelfare transfers when they did not work. Thirty-six percent of those who never worked received nonwelfare, non-UI transfers, such as disability payments, veterans' benefits, or Social Security. Child support and alimony were the primary supports for only 1 percent of families. Less than 10 percent

⁶Compared to all participants, AFDC participants were more likely to rely on AFDC and other welfare sources when not working, whether or not they worked at some point during the period. See Appendix Table B.3 for more information.

of AFDC families received nonwelfare, non-UI transfers or child support as their main support.

Receipt of Other Income

Although nonwelfare transfers and child support/alimony were not common as the primary source of income, virtually all families that participated in welfare received some unearned income. There was great variation in both the absolute amount of other income received and the share of income received from these other sources. The other sources of income included (1) nonwelfare transfers, such as Unemployment Insurance, Workers' Compensation, Social Security, and veterans' benefits; (2) child support or alimony payments; and (3) investment income, property income, and pensions.

Of the 76 percent of AFDC families who received other income, 25 percent received less than \$666 annually, although 25 percent of families received more than \$12,677 from these other sources. For this top quarter of families, other income made up almost half of their total annual income. This income was rarely child support, although all AFDC families include children, and most have absent parents. Only 15 percent of AFDC families received income from child support or alimony. When they did, the amount was insignificant: 75 percent of those receiving child support received less than 7 percent of income from this source. In fact, we would not expect to see significant child support income for AFDC families, even if absent fathers were paying. AFDC rules require that only the first \$50 of monthly child support income pass through to the family; any additional child support is used to offset AFDC payments.

Nonwelfare transfers were more common. One in three AFDC families received such transfers. For most families, these transfers were a minor source of income. More than 75 percent of families receiving nonwelfare transfers received less than one-fourth of their total income from these transfers.

Most SSI Families Received Nonwelfare Transfers Such As Social Security

Eighty-seven percent of SSI families received income from sources other than earnings or welfare. Other income constituted the majority of income for more than 25 percent of SSI families. In absolute amounts, one-quarter of SSI families received more than \$9,911 from other income sources. The most common source of other income was nonwelfare transfers, primarily Social Security. Nonwelfare transfers were the majority of income for one in four SSI families who received such transfers.

Summary: Dependence on Welfare

Welfare is not a way of life for most families who participated in major welfare programs. For the majority of participant families, welfare was not the primary source of income, and most families that received welfare in 1993–94 also had earnings during the year. Such families are likely to be the “easy” cases under the new rules. Given the continuation of Medi-Cal and Food Stamps, TANF is well suited for such families if they need supplementary income support for relatively short periods of time.

7. Who Are the Highly Dependent on AFDC?

Under the federal welfare reform legislation, challenge and controversy will surround those families who are intense users of welfare, depending on welfare as the major source of family income for extended periods. Those relying significantly on AFDC are especially interesting. These families may have the most difficulty meeting work requirements, and time limits may threaten serious losses of income. In this chapter, we turn to the following questions: What percentage of welfare participants are intense users? How do intense users differ from other welfare participants? Do intense users have work experience? Finally, who among the intense users of welfare are highly dependent on AFDC as a source of income?

How Do We Define Intense Use of Welfare?

We consider intense users to be those families that rely on welfare as the primary source of family income over an extended period. Using this

reasoning, we have categorized families receiving more than 50 percent of their family income from cash welfare for the 21-month period as intense users. Note that these families also use welfare for long periods: To receive more than 50 percent of family income from welfare, a family must participate in welfare for at least 50 percent of the 21-month period, or 10 to 11 months. If families receive both welfare and other income at the same time, they cannot hit the 50 percent threshold for intense use unless they receive welfare for more than 50 percent of the period. As we noted in Chapter 3, concentrating on intense use rather than time on welfare emphasizes the absence of outside resources—earned or unearned income—to turn to when work requirements and time limits are imposed.

We have divided intense users into three groups: Families who receive more than 50 percent of their income from AFDC, families who receive more than 50 percent of their income from SSI, and families who receive more than 50 percent of their income from welfare benefits combined. In examining intense users, we have eliminated two groups of welfare participants included in the last two chapters: Recipients of Food Stamps Only and/or Medi-Cal only do not receive sufficient cash benefits to meet the definition of intense users.

Out of all families who participated in a major program during 1993–94, 20 percent received more than half of their annual family income from cash welfare and therefore meet our definition of intense users. As Table 7.1 shows, 47 percent of intense user families received the majority of their income from AFDC; another third were intense SSI users, and the remaining 21 percent were intense users of cash welfare from a combination of programs, with no individual program contributing the majority of income.

Table 7.1
Families Intensely Using Welfare in California

User	Program			
	Cash Welfare: Total	AFDC	SSI	Combination
% of all welfare participants	20	9	7	4
% of all intense users	100	47	33	21
% of AFDC participants	47	31	2	14
% of SSI participants	32	2	23	7

From the perspective of individual programs, we see that 47 percent of all AFDC participants were intense users of major welfare programs. Not all of these AFDC recipients received the majority of income from AFDC; 30 percent (14 out of 47 percent) were dependent on a combination of welfare programs. Just under one-third of SSI participants were intense welfare users.

What Are the Demographics of Intense Users of Welfare?

Families that use welfare intensely were most frequently headed by women.¹ Compared to all participants, a larger share of intense user families were headed by single adults who never married. Because they depend primarily on means-tested benefits for income, almost no intense users had income exceeding 185 percent of the poverty level. Over 90 percent of intense AFDC users had income below the poverty level, although most other intense users had income between the poverty threshold and 185 percent of poverty.

¹See Appendix Table B.6 for characteristics of intense users. Appendix Table B.4 shows parallel information for all welfare participants. In general, unless otherwise specified, results for this chapter can be found in Appendix Tables B.6 through B.9.

Figure 7.1 compares the race/ethnicity of family heads among intense users to family heads of welfare participants in general. Compared to all welfare participants, intense users are more likely to be black or Asian and less likely to be non-Hispanic white or Hispanic.

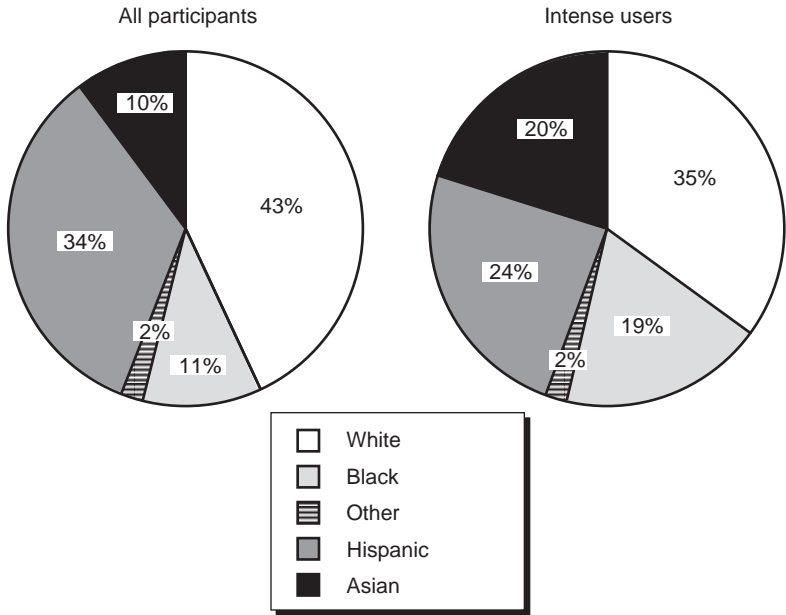


Figure 7.1—Race/Ethnicity of All Welfare Participants and Intense Users

How Do Families Intensely Using Welfare Support Themselves?

The median annual family income for intense users was \$11,318, compared to \$21,230 for all welfare participants and \$17,862 for all AFDC participants. Intense SSI users were worst off, with a median income of \$8,179, whereas those intense users who depended on a combination of programs had a median income over \$16,000. Figure

7.2 shows the sources of income for all intense users, with the same structure as Figure 6.2. This figure is based on the income shares from each source combined across all intense use families. By definition, the majority of income for intense users came from welfare. Taking together all sources of cash welfare (AFDC, SSI, Food Stamps, GA, and WIC), 87 percent of income for these families came from welfare benefits, compared to 25 percent for welfare participants in general and 50 percent for AFDC recipients in general. Intense users received only 5 percent of their income from earnings and 8 percent from other nonwelfare sources.

Table 7.2 provides greater detail on the contribution of welfare benefits to the incomes of intense users.

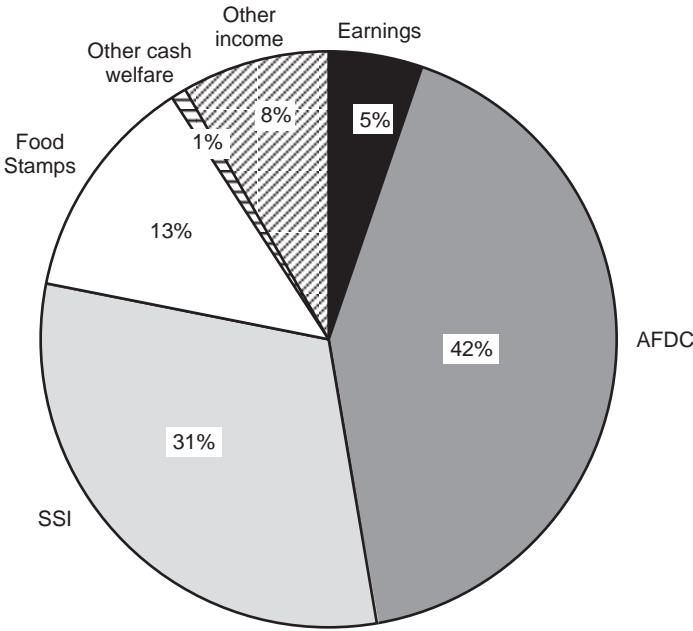


Figure 7.2—Income Sources for Intense Use Families

Table 7.2
Contributions of Welfare Sources to the Incomes of Families Intensely
Using Welfare in California

	Program			
	Any Cash Welfare	AFDC	SSI	Combination
Median annual income from benefits, \$	9,493	10,344	7,869	11,511
Median % of income from benefits	96	100	99	64
% receiving AFDC	70	100	9	99
For these AFDC recipients				
% of income from AFDC	60	71	24	39
Annual AFDC benefits, \$	7,530	7,961	3,468	7,137
% receiving SSI	46	6	100	51
For these SSI recipients				
% of income from SSI	67	10	84	30
Annual SSI benefits, \$	7,115	1,466	7,901	6,225
% receiving Food Stamps	69	95	14	99
For these Food Stamps recipients				
% of income from Food Stamps	18	21	5	17
Annual Food Stamps benefits, \$	2,342	2,385	680	2,619
% receiving WIC	4	1	1	12
For these WIC recipients				
% of income from WIC	<1	<1	<1	<1
Annual WIC benefits, \$	61	40	18	74
% receiving GA	4	4	2	9
For these GA recipients				
% of income from GA	7	10	4	4
Annual GA benefits, \$	1,061	1,373	447	994
% receiving Medi-Cal	100	100	100	100

The Median Intense AFDC User Received Virtually 100 Percent of Income from Cash Welfare

Total cash benefits for the median intense AFDC family were \$10,344. AFDC benefits, of course, constituted the largest portion of these benefits, averaging 71 percent of income. Almost all intense AFDC users also received Food Stamps, representing about 20 percent of

income. Intense AFDC users were less likely than other AFDC recipients to receive GA or WIC payments.

Although 42 percent of families that were intense users of AFDC received other unearned income, it rarely accounted for a significant share of income. Only 25 percent received more than 12 percent of income from unearned, nonwelfare sources. Intense AFDC users were less than half as likely as other AFDC families to get child support payments. Again, families who received any child support received only a very small share of income from this source.

Most Intense Users of a Combination of Benefits Received AFDC; Half Also Received SSI

Returning to Table 7.2, we get a better sense of what it means to be dependent on a “combination” of programs. Ninety-nine percent of these families received both AFDC and Food Stamps. The AFDC benefits represented just 39 percent of total income (10 percent lower on average than the AFDC benefits received by intense AFDC users.) The average Food Stamps payment was higher for intense combination users than for intense AFDC users. Just over half of intense combination users also participated in SSI, with SSI contributing 30 percent of income. The total cash benefits received by the median intense combination family was over \$11,000. One-fourth of these families received more than \$15,500.

How Much Do Intense Users Work?

Twenty-nine percent of all intense users had earnings during the 1993–94 period. Table 7.3 puts these figures into the context of the

Table 7.3
Share of Intense Use Families with Earnings

Program	% with Earnings
AFDC	36
SSI	6
Combination	50

programs intensely used. We find that virtually no intense SSI users had earnings. Thirty-six percent of intense AFDC users and 50 percent of combination users had earnings. For all intense users who did work, the median share of income from earnings was only 16 percent. The share of income from earnings was somewhat higher for working intense combination users.

Unlike participant families overall, intense user families rarely had more than one worker. Low earnings were attributable both to working few hours during the year (and usually few weeks) and to low wages. Six in ten workers from intense AFDC user families worked 500 hours or less per year, and less than one in ten worked more than 1,000 hours per year (approximately half-time all year). The wages they earned were extremely low, as can be seen in Figure 7.3. The median hourly wage for workers in all highly dependent families was only \$4.75. More than 25 percent reported subminimum wages, where wages are either reported hourly wages or reported earnings divided by reported hours worked. Some of these families may work only informally, rather than in jobs subject to minimum wage laws.

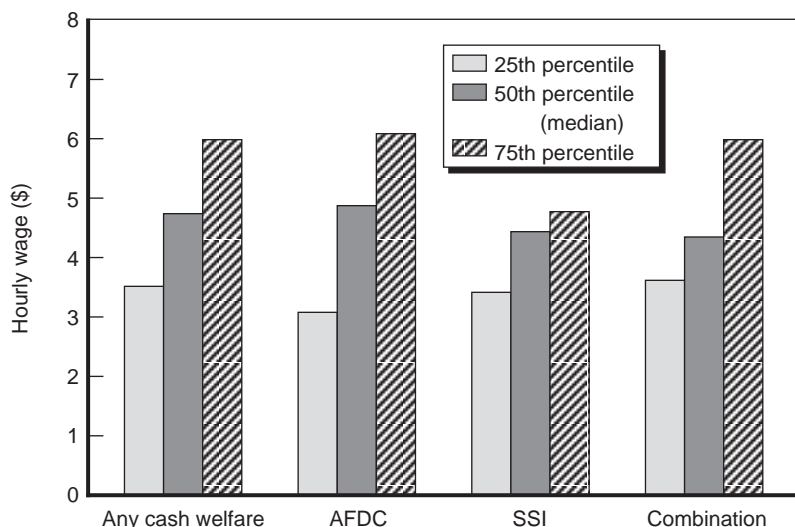


Figure 7.3—Wages of Workers in Intense Use Families

Summary: Which Families Are Highly Dependent on AFDC?

One goal in this chapter has been to identify those families who are highly dependent on AFDC and who therefore are most vulnerable under the benefit limits required by TANF. Families that receive the majority of their income from AFDC alone clearly should be considered highly dependent on AFDC. However, we have seen that many families are intense welfare users who receive AFDC but who do not receive their majority of income from AFDC itself. That is, many families identified as intense “combination” users are highly dependent on AFDC along with other sources of cash welfare. Virtually all (98.7 percent)

combination users collected AFDC some time during the two-year period, with AFDC accounting for 39 percent of their total incomes. On the other hand, few of the intense SSI users are very dependent on AFDC. Less than 10 percent of these families even collected AFDC, and, for those who did, AFDC accounted for only about a quarter of total income.

Consequently, we define *highly dependent AFDC recipients* to be: (1) families that are *intense AFDC users* (receiving 50 percent or more of their income from AFDC) and (2) families that are *intense welfare users and that rely extensively on AFDC*. In the latter group, we include those families that receive 50 percent or more of their income from welfare and at least 25 percent of their income from AFDC. This is a subset of the intense “combination” users. This definition is intended to capture families who would be severely affected by work requirements and who risk losing cash welfare under TANF. These highly dependent recipients represent 45 percent of the total AFDC population.

Of course, we recognize that our definition of “highly dependent” is somewhat arbitrary in that we could have chosen the thresholds for inclusion in the group to be 40 percent, 60 percent, or some other proportion. Opinions will no doubt differ on which level is appropriate. Our selection, however, is not as critical as some might believe. Had we selected 40 percent as our threshold for the share of income coming from welfare, then our highly dependent group would increase from 45 percent of the AFDC population to about 50 percent. Had we selected 60 percent as the threshold, then our highly dependent group would decrease from 45 percent to slightly more than 40 percent of all AFDC recipients. Adding or subtracting these marginal AFDC families to our

highly dependent group does not alter our findings in any noteworthy way.

Our particular selection of the threshold means that we view AFDC families who receive at least 50 percent of their income from welfare with half of their benefits coming from AFDC as the group whose lifestyles will be significantly affected by welfare reform and who will constitute the most challenging recipients for designing successful welfare-to-work programs. According to the federal legislation, 20 percent of the AFDC caseload can remain on the TANF rolls indefinitely and continue to receive benefits from federal block grant monies. Assuming this entire exemption comes from our highly dependent group, this still leaves 56 percent (25 out of 45 percent) of the hard-core AFDC population who must be moved to employment as their primary source of support.

8. How Do Highly Dependent AFDC Recipients Differ from the Working Poor?

An oft-repeated goal of welfare reform is to move recipients from welfare to work. Realistically, it is unlikely that AFDC recipients, particularly highly dependent recipients, will find work that propels them into the middle class, even with education and training programs. At best, moving recipients into work moves them into the working poor, with the same difficulties that face the working poor, such as getting medical coverage or child care.

Of course, AFDC recipients who use the program only briefly or in conjunction with earnings are already part of the working poor. The challenge then lies in moving the highly dependent recipients into the workplace. In this chapter, we explore the gap that existed in 1993–94 between the working poor and highly dependent AFDC recipients, who are vulnerable to hitting the time limits and work requirements under TANF.

Definitions

At the end of Chapter 7, we defined highly dependent AFDC participants as families who receive at least half of their annual income from welfare and at least 25 percent of their income from AFDC payments. These families account for 45 percent of the families who ever received AFDC during the 1993–94 period.

The working poor are a much discussed and rarely defined group. We define the working poor as families who had earnings (working), who had annual income below 200 percent of the poverty level (poor), and who did not receive AFDC or SSI during 1993–94. This definition is somewhat arbitrary, but it captures families eligible for at least some public assistance programs. We exclude AFDC and SSI recipients; otherwise, working poor families can and do receive public assistance, including Food Stamps and Medi-Cal. Our analysis looks only at working poor families with children, with results reported separately for married-parent and single-parent families.¹

How Much Do Highly Dependent AFDC Recipients Rely on Welfare and Earnings?

Figures 8.1 and 8.2 show the contribution of cash benefits and earnings to the income of highly dependent AFDC families, paralleling Figures 6.3 and 6.4. By definition, all highly dependent families received more than half of their income from cash welfare (and conversely, less than half from earnings.) However, Figure 8.1 shows that more than 40 percent of the highly dependent AFDC families received virtually all of

¹Results in this chapter are drawn from Appendix Tables B.10 through B.14.

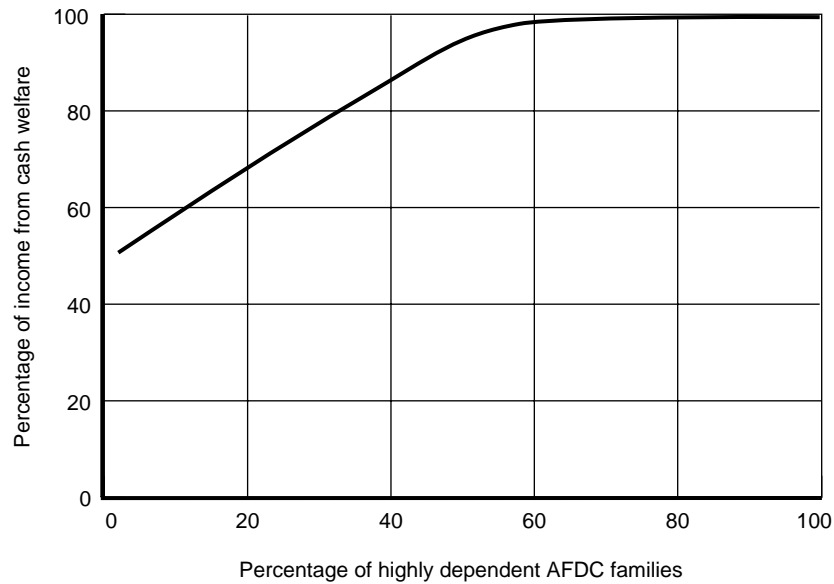


Figure 8.1—Income Contributions of Cash Benefits: Highly Dependent AFDC Families

their income from cash benefits. Almost 70 percent received more than 80 percent of their income from welfare.

Three out of five highly dependent AFDC families had no earnings. As shown in Figure 8.2, 80 percent earned less than 15 percent of their income and less than 5 percent earned more than 40 percent of their family's income during the period.

What Fraction of All AFDC Benefits Go to the Highly Dependent?

Highly dependent families constituted 45 percent of the overall AFDC population, and, not surprisingly, these families collected a

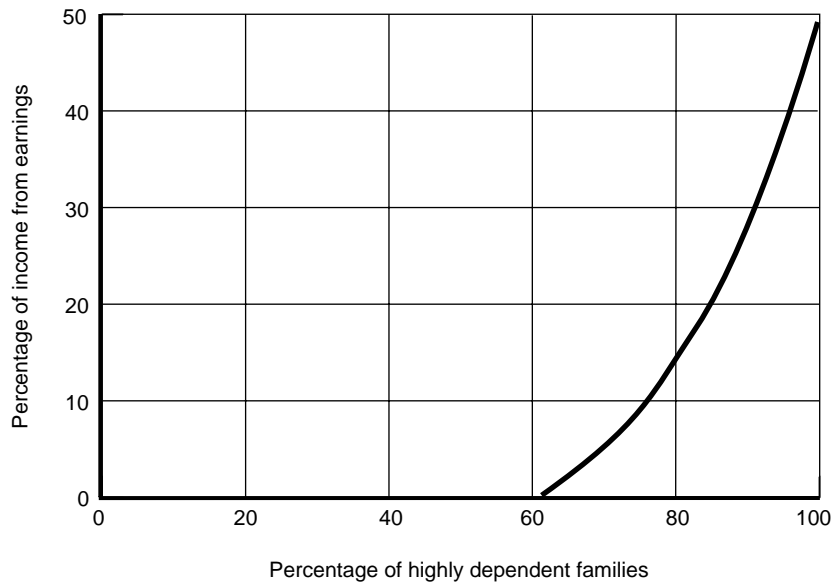


Figure 8.2—Income Contribution of Earnings: Highly Dependent AFDC Families

disproportionately large share of AFDC benefits. The average annual AFDC payment to the highly dependent was \$7,836 per family. The annual AFDC payment averaged over all AFDC recipients was \$5,564. Thus, 63 percent of total AFDC benefits went to the highly dependent segment of AFDC recipients.²

How Do Highly Dependent AFDC Recipients Compare to the Working Poor?

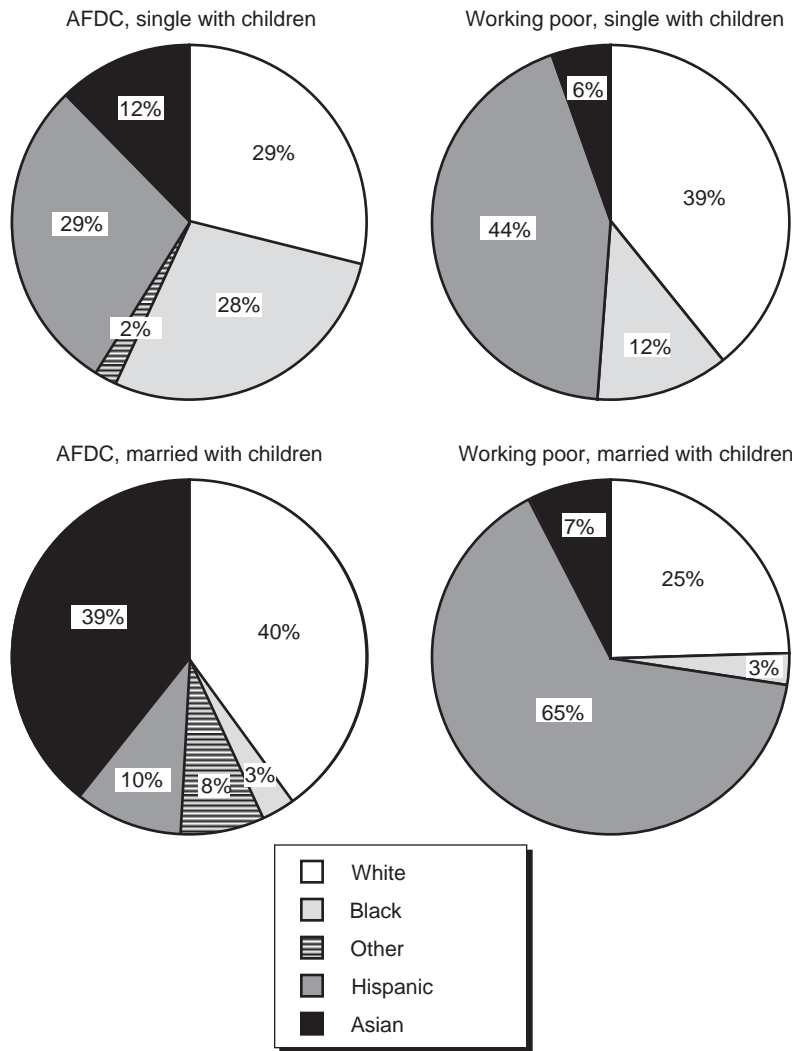
In many ways, AFDC recipients faced greater barriers to employment than did the working poor. Among single parents, the

²The 63 percent figure is calculated as: (\$7,836 times 45 percent) divided by (\$5,564 times 100 percent). The value \$7,836 is the weighted average of benefits going to married-parent and single-parent families; \$5,564 is reported in Table 6.2.

working poor included many more single fathers, with potentially higher wages. Working single parents also had fewer children on average than did AFDC parents. The working families were also less likely to include disabled family members. Working single parents were generally more educated than single AFDC parents, although married persons heading working poor families were less educated than married AFDC heads. This was likely to be the result of the many Hispanic (and probably immigrant) families in the married working poor category. Hispanic families were a large proportion of working poor families, as shown in Figure 8.3.

The working poor did rely on welfare. More than 40 percent received Food Stamps or Medi-Cal, and many others participated in minor programs. However, welfare was only a very small share of income for these families. What income the working poor did receive from welfare was typically from Food Stamps, in which 40 percent of married-parent families and 26 percent of single-parent families participated. Only 28 percent received Food Stamps or Medi-Cal for more than six months out of the 21.

As one would expect, working poor families had higher incomes than AFDC families, especially married-parent families. Working poor families did receive a larger share of their income from nonwelfare, unearned sources. More than 80 percent of families received some income this way. One in four single-parent working poor families received more than 67 percent of their income from these outside sources. Both nonwelfare transfers and child support or alimony were more common and more substantial for the working poor.



NOTE: Totals may not sum to 100 because of rounding.

Figure 8.3—Race/Ethnicity of Working Poor and Highly Dependent AFDC Families

How Do Work Experiences Compare for the Working Poor and Highly Dependent Recipients?

A sizable number of highly dependent AFDC recipients did, in fact, work during 1993–94. Thirty-six percent of the single-parent families worked, and half of the married-parent families worked (disability had virtually no effect on probability of working). However, annual earnings were much lower for AFDC families than for working poor families. This was due to a combination of less time worked and lower wages.

Most working poor families worked year-round (40 weeks or more per year) and full-time (1,500 hours or more per year). In contrast, 90 percent of single-parent AFDC families and 60 percent of married-parent AFDC families worked less than 40 weeks. Only 3 percent of single-parent AFDC families worked more than 1,500 hours per year; 19 percent of married-parent AFDC families worked that many hours. Compared to married AFDC families, married-parent working poor families were also much more likely to have two or more workers.

As Figure 8.4 shows, working poor families earned higher wages than AFDC families. The median hourly wage of single-parent families was \$7.78 for working poor families and only \$5.00 for AFDC families. The contrast is sharper for married families, where the median hourly wage was \$8.58 for working poor families but at \$3.89 was below the minimum wage for AFDC families.

Part of the wage difference was due to work experience. In almost all cases, the working poor had greater work experience both in terms of the share who worked previously and the number of years of experience.

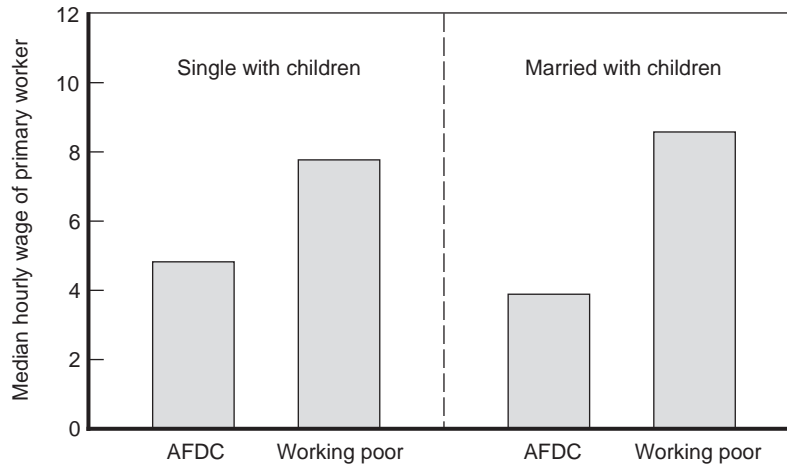


Figure 8.4—Median Wages of Workers in Working Poor Versus Highly Dependent AFDC Families

Do Highly Dependent AFDC Recipients Appear to Face Significant Barriers to Work?

Many argue that AFDC recipients face various barriers that in part explain their high levels of welfare dependency. Physical or mental disabilities may limit a person’s ability to perform job tasks, children’s disabilities may restrict the parent’s ability to work, factors such as teen motherhood or lack of educational attainment may depress wage offers, or lack of child care may represent a work barrier for single parents. We consider four possible barriers below.

Disabilities

Self-reported adult and child disabilities were more common in the AFDC population than in California families at large or in working poor California families. Table 8.1 shows the share of families with disabilities

Table 8.1
Disabled, AFDC, and Highly Dependent AFDC Families as a Percentage of Selected Groups of California Families

Family Group	Group				
	All California Families	Working Poor Families	Disabled Families	AFDC Participant Families	Highly Dependent Families
Disabled ^a	20	21	100	36	41
AFDC participants	7	n.a.	13	100	100
Highly dependent	3	n.a.	7	45	100

^aDisabled families are those families that report one or more family members with a physical or mental disability that impairs normal functioning.

in various subpopulations, and it also shows what share of the families with disabilities falls into each subpopulation. Just over half of AFDC families with disabilities ended up in the highly dependent group. Thus, highly dependent AFDC families were even more likely to have disabilities: 41 percent instead of the 36 percent in all AFDC families.

On the other hand, the majority of highly dependent AFDC families reported no disabilities. More important, the presence of a disability had little effect on the chances of working, and the wages for able single parents in this group were only slightly above the wages overall. Within the highly dependent group, working single parents with family disabilities were more likely to work over 1,000 hours per year than similar families without disabilities.

Also, it is interesting to recognize that only a small minority of families whose member(s) reported disabilities end up on AFDC or in the highly dependent group. Only 13 percent of families with disabilities collected AFDC at some point in 1993–94, and only 7 percent became members of the highly dependent AFDC population.

Teenage Motherhood

Table 8.2 shows a similar breakdown of families by teenage motherhood. We classify a teenage mother as any woman who gave birth as a teenager. Contrary to popular perceptions, teenage motherhood also does not appear to be a substantial determinant of high AFDC dependency. About half of the single-parent families highly dependent on AFDC included teenage mothers, with 76 percent of them unmarried when the birth took place. These are large figures, but further investigation tells another story about the importance of teenage motherhood as a determinant of AFDC reciprocity.

Families with teenage mothers on AFDC were no more likely to be highly dependent than other families. Teenage mothers represented about 42 percent of all highly dependent AFDC participants. Essentially the same number applies for all AFDC families, since 41 percent of the entire AFDC population had teenage mothers as members (with almost two-thirds of these having births out of wedlock).

The vast majority of teenage mothers did not participate in AFDC, and only a small proportion became highly dependent. Fifteen percent

Table 8.2
Teen Mother, AFDC, and Highly Dependent AFDC Families as a Percentage of Selected Groups of California Families

Family Group	Group				
	All California Families	Working Poor Families	Teen Mother Families	AFDC Participant Families	Highly Dependent Families
Teen mothers ^a	15	28	100	41	42
AFDC participants	7	n.a.	21	100	100
Highly dependent	3	n.a.	9	45	100

^aTeen mother families are those families that include one or more family members who had their first child as a teenager.

of all families in California had teenage mothers as members, with slightly over half having births out of wedlock. Calculations using the results for all California families imply that only 20 percent of teen mothers collected AFDC benefits at all in 1993–94. Fewer than one out of ten teenage mothers (9 percent) were highly dependent on AFDC in the 1993–94 period.

An analogous calculation for teenage mothers who had births out of wedlock indicates that about 25 percent collected AFDC benefits in 1993–94; 13 percent were members of highly dependent AFDC families. Thus, although teenage mothers had disproportionately high representations in both the AFDC and the highly dependent AFDC populations, and those who had births out of wedlock had even greater representation, only about one out of eight in either group ended up as AFDC participants or as highly dependent AFDC recipients.

Educational Attainment

Lack of a high school diploma has been cited as a common reason for unemployability and hence dependency. Like families with disabilities, poorly educated parents represented a higher proportion of the highly dependent group than of the AFDC population. Educational attainment, however, is itself a poor predictor of high dependency, as shown in Table 8.3.

In fact, high school dropout members of the AFDC population were no more likely to be highly dependent than were better-educated AFDC families, as is evident by comparing the similarity between the education distributions of all AFDC recipients and those of the highly dependent. Although more than half of the highly dependent single parents did not

Table 8.3
High School Dropout, AFDC, and Highly Dependent AFDC Families as a Percentage of Selected Groups of California Families

Family Group	Group				
	All California Families	Working Poor Families	High School Dropout Families	AFDC Participant Families	Highly Dependent Families
High school dropouts ^a	22	50	100	50	48
AFDC participants	7	n.a.	17	100	100
Highly dependent	3	n.a.	7	45	100

^aHigh school dropout families are families headed by a person who did not complete high school.

complete high school, only 35 percent of highly dependent married heads failed to complete high school.

Moreover, although a smaller share of working poor single parents were dropouts, more than 60 percent of working poor married parents did not finish high school. Thus, the largest segment of the working poor were no more highly educated than a typical member of the highly dependent AFDC population.

Of the 22 percent of California families with less than a high school diploma, only 14 percent participated in AFDC in 1993–94. Slightly over 7 percent were members of the highly dependent AFDC group. All things considered, our evidence suggests that education alone does little to identify one’s chances of being highly dependent.

Single Parenthood

Single parenthood is a strong predictor of AFDC participation and of high dependence on AFDC, easily outpacing any of the characteristics considered above. As seen in Table 8.4, 42 percent of single parents

Table 8.4
Single-Parent, AFDC, and Highly Dependent AFDC Families as a Percentage of Selected Groups of California Families

Family Group	Group				
	All California Families	Working Poor Families	Single-Parent Families	AFDC Participant Families	Highly Dependent Families
Single parent	10	31	100	56	76
AFDC participants	7	n.a.	42	100	100
Highly dependent	3	n.a.	26	45	100

collected AFDC in 1993–94. One out of four single-parent families (26 percent) belonged to the highly dependent AFDC population. Single parenthood is, of course, a fundamental determinant of AFDC eligibility, so these results are partially driven by the mechanics of the system.

Of those AFDC families who become highly dependent, many are, in fact, married. Married couples made up 24 percent of the highly dependent families, and 28 percent of married couples on AFDC were highly dependent. In comparison, about 60 percent of single-parent families on AFDC were highly dependent (26 percent divided by 42 percent).

The presence of a child under the age of six appears to be an insignificant factor in determining intense use of AFDC. Slightly more than one-fourth of single-parent families in the highly dependent AFDC group had a child under age six, which is comparable to the rates for married families in the highly dependent AFDC population and for single parents among all AFDC recipients. This rate exceeds the fraction applicable for all single-parent families in California, but only by 8 percentage points.

Summary

If welfare reform can move highly dependent AFDC families off AFDC and into the workforce, it will be counted a success. However, this group represents a serious challenge. Three out of five highly dependent families had no earnings during 1993 or 1994. Workers in highly dependent families typically worked less than 10 hours per week (averaging total hours across the year) and received very low wages. Working poor families not only work longer hours at higher wages, but they also have more workers per household. Working poor families are also more likely to receive nonwelfare unearned income such as UI or child support. However, working poor families do use welfare; many receive Food Stamps or Medi-Cal.

Given the new restrictions under TANF, the ability to predict which families are likely to be highly dependent would be a valuable tool for welfare administrators. Most of the 55 percent of AFDC families who are not highly dependent could already qualify as working poor. But, although the SIPP data offer a variety of indicators of possible barriers to work, only single parenthood appears to be an important predictor of high dependency within the AFDC population.

Although the highly dependent group may be least likely to meet work requirements and most likely to hit time limits, we cannot predict their behavior under TANF. Under the new federal rules, families have two years before the work requirements are imposed. This lead time combined with the harsh penalties under TANF may steer families into work earlier than we observe under AFDC. Given the time families have to change their behavior, we also cannot calculate the effect of losing benefits on families' economic well-being.

9. Which Recent Immigrants Are Affected by Welfare Reform?

At the outset, we identified recent immigrants as the second set of welfare participants who will be seriously affected by the welfare reform legislation. The effect of welfare reform will be much more immediate for this group. Noncitizen immigrants newly applying for benefits may be denied today, and current recipients may be denied benefits from Food Stamps and SSI as early as April 1997. Unlike TANF recipients facing the two-year time limit, immigrant recipients have little time to adjust their economic behavior to the new rules. In this chapter, we step back and examine the size of the recent immigrant group, their demographic characteristics, and their welfare use and workforce experience. In the next chapter, we turn to the question of how much recent immigrants stand to lose in benefits.

What Share of Families Includes Recent Immigrants?

For each individual over age 15, SIPP provides data on citizenship and country of birth, and for immigrants, time of arrival within broad groups of years. Using this information, we can identify noncitizen immigrants and, within this group, classify them as recent arrivals—those who arrived within the past seven years (after 1985)—or earlier arrivals. Except for English literacy requirements, earlier arrivals should be able to become citizens if necessary to maintain public assistance.¹ These earlier immigrants may also qualify based on years of work in the United States. As we have noted, our central focus will thus be on recent arrivals, who are much more vulnerable to losing eligibility under the new welfare regulations.

We divide families into three groups: recent immigrants, nonrecent immigrants, and citizens. Since the welfare rule changes will affect any recent noncitizen immigrant in a family, the designation “recent immigrant” families includes any family with an identifiable recent immigrant (that is, any family member over age 15 who was foreign-born

¹To become a citizen, a person must (1) be a lawfully admitted adult, (2) have been continuously resident in the United States for at least five years immediately before applying for naturalization, (3) show “good moral character” and loyalty to the United States, (4) be able to speak, read, and write simple English, and (5) pass an exam on U.S. history and government. The residency requirement falls to three years for spouses of U.S. citizens. The English language requirement is waived for applicants over 50 who have been in the country more than 20 years and applicants over age 55 who have been here more than 15 years.

We recognize that the language/citizenship exam may represent a significant barrier to many families. Unfortunately, the SIPP data do not address language skills. Although this bias suggests that we will underestimate the number of affected immigrants, the inexact date of arrival in the SIPP data means that we are also including under the recent immigrant category some individuals who arrived before 1988 and thus completed the five-year residency requirement by 1993 when the data were collected (or who faced a shorter requirement because they married U.S. citizens).

and arrived since 1985) who is also not a citizen. “Nonrecent immigrants” refers to those families with any member who is a noncitizen immigrant and not a recent arrival. (Therefore, if any family member is a recent immigrant, the family is classified as a recent immigrant family, regardless of the presence of less-recent immigrants.) Both categories of immigrant families may include a mix of immigrant and citizen family members, particularly children born in this country. We refer to families as citizens if their members are all citizens, either native or naturalized. Figure 9.1 shows the breakdown of California families based on the presence of immigrants.²

Nine percent of California families included a recent immigrant (another 10 percent included a nonrecent immigrant). Comparing just heads of recent immigrant families with those of citizen families, there are a few basic demographic differences of note: The recent immigrants were younger and less educated but more likely to be married and more likely to have children. Immigrant families faced a poverty rate double that of citizen families.

What Is the Welfare Participation Rate of Recent Immigrant Families?

Recent immigrants participated in welfare more than twice as often as citizen families, as shown in Figure 9.2. Considering participation rates for any public assistance program, 61 percent of recent immigrant families collected benefits at some time during 1993–94, compared with 28 percent of citizen families. For major programs, 43 percent of recent

²Results in this chapter are drawn from Appendix Tables B.15 through B.19.

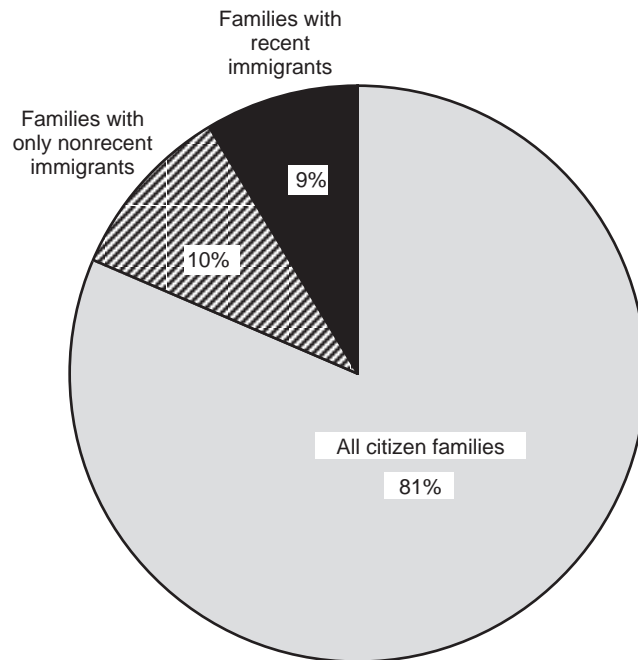


Figure 9.1—California Families with Immigrant Members

immigrant families participated compared with 21 percent of citizen families. Nonrecent immigrant families collected benefits at a rate below but very close to the rate for recent immigrants. As noted above, immigrant families were poorer than citizen families, so these higher participation rates are at least partially the result of greater need in the immigrant community.

Table 9.1 shows that recent immigrant families who participated in a major welfare program accounted for 4 percent of all California families. Another 4 percent of California families included an earlier immigrant and received welfare from a major program. Recent immigrant families

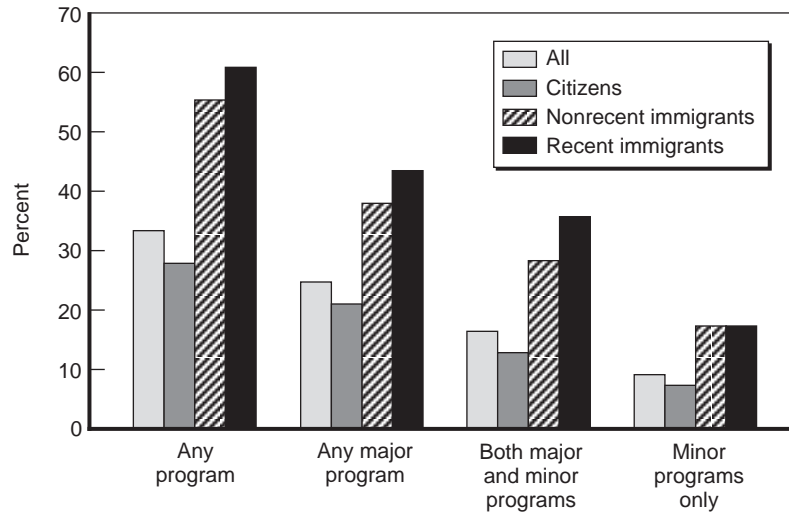


Figure 9.2—Welfare Participation, by Immigrant Status

made up 15 percent of California’s welfare population, which is 60 percent higher than their representation in the overall population.

One can also read in Table 9.1 participation rates by program. As an example of how to interpret this table, we see that recent immigrant families receiving SSI represented 1 percent of all California families, 8 percent of all recent immigrant families and 9 percent of all SSI families.

Table 9.1

Recent Immigrant Families Participating in Welfare in California

Family Group	Program			
	Any Major	AFDC	SSI	Food Stamps Only
All California families	4	1	1	1
All recent immigrants	43	14	8	5
All welfare participants	15	5	3	2
Program participants	15	16	9	17

What Are the Demographic Characteristics of Recent Immigrant Recipients?

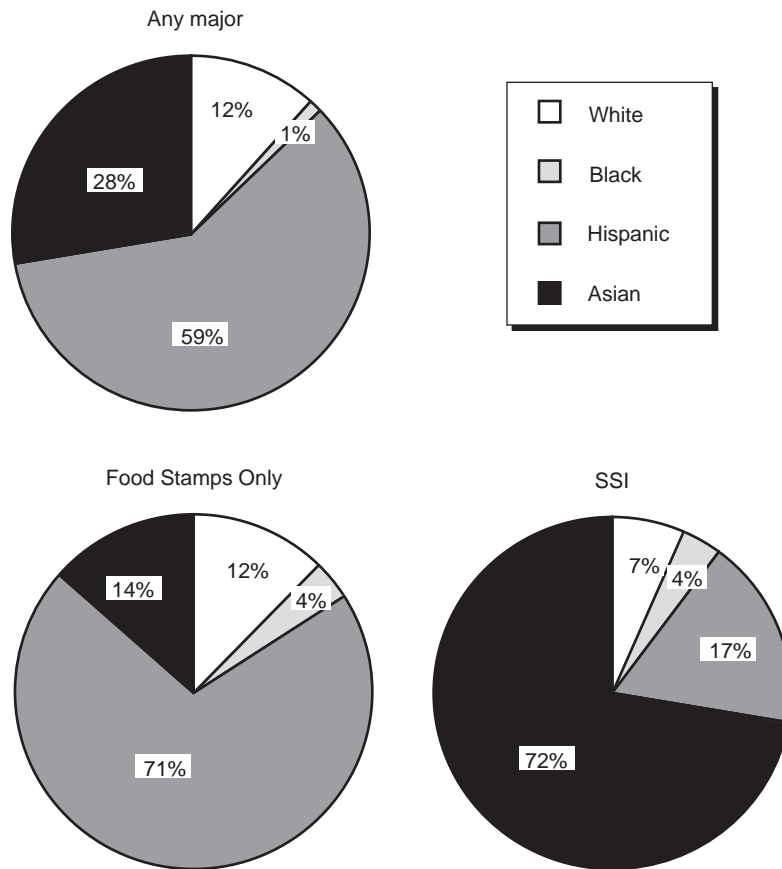
We mention only a few interesting points regarding the demographic characteristics of recipient families according to their immigrant status. Recent immigrant participants had younger family heads than other recipient families. Unlike citizen families, the majority of recent immigrants participating in welfare were married. One-fourth of single parents on welfare were single fathers, but teen mothers were also slightly more common in recent immigrant families.

The race/ethnicity breakdown of recent immigrant families participating in welfare differs greatly from program to program, as shown in Figure 9.3. Of participants in any major program, 59 percent of recent immigrant participants were Hispanic and 28 percent were Asian. However, Asians represented 72 percent of recent immigrants on SSI, whereas Hispanics represented over 70 percent of recent immigrants receiving Food Stamps Only.

Other family characteristics of recent immigrants receiving welfare also differed for each of these programs. For example, among recent immigrant recipients, AFDC family heads had less education than SSI family heads. Only 23 percent of AFDC families had income above 185 percent of the poverty level. At the same time, 38 percent of SSI recipient heads had some college education. Very few lived below the poverty threshold: only 7 percent.

What Share of Income Came from Welfare?

Recent immigrant families on welfare generally had higher income than recipient families overall, driven by higher incomes for recent immigrants receiving Food Stamps Only and much higher incomes for



NOTE: Totals may not sum to 100 because of rounding.

Figure 9.3—Race/Ethnicity of Recent Immigrant Families on Welfare

those receiving SSI. Figure 9.4 shows the distribution of total annual income for recent immigrants receiving SSI and receiving Food Stamps Only, comparing these incomes to those of all recipients in these categories. Recent immigrants participating in both of these program categories had much higher income than did other participants. For

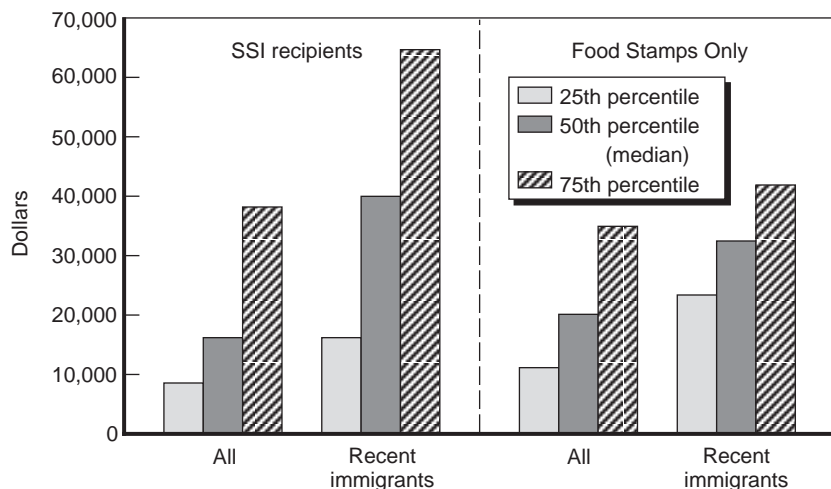


Figure 9.4—Total Annual Income of Welfare Participants in California

Food Stamps Only families, the median income for recent immigrants was \$32,499 (but only 2 percent of their income came from welfare). The difference between immigrants and others is especially striking in SSI, where the median family income of recent immigrant recipients was over \$40,000, and 25 percent had incomes over \$64,000. This may be partially the result of larger families among immigrants, but recent immigrant participants do not have significantly more children, and our family definition extends only to grandparents in terms of capturing extended families. Therefore, even adjusted for family size, the incomes of recent immigrant families are high relative to those of all participants.

Adding up the income of all recent immigrant families receiving SSI, 41 percent of total income came from earnings (this figure was 31 percent for all SSI). Forty-four percent came from cash welfare. Unlike other SSI families, who received 32 percent of their income from other sources, these recent immigrant families received only 15 percent.

Although the median SSI recipient among recent immigrant families received only 11 percent of their income from cash benefits, some families were very dependent on welfare, receiving 90 percent or more of their income from welfare.

Recent immigrants on Food Stamps Only were not very dependent on welfare: 75 percent received less than 2 percent of their income from cash benefits. On the other hand, recent immigrant families on AFDC were quite dependent; half met our definition of highly dependent by receiving the majority of their income from cash benefits. Ninety percent of recent immigrant families receiving AFDC (which will not necessarily be denied to immigrants under the welfare reform) also received Food Stamps (which will be denied). Fourteen percent of recent immigrant AFDC families also received SSI.

What Share of Income Came from Earnings?

Table 9.2 shows the role of earnings in the income of recent immigrant participants. As noted above, 70 percent of all participant families had earnings. This rate was higher for immigrants, where 86 percent of participant families had earnings. Program by program, the shares of income from earnings for those recent immigrant families with

Table 9.2
Share of Recent Immigrant Participant Families with Earnings

Program	% with Earnings	Median Share of Income from Earnings
Any major	86	66
AFDC	74	39
SSI	65	83
Food Stamps Only	100	85

earnings was similar to the shares for all participant families. Only in AFDC did recent immigrant recipients earn a smaller share of income than other recipients. As expected from the income numbers, the annual earnings of SSI families were incredibly high—25 percent of families with earnings made over \$72,000.

Except for SSI, immigrant participants had lower wages than other program participants, but a larger share of families had multiple workers—as evident in Figure 9.5—and worked more than 40 weeks per year or more than 1,500 hours per year. These families were probably extended immigrant families with elderly parents receiving SSI and with the other incomes in the family not counted in the eligibility calculation.

How Many Recent Immigrants Are Highly Dependent on AFDC?

Comparing participation rates and intensities of welfare use for all AFDC families and recent immigrant AFDC families, we calculate that recent immigrants constituted about 15 percent of all AFDC recipients and about 15 percent of the highly dependent AFDC group. Approximately one-third of all welfare participants collected AFDC benefits, and the same proportion applied to recent immigrants. The dollar amounts and the shares of incomes accounted for by AFDC benefits were quite similar for all AFDC recipients and the recent immigrant members of this participant group. Thus, as we found for the entire welfare population, although recent immigrant families represent a relatively small fraction of the AFDC and the highly dependent AFDC populations, their 15 percent contribution is almost twice their representation in the overall population.

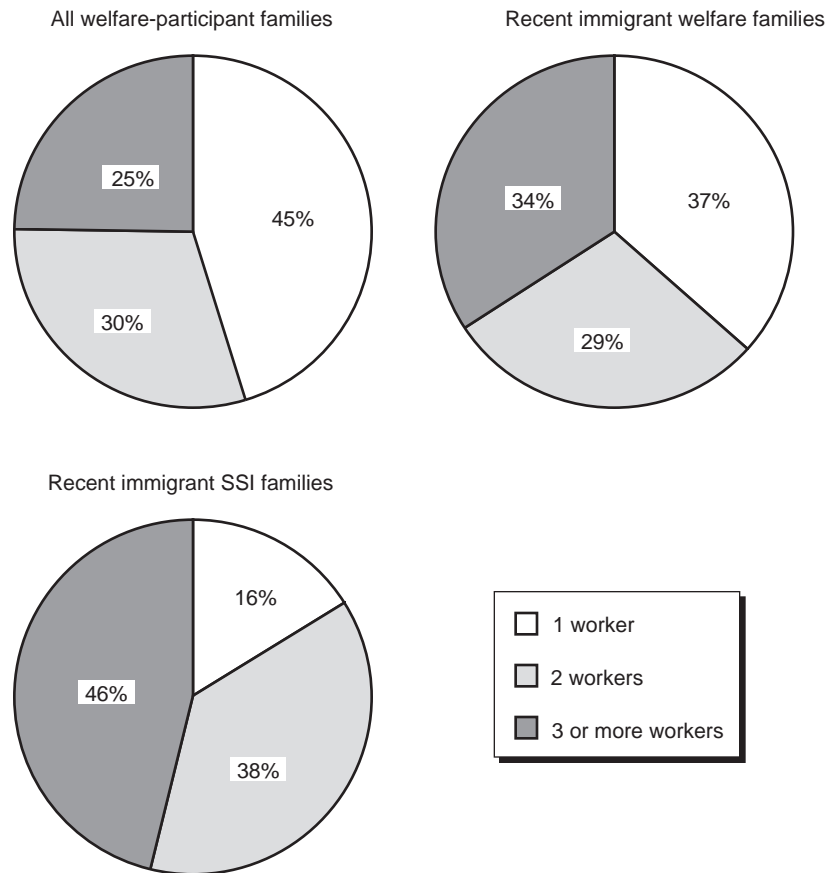


Figure 9.5—Share of Participant Families with Multiple Workers

Summary: Addressing Immigrant Participation in Welfare

The results for recent immigrant families in California lend credence to concerns about immigrant use of welfare. First, recent immigrants have high rates of welfare participation compared to citizen families. Although these high participation rates may be partially traceable to low

income, recent immigrant welfare participants, especially those on SSI or Food Stamps Only, appear to have much higher family incomes than other recipients. In addition, these participant families appear to be more self-sufficient, on average, than other participants: They are more likely to have earnings and they receive a smaller share of family income from welfare. These results suggest that immigrant use of SSI and Food Stamps was an appropriate target for some kind of reform. Many of these results, however, do not hold true for recent immigrant families receiving AFDC, who do have earnings but are still heavily dependent on welfare.

10. How Much Will Recent Immigrant Families Lose Under Welfare Reform?

In this chapter, we explore the extent to which mandated and optional reforms in the federal reform legislation will affect immigrants' incomes and their use of public assistance. We assess what would have happened had the law been passed in 1993–94, given the welfare experiences and incomes of immigrants during that period. Although data limitations require us to take some liberties in inferring the consequences of the legislation's provisions, the findings in this chapter offer a reasonable picture of how immigrants would have fared under the current law had it been in force three years ago.¹

As noted above, we could not undertake an equivalent exercise for highly dependent AFDC families who might lose benefits as a result of time limits, both because the state has many more options in how to

¹Results in this chapter are drawn from Appendix Tables B.20 and B.21.

treat AFDC families and because these families have time to adjust to the regulations imposed in the new legislation. Neither holds true for immigrant families. California is mandated to cut noncitizen immigrants off SSI and Food Stamps this year. The state could fund these families through other programs, but the loss of an estimated \$6 billion in federal funding will be difficult to overcome.

Who Is Affected by the Change in Immigrant Eligibility?

Our first step is to identify those families potentially affected by the major changes in eligibility rules discussed in Chapter 2. We consider three different scenarios:

1. Eliminate eligibility of recent immigrants for Food Stamps and SSI;
2. Eliminate eligibility of recent immigrants for AFDC, Food Stamps, and SSI; and
3. Eliminate eligibility of recent immigrants for Medi-Cal.

The first scenario is the baseline case mandated by the federal legislation. Although the state must bar noncitizens from Food Stamps and SSI, it may also bar them from TANF. The second scenario adds this option to the mandates. The third scenario examines who would be affected if California disallowed recent immigrants only from Medi-Cal, another state option under the welfare reform legislation.

As in the previous chapter, we focus exclusively on recent immigrants. Not counting future arrivals, the immigrants most affected by the legislative changes are noncitizens without 40 quarters of work experience in the United States. We assume that immigrants who arrived in the United States before 1985 could become citizens because

they have completed the residency requirement for naturalization. In addition, we assume that many of these immigrants had worked 40 quarters by 1993. We therefore treat nonrecent immigrants as unaffected by the reform law.²

In other words, we equate recent immigration with the potential to be affected by the new legislation, since immigrants who arrived after 1985 had not had time by 1993 to work 40 quarters in the United States, many had not been residents for the five years necessary to qualify for naturalization, and virtually none had any military service. Thus, we assume that all recent immigrants will be ineligible for Food Stamps and SSI.³ California may also make them ineligible for AFDC and Medi-Cal.

To estimate the benefit losses to recent immigrant families had the new legislation been passed in the early 1990s, we identify families with any affected member and conduct two alternative calculations:

- (A) loss of benefits if the entire family is eliminated from the programs;
and
- (B) loss of benefits if only the ineligible family members are eliminated from the programs.

²Our calculation is likely to be a lower bound on the number of immigrant families affected, since English literacy and knowledge of U.S. history and government are also required for naturalization and may present a barrier to some of these immigrants.

³As should be clear, we cannot precisely identify which persons will become ineligible for programs, because some critical information is not available in SIPP. Most notably, we do not know immigrants' exact year of entry into the United States. Because of this and because SIPP does not ask about foreign birth for children under age 15, we cannot identify citizen children of noncitizen parents. Nor can we accurately determine whether respondents had 40 quarters of work experience. We are also unable to identify the exact family members included in the benefit unit for programs. For example, we can identify adults with income from AFDC but we do not know which children are included in the grant. Despite these limitations, we believe that this exercise is useful in initially assessing the expected effects of the program changes.

We then determine income after the loss of benefits and recalculate poverty rates based on the new incomes. Alternative (A) portrays the worst case scenario with respect to the effect of the legislation on recent immigrants. Alternative (B), which we refer to as the best case, yields a smaller loss than alternative (A) by assuming that certain members of recent immigrant families remain eligible for benefits. This can occur for three reasons.

Refugees Are Exempt

Some family members may be refugees and, according to federal legislation, can continue to collect welfare benefits from all programs (for five years after arrival). Although our data offer information on the citizenship and immigration status of individuals over age 15, they do not indicate refugee status. Following the literature, we impute which immigrants are refugees by assigning this status to persons who immigrated from a country classified as a refugee-sending country at the time of their arrival in the United States.⁴

Recent Immigrant Families Might Receive Benefits Through Eligible Family Members

Within a recent immigrant family, there may be family members who are eligible for benefits as citizens or as nonrecent arrivals. These family members may be spouses or children (known as “citizen-child” cases in administrative data).⁵ With qualified members present, a

⁴Refugee-sending countries identifiable in the SIPP include Cuba, Czechoslovakia, Hungary, Poland, the U.S.S.R., and Vietnam.

⁵Our data do not provide information on the citizenship of children (i.e., persons younger than age 15), so we must infer citizenship. Ideally, we could do this if we knew precisely when the family immigrated and whether this time was after the birth of the child. Because we know only whether the year of immigration was after 1985, we

family's benefits would be reduced only by the marginal benefits of the ineligible person. In addition, the benefits of eligible family members might increase in response to a loss of benefits for ineligible members. This could occur, for example, if a family member is qualified for Food Stamps, and another member loses eligibility for SSI; Food Stamps would go up in response to lowering of family income attributable to the loss of SSI benefits.

Recent Immigrant Families Might Receive Benefits by Qualifying for Other Programs

Recent immigrant families denied benefits for one program might switch to another and collect benefits to replace those lost. Also, there are interactions between programs that might be important. For example, an individual receiving SSI is barred from receiving AFDC, even if other family members (siblings in the case of children) qualify for AFDC. Once an immigrant loses SSI eligibility, he or she may become AFDC-eligible.

Since many recent immigrant families participating in welfare receive only Medi-Cal, not all recipients are affected by the proposed eligibility changes, even in the worst case. Table 10.1 shows what percentage of recent immigrant recipients would lose benefits for the three scenarios and two alternative calculations. In the worst case (A), we do not exempt recipients from refugee countries. The mandated elimination of Food Stamps and SSI would affect 56 percent of recent immigrants receiving welfare from a major program, including 18 percent who receive SSI and 38 percent who receive Food Stamps but not SSI. Moving from the first

presume that the child is a citizen if he or she was born after 1985. Such an approach means that we overpredict citizenship.

Table 10.1
Recent Immigrant Recipient Families Affected by Elimination of Welfare Programs

Alternative	Program				
	(1) Food Stamps and SSI			(2)	(3)
	Non-SSI Recip- ients	SSI Recip- ients	All	Food Stamps, SSI, and AFDC	Medi- Cal Only
(A) Worst case					
% of families affected	38	18	56	58	97
Of these affected families					
% who are refugees	14	19	16	15	12
(B) Best case					
% of families affected	32	15	47	50	86
Of these affected families					
% qualifying for benefits					
via other family members					
Not counting children	46	47	46	46	44
Counting children	98	69	89	90	93
% via other programs	0	35	11	0	0

to the second scenario (barring immigrants from AFDC as well) adds only a small number of families to our calculations, since most AFDC recipients would be affected by eliminating Food Stamps. Virtually all recipients would be affected by elimination of Medi-Cal.

Refugees constitute 12 to 19 percent of the affected recipients, so exempting them from the eligibility change as is done in alternative (B) drops the percentage of immigrant recipients affected. Most of the remaining families have children born after 1985, who are therefore assumed to be citizens; about 45 percent also have adult family members who would not lose benefits. Over one-third of affected SSI families could switch to AFDC if denied SSI eligibility.

How Will Losing Benefits Affect the Incomes of Recent Immigrants?

Table 10.2 presents the results of the two alternative calculations (A) and (B) in determining the benefits lost under scenario (1)—eliminate eligibility for Food Stamps and SSI; and scenario (2)—also eliminate eligibility for AFDC. (Since we do not calculate a value for Medi-Cal benefits, there is no equivalent calculation for scenario (3).) For the first scenario, which is mandated by federal law, the table breaks down the consequences for three segments of the affected population: (1) recent immigrant families who collected Food Stamps but not SSI, (2) families who collected SSI (and possibly Food Stamps as well), and (3) all families who collected either Food Stamps or SSI.

Table 10.2
Annual Benefit Loss for Recent Immigrant Families Affected by
Elimination of Welfare Programs (1996\$)

Alternative	Program			
	(1)			(2)
	Food Stamps and SSI			Food
	Non-SSI Recipients	SSI Recipients	All	Stamps, SSI, and AFDC
(A) Worst case (refugees not exempt)				
Average annual loss of				
Food Stamps	1,473	723	1,232	1,171
AFDC benefits	0	0	0	3,462
SSI benefits	0	5,472	1,754	1,667
Average loss of total annual benefits	1,473	6,195	2,986	6,300
(B) Best case				
Average annual loss of				
Food Stamps	1,082	466	892	468
AFDC benefits	0	-353	-190	1,442
SSI benefits	0	4,132	1,278	1,203
Average loss of total annual benefits	1,082	4,245	2,060	3,295

Figures 10.1 through 10.3 put these losses into the context of family income. In Figure 10.1, the total annual loss of benefits is expressed as a percentage of annual family income, shown at the 25th, 50th (median), and 75th percentile points in the distribution. Figures 10.2 and 10.3 report the effect of the income loss on rates of poverty for affected recent immigrant families for scenarios (1) and (2), respectively. Each shows the poverty rate before and after eligibility is denied for the recent immigrants in the given programs, with scenario (1) split into the three population segments reported in Table 10.2.

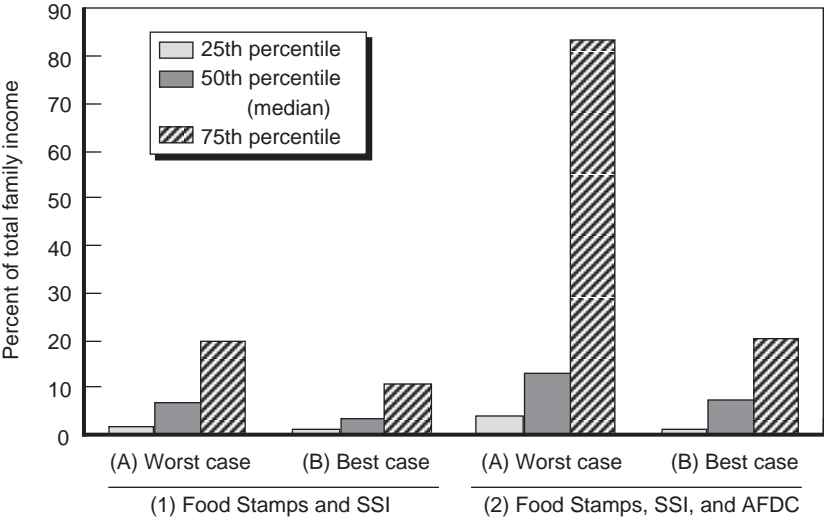


Figure 10.1—Annual Income Benefit Loss as a Percentage of Total Family Income for Affected Recent Immigrant Families

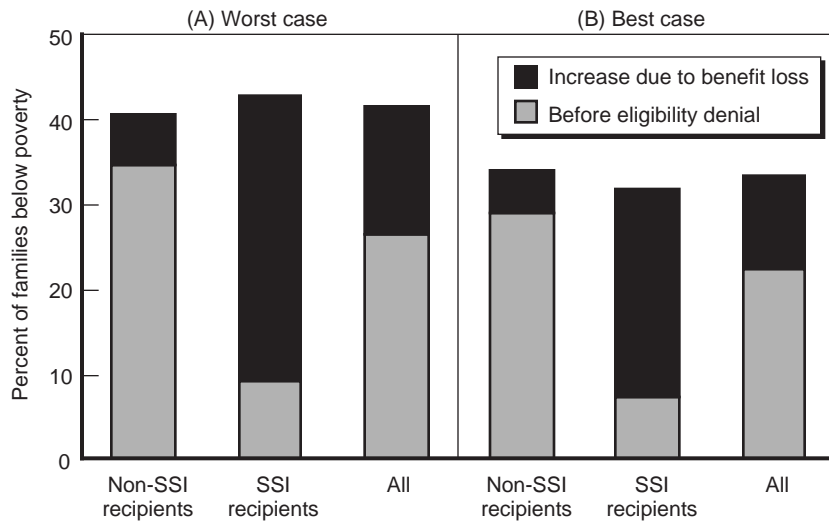


Figure 10.2—Rise in Poverty Rate Among Recent Immigrant Families Affected by Denial of SSI and Food Stamps

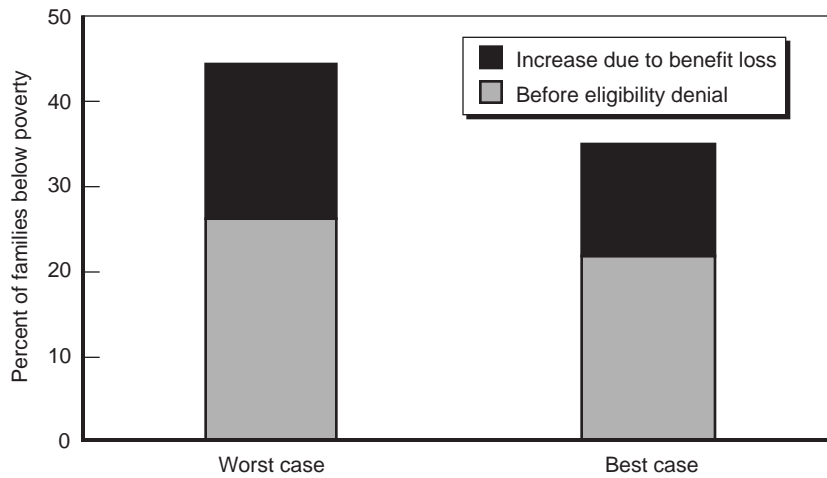


Figure 10.3—Rise in Poverty Rate Among Recent Immigrant Families Affected by Denial of Food Stamps, SSI, and AFDC

Scenario 1: Elimination of Both SSI and Food Stamps Eligibility (New Mandate)

In the worst case (A) associated with denial of Food Stamps and SSI (i.e., denial of benefits for the entire family), Tables 10.1 and 10.2 reveal that the 38 percent who were non-SSI recipients would lose on average \$1,473 annually (with a slightly lower median loss of \$1,354). As Figure 10.1 shows, this loss is a relatively small share of total income: just under 5 percent of total income for the median family affected. Three-quarters of non-SSI families would lose less than 16 percent of their income. More families would fall below the poverty level with the denial of Food Stamps benefits, as shown in Figure 10.2, but the change would be modest, with nearly 35 percent below the poverty threshold before the loss of Food Stamps and 41 percent after.

Not surprising, the 18 percent of the welfare-participating families who were SSI recipients would fare worse. The average income loss would be \$6,195 annually, with the median loss at \$5,512 (indicating that the average is pulled up by a small number of families losing large amounts in benefits). Still, at the median, the loss represents only 11 percent of total family income. On the other hand, one-quarter of this population would suffer an 80 percent loss of their total annual income with denial of Food Stamps and SSI. Poverty would increase among the SSI group, with the percentage below poverty rising dramatically from 9 percent to 43 percent.

The best case circumstances presented in Table 10.2 project a lighter burden for the non-SSI families who would lose Food Stamps. For this population of families, 14 percent are predicted to be refugees and are therefore exempt from any loss of benefits. Many other families continue

eligibility through other family members. The average annual benefit loss falls to \$1,082—almost \$400 less than the losses estimated in the worst case scenario. In this case, more than three-quarters of non-SSI families would lose less than 10 percent of their annual income as the result of the federal mandate.

The results associated with the best case substantially improve the picture for the potentially hardest hit SSI families. The median loss in annual income would drop by about \$1,400, with the resulting loss representing less than 5 percent of annual income for the typical SSI recipient family. SSI families on average would receive \$353 more per year in AFDC income to compensate for their loss of SSI benefits. Although one-quarter of SSI recipients would still lose almost 44 percent of their annual income, this is almost half the percentage loss suggested by the worst case. The denial of SSI and Food Stamps would increase the poverty rate by 24 percentage points (raising the rate from 8 percent before denial to 32 percent after), which falls short of the 34 percentage point increase forecast in the worst case.

Recall that the best case differs from the worst case in two distinct ways: First, entire refugee families are removed from the affected group to calculate the best case; and second, the losses for affected families are lower because of qualification for benefits through other family members and/or other programs. In both this scenario and the next, the refugee exclusion is largely responsible for the differences. Refugee families generally received sizable benefits in 1993–94, representing a large share of total family income. The marginal change in benefit losses within affected nonrefugee families is much smaller.

Scenario 2: Elimination of Food Stamps, SSI, and AFDC (State Option)

The most restrictive scenario we consider is the elimination of benefits under Food Stamps, SSI, and AFDC. This scenario carries more bite for two reasons: AFDC benefits are usually higher than Food Stamps benefits, so the loss of AFDC involves larger reductions of income; and ineligibility of noncitizens for AFDC means that there is no possibility for substituting AFDC benefits for losses of SSI or Food Stamps.

In the worst case circumstances portrayed in Table 10.2, the average decline in annual income would be \$6,300, with one-quarter of families projected to lose more than \$10,337. For the median family, the combined loss in benefits would be 13 percent of annual income, but one in four families would lose over 84 percent of their income. Although these welfare programs kept about 74 percent of families above poverty and 94 percent above two-thirds of poverty, their elimination would decrease the share above poverty to 53 percent and the share above two-thirds poverty to 61 percent. On the other hand, 35 percent of families would still be above 185 percent of the poverty threshold. These figures would be much worse if it were not for the 77 percent of affected recipient families who also had earned income, with a median of \$18,030 per year.⁶

The best case circumstances presented in Table 10.2 depict brighter prospects for recent immigrant welfare families with the denial of benefits for only their noncitizen and nonrefugee members. The average annual benefit loss falls by half, now registering about \$3,300. The

⁶See Appendix Table B.20 for detailed statistics on the worst case scenario. Appendix Table B.21 reports the same statistics for the best case scenario.

typical affected family would forgo only about 7 percent of its income. The one-quarter of families losing the largest fraction of their annual income would experience losses starting at 20 percent instead of the over 80 percent suggested by the worst case results.

Scenario 3: Elimination of Medi-Cal (State Option)

The final scenario we consider is the denial of Medi-Cal. Given the broad categorical eligibility for Medi-Cal, it is not surprising that in the worst case scenario virtually 100 percent of welfare participant families would be affected by the loss of Medi-Cal. We do not calculate a dollar value for Medi-Cal benefits and therefore cannot determine an income loss as in the scenarios above. For this reason, loss of Medi-Cal is assumed to have no effect on poverty status. (The actual effect on families will depend on their health status and use of medical services.) In the worst case, 23 percent of the families who would be affected by denial of Medi-Cal were living below the poverty level. However, 85 percent of affected families had earnings, with an annual median of \$18,200. The percentage of nonrefugee families living below the poverty level who would be affected by denial of Medi-Cal (21 percent) is approximately the same as for the entire welfare population of recent immigrant families.

Summary: Effect of Mandates on Immigrant Families

Almost half of recent immigrant families who participate in major welfare programs would be affected by the mandated denial of eligibility for Food Stamps and SSI; the others are primarily Medi-Cal participants. We consider two cases. The so-called worst case does not exempt refugee

families and eliminates all family members from programs if there is a recent immigrant in the family. The best case scenario exempts refugees and also redetermines benefits based on other program benefits and on family members who retain eligibility.

For affected families, the average annual loss of benefits falls between \$2,000 and \$3,000 (depending on whether you consider a best case or worst case scenario). For the median family, this translates to less than 10 percent of annual income, rising to 20 percent of family income at the 75th percentile. Families who lose SSI are more seriously affected (in both absolute terms and as a share of family income) than are families who lose only Food Stamps. The difference is small at the medians but large at the extremes: In the worst case scenario, 25 percent of SSI recipients lose more than 80 percent of family income. Under both the worst and best case scenarios, the poverty rate increases dramatically for SSI recipients, although even in the worst case scenario, 48 percent of SSI families remain above 185 percent of the poverty threshold. This suggests that the income distribution for these SSI families is bimodal: Families have income that is either quite high or quite low, with fewer cases in between. As a result, some families are dramatically hurt by the denial of benefits but others lose only a small share of their total income.

Denying immigrants AFDC, a state option under TANF, would have more serious effects. In the worst case scenario, the median annual loss of income doubles when AFDC is also denied, in both absolute and percentage terms. If refugees are not exempted, 60 percent of immigrant recipient families are affected, and 25 percent of these lose more than 84 percent of annual income. With refugees exempted, this falls precipitously: In the best case scenario, the 25 percent hardest hit families lose 20 percent or more of their annual income.

11. What Have We Learned About the Groups Most Affected by Welfare Reform?

Although the welfare reform legislation will affect many participants in major welfare programs including Food Stamps, AFDC, and SSI, two groups of Californians will be affected more seriously than others. AFDC participants who are highly dependent on the program may not be able to meet the work requirements and time limits under the new Temporary Assistance for Needy Families program. Noncitizens will be denied SSI and Food Stamps unless they have worked in the United States for 10 years. Recent immigrants, who have not been in the country long enough to meet either the five-year residency requirement for citizenship or the exemption for 10 years of work, will be the primary group affected by these immigrant eligibility restrictions. This final chapter reviews some of the key findings regarding these two groups.

What Is the Breakdown of Families and Welfare Participants in California?

Throughout this report, we have presented results as percentages of California families. Table 11.1 translates these percentages into numbers of families, summarizing how many families fall into various categories. After listing the total number of families in California (based on the family definition introduced in Chapter 4), the second row lists all families who participated in any major or minor public assistance program at any time during the 21-month period of 1993–94 covered in our SIPP data. Welfare participants are those families who participated

Table 11.1
Breakdown of California Families

Group	Number (thousands)	% of All California Families
All families	13,100	100
All families participating in public assistance programs		
Welfare participants	4,402	34
AFDC families	3,183	24
SSI families	969	7
SSI families	943	7
Highly dependent families		
Families highly dependent on welfare	649	5
Families highly dependent on AFDC	432	3
Families with no disabilities	314	2
Teen mother families	183	1
Recent immigrant families		
All immigrant families	2,437	19
Recent immigrant families	1,140	9
Recent immigrant welfare recipients	501	4
AFDC recipients	158	1
SSI recipients	92	1
Food Stamps Only recipients	237	2
Recipients affected by SSI/Food Stamps denial	236	2

in one of four major means-tested programs: AFDC, Food Stamps, SSI, or Medi-Cal.

Who Are the Highly Dependent AFDC Recipients?

Out of over 13 million families in California, just under 1 million included a family member who received AFDC during 1993–94. Two-thirds of families who participated in AFDC at some time during 1993–94 had earnings during that period. These families simultaneously worked and collected AFDC in 31 percent of the months spent on AFDC. Considering both current and past work experience, only about 17 percent of AFDC families had never worked.

Approximately 432,000 families were highly dependent on AFDC, meaning that these families received at least 50 percent of their annual income from cash welfare, with at least 25 percent coming from AFDC payments. Although these highly dependent families made up 45 percent of all families who participated in AFDC at all during 1993–94, they would be a larger share of the caseload at any given time, since they tend to be long-term recipients. The new legislation permits the state to exempt from the time limits up to 20 percent of the caseload. The highly dependent group is more than twice the size of the exemption.

What were some of the characteristics of these highly dependent recipients? Two-thirds of the families were single-parent families; the other third were married. The race/ethnicity breakdown varies by marital status. Approximately 40 percent of the married families were non-Hispanic white, and 40 percent were Asian. Non-Hispanic white, black, and Hispanic families each made up about 30 percent of highly dependent single-parent families. Almost half the single parents had

been teen mothers, compared to only 20 percent of the married-parent families.

Despite their dependence on welfare, many of these families did work. One-third of single-parent families and half of married-parent families had earnings during the period. However, 262,000 families in California were both highly dependent and had no earnings during 1993–94.

How Did Highly Dependent AFDC Families Differ from the Working Poor?

The challenge for policymakers is to transform highly dependent families into the working poor. These highly dependent families have not met with success in the workplace. Even those families that did work have less work experience than the working poor and their hourly wages were lower. The median hourly wage for single-parent AFDC families was only \$4.85, which was higher than the median of \$3.89 reported for married-parent families. In contrast, the working poor had median wages of \$7.78 for single-parent families and \$8.58 for married-parent families. Highly dependent AFDC families that did work rarely worked full-time or for a full year.

On the other hand, some of the characteristics most commonly blamed for high levels of dependence do not seem to be obvious barriers. Disabled highly dependent AFDC families were not significantly different from able families in their work experiences: Only 13 percent of families with disabilities collected AFDC at all in 1993–94; only 7 percent became members of the highly dependent AFDC population.

Teen mothers (women who gave birth as a teenager) made up almost 50 percent of the single-parent highly dependent AFDC population,

with over three-quarters of these giving birth out of wedlock. However, only 20 percent of all teen mothers participated at all in AFDC in the 1993–94 period, and fewer than one out of ten were highly dependent on AFDC.

Educational attainment is a relatively poor predictor of high dependency. Only 17 percent of high school dropouts participated in AFDC at all in 1993–94, and about 41 percent of these were highly dependent on the program. Highly dependent single-parent families had less education than their counterparts in working poor families, but highly dependent married-parent families had much more education than married families in the working poor.

In contrast to the characteristics considered above, single parenthood is a strong predictor of AFDC participation and of high dependency. A substantial 42 percent of single parents collected AFDC in 1993–94, and one out of four were members of the highly dependent AFDC population. Of course, the AFDC program was designed to help single-parent families. The presence of a child under the age of six was a far less important factor, with highly dependent families not much more likely to have a young child than other single- and married-parent families.

How Many Immigrant Families Will Be Affected by the Welfare Reform?

The number of immigrant families affected by welfare reform will depend principally on two factors: (1) the choices California makes in deciding the eligibility rules for its various public assistance programs; and (2) the extent to which immigrant families will continue to qualify for benefits through the eligibility of its members. Prohibition of Food Stamps and SSI for noncitizens is mandated by federal legislation, but

California decides whether ineligibility carries over to the new TANF program and to Medi-Cal. Regardless of how these issues are decided, not all members of immigrant families will be deemed ineligible for benefits, since these families include many citizens, refugees, and members who could become citizens with relative ease.

In 1993–94, over 1 million California families included recent immigrants (persons who arrived after 1985). These immigrants would have been unlikely to qualify for citizenship had welfare reform been initiated at that time. Of the 501,000 recent immigrant families who received welfare, eliminating eligibility to SSI and Food Stamps could have potentially affected up to 281,000 families. However, approximately 45,000 of these families would have retained their eligibility through their refugee status; and of the remaining 236,000 families, about 45 percent had adult family members who would not have lost benefits, and nearly 89 percent had very young children, some of whom were likely to be citizens. Thus, our analysis suggests that approximately 26,000 immigrant families would have lost total eligibility had denial of Food Stamps and SSI been implemented in 1993–94.

Welfare reform also offers California the option of denying TANF benefits and Medi-Cal to noncitizens. Of the recent immigrant families who received welfare in 1993–94, eliminating AFDC eligibility in addition to the federal mandates would have affected about the same number of families as denying just Food Stamps and SSI. Prohibiting Medi-Cal in 1993–94 would have affected up to 431,000 recent immigrant families. Of these, almost 45 percent had adult family members who would have retained their Medi-Cal eligibility, and virtually all had very young children (93 percent) who may have been citizens.

How Much Will Recent Immigrant Families Lose from Denial of Welfare Benefits?

Our worst case calculation for how welfare reform will affect the incomes of recent immigrant families presumes that entire families lose all benefits from a program if any member becomes ineligible. Our best case alternative assumes benefit losses only for those family members who become ineligible and also recognizes that an affected family may qualify for benefits from other programs. In our judgment, the best case more closely approximates actual circumstances. Our analysis calculates the effects of the legislation in the worst and best cases under two scenarios: (1) elimination of eligibility for Food Stamps and SSI, and (2) elimination of eligibility for AFDC in addition.

Had denial of Food Stamps and SSI for noncitizens been passed in the early 1990s, the average annual loss of cash benefits per affected family would have been nearly \$3,000 according to the worst case and just over \$2,000 in the best case. For the typical family, these losses would have represented almost 7 percent of income in the worst case and 4 percent in the best case. Poverty rates would have risen from 27 percent before passage of the legislation to 42 percent after in the worst case scenario and to 34 percent in the best case. The hardest hit families would have been those highly dependent on SSI, constituting approximately 4 percent of the affected population (about 20,000 families). These families would have suffered an 80 percent or higher reduction in their total annual income in the worst case and a 50 percent decline in the best. Considering all SSI families and not just those hardest hit, the best case suggests that they would have received \$353 more per year in AFDC benefits on average to compensate for their loss of SSI benefits.

Had California also denied AFDC to noncitizens in the early 1990s, the average decline in annual income would have been \$6,300 according to our worst case and \$3,300 in our best. For the typical family, benefits losses would have constituted about 13 percent of income in the worst case and 7 percent in the best. Recent immigrant families made up about 15 percent of all AFDC recipients and about 15 percent of the highly dependent AFDC group. Although these families represent a relatively small fraction of these groups, their 15 percent contribution is almost twice their representation in the overall population. The picture depicted by the best case indicates that one-quarter of all affected families would have lost slightly more than \$4,700—over 20 percent of their annual income. Poverty rates for all affected families would have risen from 22 percent to 35 percent. The worst case shows a grimmer picture for the most affected one-quarter of families, suggesting that they would have lost more than \$10,337, representing over 84 percent of their annual income. Poverty rates for all affected families would have risen by about 19 percentage points—6 points more than in the best case.

Welfare Reform Need Not Affect California Programs

Depending on the final form of the federal regulations, California could have the flexibility to create virtually any welfare system it desires. The TANF regulations explicitly leave California policymakers many options, including decisions on family caps, on the treatment of new residents, and on the treatment of immigrants. However, California's options are far greater than this. Unless the Clinton administration chooses a very restrictive interpretation, the time limits and work requirements will apply only to the federal block grant funding under

TANF. Under AFDC, the state contributed half of the funding for benefits. As long as this state funding is not subject to the TANF regulations, California could theoretically use the state funding to support families denied benefits under the federal rules. For example, California could meet the work requirements by putting all working welfare families in the TANF-funded program, while creating an entirely state-funded program to support nonworking families.

The immigrant requirements are more difficult to overcome, because the lost benefits were entirely federally funded. However, California does have the option of replacing some share of the \$6 billion shortfall for those families who face severe hardship because of changes in eligibility.

California is unlikely to entirely undo the effects of the new federal regulations because the state is appropriately committed to creating a better welfare system. A consensus exists for designing a new system that meets the criteria outlined in this report: (1) Expect families to be self-sufficient, but (2) provide assistance for families with short-term needs, (3) augment income for workers whose earnings are not sufficient to provide for their families, and (4) support for longer periods families with genuine barriers to work and no other resources. The federal legislation establishes the starting point for the challenging task of designing such a system. We hope the information in this report assists those who will contribute to the development of these critical reforms.

Appendix A

Estimation Approach and Weighting

This appendix briefly describes the elements underlying the calculation of the empirical findings presented in this report. The discussion first summarizes our core dataset. It then presents our statistical approach. Finally, we turn to the main point of this appendix, a description of our procedure for constructing weights to make our sample representative of California families.

Description of SIPP Data

This research project uses data drawn from the 1992 and 1993 panels of the Survey of Income and Program Participation (SIPP). In addition to basic demographic data for the noninstitutionalized population, SIPP provides the monthly income and program participation data for the core analysis in this project. Each panel of SIPP provides data on approximately 50,000 persons in 20,000

households for eight (for panels before 1992) or ten (for more recent panels) four-month waves. Using these two SIPP panels provides complete annual data by month for the years 1992 through 1995. The overlapping structure of the panels means that for the 21-month period from January 1993 to September 1994, SIPP supplies data from two panels, approximately 100,000 persons in 40,000 households.

In pursuit of the research questions outlined in this report, we use SIPP's core data, including detailed information on personal, family, and household income from earnings; from welfare programs including AFDC, General Assistance, Food Stamps, SSI/SSP, Medicaid, and WIC; and from work-related programs including UI. Wage data available include hourly wages, work dates, usual hours per week, pay periods, and total monthly earnings from the two jobs with the most hours worked in each four-month interview period. The monthly SIPP data also include questions on workforce participation and in-kind assistance, including public housing, energy assistance, and School Lunch and Breakfast. Using the core data, we can also identify family and household structures and the relationships between all family and household members.

The SIPP topical modules provide additional information crucial to parts of the analysis. These data include child care use and costs and tax and Earned Income Tax Credit (EITC) information. Other topical modules provide (1) welfare reciprocity history, (2) migration history including country of birth, and (3) fertility and marital histories. We identify teenage mothers on the basis of their age at the birth of their first child; using marital history, we identify whether children were born out of wedlock. We can also identify former and repeat welfare recipients.

Using migration history, we determine a person's immigration status, including whether he or she was born in a foreign country or to

noncitizen parents. We can distinguish between naturalized citizens and noncitizen residents. Given the data available, we cannot distinguish between legally admitted immigrants, permanent residents, or undocumented aliens.

We construct our California sample by selecting families residing in California. To be selected, data for a family must be available for at least five months—expanding this restriction to longer than five months (up to a year) does not change any of our findings. When combined, the 1992 and 1993 SIPP panels yield a sample of over 5,000 families in California. Since the SIPP is designed to be nationally representative, we reweighted this California subsample to be representative of families in the state for 1993. We discuss this weighting below.

Construction of Our Variables

Our empirical analysis computes statistics using all the monthly observations in our sample. We construct annual income for each family using the procedure described below. A family is represented as long as it maintains its essential structure, meaning that there is no addition of related adults. Chapter 4, Table 4.1, lists the types of families defined in SIPP.

A family in SIPP is defined using a unique sample unit identification number combined with a unique family reference person ID number. In the ideal case, this refers to one family with one head throughout our period of observation—well over 90 percent of our families remained stable throughout our observation period. However, in a few cases, family heads change during the year, because of marriage, people leaving the sample, etc. In such cases, we maintain the family record for those months in which the family exists in our sample. For all families, we

always compute family annual income and benefit amounts as 12 times (total income) divided by (number of months on the sample).

To illustrate the consequences of this procedure in the case of an unstable family, consider the following hypothetical case. A single man and a single woman with a child begin the year as two separate families. The woman receives AFDC. In June, the man and the woman get married and become one family, no longer receiving AFDC. There are no definitive rules in SIPP as to which will be the reference person, so suppose it is the woman. Then the following family records will exist on the file: For January through May, the file contains a separate record for each family. For June through December, it contains one record for the combined family, with the woman as the reference person. The annual income figure for the man's family, for which there are records for January through May only, is the sum of his monthly income from January through May times 12 divided by 5. The annual income figure for the woman's family is the sum of the monthly income for all 12 months including the seven with the man. Note that this implies that for records from June through December, the family will be listed as headed by a married woman, but will show positive annual AFDC income. Note also that no income is double-counted; the monthly income from any month is assigned to a unique family. All cases are handed in a fashion parallel to this.

Formulation of Weights

Developing a state representative sample of families from California requires a demographic reweighting of the subsample of California resident families drawn from SIPP. In preparing final weights for use with SIPP, the Census Bureau employs a two-stage procedure. The first

stage multiplies each observation by the inverse of the probability of selection, correcting for nonresponse, oversampling in the field, and other sources of bias. This portion of the weight is necessary for the present California analysis. However, the second stage balances SIPP totals to independent estimates of the U.S. population by age, race, gender, and marital/family status. This portion of the weight needed to be readjusted to make the California sample representative. Unfortunately, SIPP provides only one composite weight, which combines the two stages, requiring the use of the readjustment procedure described below.

California population totals and compositions for 1993 were obtained from California Department of Finance demographic data. Unfortunately, these data do not include information on marital status. So, two steps were used to correct the SIPP weights. First, the March 1993 Current Population Survey (CPS) was reweighted to be California-representative—the CPS is weighted in a manner similar to that of SIPP but without reference to marital status. Second, the reweighted CPS totals were used as controls to reweight SIPP.

These two steps were carried out as follows.

Step 1

Using the March 1993 CPS sample for California, population estimates were derived by race, age, and gender. Groups were defined to match the CPS weighting groups as closely as possible while ensuring that all groups contained observations. The following categories were used:

Race: white, Hispanic, and black/other

Age: 15–19, 20–24, 25–34, 35–44, 45–54, 55–64, 65+

Combining these with gender, 42 cells were defined. In each cell, a California adjustment factor was computed as the ratio of the Department of Finance population total to the CPS estimate. Multiplying the appropriate California adjustment factor by the original CPS weight yielded the corrected CPS weight.

Step 2

This followed step 1 closely with population totals now defined using the March 1993 CPS totals with the corrected weights. For each month of SIPP data, the following groups were defined:

Race:	white, Hispanic, and black/other
Age:	15–24, 25–34, 35–44, 45–54, 55–64, 65+
Marital Status:	Married with spouse present, unmarried, or no spouse present

Combining these with gender yielded 72 groups. For each observation in each month, a California adjustment factor was computed as the CPS total divided by the SIPP estimate. Multiplying the appropriate adjustment factor by the original SIPP weight yielded the corrected SIPP weight.

We use these California-corrected SIPP weights in all estimation analyses.

Appendix B

Detailed Tables and Description

This appendix describes the construction of the primary tables that summarize our empirical findings. The discussion outlines the definitions of the variables presented in these tables and the samples used to calculate the estimates.

Tables fall primarily into one of four categories: (1) a description of families' demographic characteristics and their poverty status, (2) an overview of families' sources of income; (3) a detailed summary of welfare participants' collection of public assistance benefits, and (4) a chronicle of families' earnings and work experience. Tables in the same category share common rows and structures to allow easy comparison across different population groups along several dimensions. All incomes and benefits are converted to 1996 dollars using the June Consumer Price Indexes (CPIs) for 1993, 1994, and 1996.

There are certain conventions to keep in mind when reading the tables:

1. **Panels:** Panels in tables combine rows summarizing closely related information, and these panels are also replicated across tables. For simplicity, we may refer to panels to describe subsections of the tables; for example, Table B.1.B refers to the data in the B panel of Table B.1.
2. **Columns:** Samples are common between rows in a given column, but are different across columns.
3. **Indents:** Indented rows indicate that the listed statistics are conditional on and only applicable to the group identified in the first nonindented row above the statistics. Thus, an indented row below a nonindented participation rate means that the statistic is conditional on participating.

Table B.1 (Results Reported in Chapter 5)

Table B.1 presents statistics summarizing the characteristics of all California families in terms of their demographic characteristics, race/ethnicity, poverty status, and welfare participation. The data used to compute the statistics in this table are drawn from the entire California family sample, with each column calculated using the subsample specified by the title at the top of the column. The columns refer to six subsamples, divided into three groups: all families, married with children, and single with children. Each of these groups is in turn divided into two subcategories: “All” refers to all families in California, all married families with children, and all single families with children. “Participant” refers to all families in these categories who participated in a major welfare program (i.e., AFDC, SSI, Food Stamps, or Medi-Cal) during the 1993–94 period covered by SIPP.

Table B.1
Characteristics of All Families and Welfare Participants in California

Family Characteristics	All Families		Married w/Children		Single w/Children	
	All	Participant	All	Participant	All	Participant
A. % of all families in California	100	24	27	8	10	6
B. Age of family head						
% ≤ 25	9	10	3	6	12	15
% 26–64	74	75	96	92	85	80
% 65+	18	15	1	2	4	5
C. Family characteristics						
% married	49	45	100	100	0	0
% female heads	29	39	0	0	83	88
% divorced	15	17	0	0	41	32
% never married	21	20	0	0	29	35
% with children	37	59	100	100	100	100
No. of children	2.0	2.3	2.1	2.5	1.9	2.1
% with child ≤ age 6	23	30	25	36	17	23
% with disability in family	20	35	22	30	25	28
% with child disability	21	22	47	40	49	47
% teen mother	15	26	22	31	32	39
% unmarried when teen	51	59	50	52	68	70
D. Education of family head						
% less than high school	22	42	25	44	35	45
% high school graduate	25	28	23	26	26	26
% some college +	54	31	52	30	39	29
E. Race/ethnicity						
% white	64	43	50	32	42	33
% black	6	11	5	7	14	19
% Hispanic	21	34	32	46	33	37
% Asian	8	10	12	14	9	9
F. Poverty status						
% < traditional poverty level	9	23	7	17	29	42
Income within poverty level						
% <2/3	3	5	1	2	7	8
% 2/3–1	5	15	5	13	19	27
% 1–1.85	18	34	15	26	27	31
% 1.85+	74	46	79	60	48	33
G. Welfare participation						
% any	34	100	45	100	74	100
% any major program	24	100	31	100	63	100
% any major and minor	16	66	23	76	52	83
% only minor program	9	0	15	0	12	0

The rows are divided into seven “panels.” The definitions of the variables in these panels appear below.

Description of Variables

Panel A: % of all families in California. The first row shows the share of all California families represented in the particular column.

Panel B: Age of family head. This group of rows, along with the next two panels, presents demographic characteristics of families and/or family heads. In a family headed by a married couple, the head is always taken to be the male. The three rows in this section divide family heads into different age groups (e.g., “% ≤25” refers to family heads who are 25 years old or younger).

Panel C: Family characteristics. This group of rows presents several family structure characteristics. The analysis classifies family heads as married, unmarried female, divorced, or never married. It also examines families with children and families with a member having physical disability. The indented rows indicate that the statistic is conditional on and only applicable to the category listed above (e.g., statistics for “no. of children” and “% with child ≤ age 6” are computed only for those families in the category “% with children”—the line above). The final rows of this group show what share of the participants in these programs were teen mothers (any woman who gave birth as a teenager) and what percentage of these teen mothers were unmarried at the time of the birth (i.e., with births out of wedlock).

Panel D: Education of family head. These rows show the distribution of educational attainment (highest grade completed) for heads making up each participation group.

Panel E: Race/ethnicity. The four rows making up this group break down program participants into their racial/ethnic groups: whites, blacks, Hispanics, and Asians. Hispanics are defined to be white Hispanics, and whites are non-Hispanic.

Panel F: Poverty status. The first row in this group presents the percentage of each column below the traditional poverty level. The traditional poverty level does not include the cash value of Food Stamps in the calculation of total income. In contrast, our calculations always include this cash value. The next four rows report how our income measure compares with each family's poverty level (e.g., "% <2/3" indicates that the family's income is less than 2/3 of poverty level, whereas "% 1.85+" designates that income exceeds 185% of the poverty level). We use 1.85 as a reference level because this value is used by many means-tested programs to end benefits.

Panel G: Welfare participation. The final set of rows reports participation in public assistance programs. "Major programs" include the four major public assistance programs: AFDC, SSI, Food Stamps, and Medicaid (known in California as Medi-Cal). We identify any family who is enrolled or collects any benefits from any major programs to be a "welfare participant." "Minor programs" include WIC, GA, school-based food programs, housing assistance, and energy assistance. The first row in this group presents the percentage of families receiving benefits from any major or minor program. The second row refers to families participating in one or more of the major programs. "% any major and minor" includes families who participate in at least one major and one minor program, and "% only minor" shows the percentage of families who participated only in minor assistance programs.

Table B.2 (Reported in Chapter 5)

Table B.2 reports statistics analogous to those in Table B.1, focusing instead on summarizing the characteristics of various categories of welfare-participant families in California. The data used to compute the statistics in this table are drawn from all welfare-participant families in California, with each column calculated using the subsample specified by the title at the top of the column. The first column presents results for all welfare-participant families (i.e., those who participated in any major program in at least one month in our 1993–94 period). The remaining columns break down program participants into three groups: “AFDC,” consisting of all participant families who collected benefits from the AFDC program at sometime in our observation period; “SSI,” consisting of all participant families who collected benefits from the SSI program some time in the observation period; and the “Food Stamps Only” group, referring to those families who received Food Stamps but collected no benefits from either AFDC or SSI—they could have been Medi-Cal participants.

The rows divide into six sections, as described below.

Description of Variables

Panel A: % of all families in California. The first row of the table shows what share of all California families are represented in a given column. Thus, the first column reveals that 24 percent of all California families were welfare participants in 1993–94, and 7 percent were AFDC recipients some time during this period.

Panel B: Age of family head. Same as Table B.1.B.

Panel C: Family characteristics. Same as Table B.1.C.

Panel D: Education of family head. Same as Table B.1.D.

Panel E: Race/ethnicity. Same as Table B.1.E.

Panel F: Poverty status. Same as Table B.1.F.

Table B.2
Characteristics of Various Categories of Welfare Participants in California

Family Characteristics	Program			
	Any Major	AFDC	SSI	Food Stamps Only
A. % of all families in California	24	7	7	3
B. Age of family head				
% ≤ 25	10	13	4	8
% 26-64	75	84	62	84
% 65+	15	3	34	8
C. Family characteristics				
% married	45	38	35	52
% female heads	39	57	44	28
% divorced	17	18	19	15
% never married	20	23	17	22
% married with children	34	35	16	44
No. of children	2.5	2.8	2.7	2.8
% with child ≤ age 6	36	38	38	40
% single with children	25	56	13	15
% male heads	12	5	16	18
No. of children	2.1	2.3	2.2	2.0
% with child ≤ age 6	23	27	18	11
% with disability in family	35	36	55	34
% with child disability	22	39	13	18
% teen mother	26	41	17	28
% unmarried when teen	59	64	54	52
D. Education of family head				
% less than high school	42	49	42	41
% high school graduate	28	25	27	36
% some college +	31	26	31	23
E. Race/ethnicity				
% white	43	36	48	39
% black	11	15	12	11
% Hispanic	34	34	23	43
% Asian	10	12	16	5
F. Poverty status				
Income within poverty level				
% <2/3	5	6	1	8
% 2/3-1	15	30	8	18
% 1-1.85	34	32	50	33
% 1.85+	46	32	42	41

Table B.3 (Reported in Chapter 6)

Table B.3 reports an array of statistics designed to summarize income sources and amounts received by welfare participants in California. Its samples and columns are identical to those of Table B.2.

Its rows group into three sections, described below.

Description of Variables

Panel A: Income (1996\$). The first group of rows measures the total annual income received by participant families, showing the 25th, 50th, and 75th percentiles of the total annual income distribution. The following rows show the average percentage of family annual income coming from earnings, from cash benefits received from all public assistance programs, from cumulated AFDC + SSI + Food Stamps benefits, from the individual major programs, and from sources of “other” income (defined in panel B).

Panel B: Other income sources and amounts (1996\$). The top row shows the percentage of families in the relevant sample who had any “other” income, a category combining property income, transfers from friends or relatives, pension and retirement income, nonwelfare transfers, Unemployment Insurance (UI), and/or child support and alimony. Nonwelfare transfers include such items as worker’s compensation, Social Security, and veterans’ benefits. For those who had positive amounts of other income, the second group of rows reports the 25th and 75th percentile of the distribution of the shares of total annual income coming from families’ other income; and the next group presents the 25th and 75th percentiles for the annual amounts of other income. The following

Table B.3
Sources of Income and Amounts Received by Welfare Participants in California

Family Characteristics	Program			
	Any Major	AFDC	SSI	Food Stamps Only
A. Income (1996\$)				
Annual total income				
25th percentile	10,958	11,937	8,679	11,092
50th percentile	21,230	17,862	16,107	20,270
75th percentile	41,429	34,573	38,469	35,121
% from earnings	46	29	31	58
% from all cash welfare	25	50	37	11
% from AFDC+SSI+Food Stamps	23	49	36	6
% from AFDC	11	35	5	0
% from SSI/SSP	9	4	30	0
% from Food Stamps	4	11	2	6
% from other income	30	21	32	31
B. Other income sources and amounts (1996\$)				
% families with other income	86	76	87	92
% income from other				
25th percentile	4	4	6	4
75th percentile	62	46	64	62
Annual other income amounts				
25th percentile	1,064	666	1,653	700
75th percentile	11,930	12,677	9,911	9,617
% with nonwelfare transfers	47	33	65	50
% income from transfer				
25th percentile	5	3	7	3
75th percentile	45	23	52	31
% with child support/alimony	9	15	4	7
% income from support/alimony				
25th percentile	1	0	1	1
75th percentile	7	7	12	23
C. Primary income support in months not working				
For those who never work in 2 years				
% from AFDC	24	66	4	0
% from non-AFDC welfare	33	24	52	39
% from nonwelfare non-UI transfers	36	7	43	35
% from child support/alimony	1	1	0	0
% none	3	2	1	3
For those who work some time in 2 years				
% from AFDC	27	56	7	0
% from non-AFDC welfare	22	22	49	31
% from nonwelfare non-UI transfers	16	5	26	17
% from UI	13	8	4	25
% from child support/alimony	1	1	1	3
% none	9	3	0	10

rows list comparable statistics for those families who have nonwelfare transfers and for those who received child support or alimony.

Panel C: Primary income support in months not working.

The final set of rows presents the primary sources of income during months when not working for two types of families: those who never worked in our two-year observation period and those who worked some time in the two years. A primary income source in a nonworking month (i.e., a month with no earnings) is defined to be the source of income representing the largest share of income reported in the month, providing that share exceeds 25 percent of total monthly income. Thus, we see that for those welfare-participant families who worked, UI is the primary means of support in 13 percent of the months.

Table B.4 (Reported in Chapter 6)

Table B.4 presents statistics describing the sources and amounts of benefits collected from various public assistance programs, considering both major and minor programs. In addition, the lower portion of the table summarizes the history of families' welfare experiences before our observation period, 1992 and before. The samples and columns of Table B.4 are identical to those used in Table B.2.

The rows of Table B.4 are made up of two panels, described below.

Description of Variables

Panel A: Welfare utilization. The first row of this panel shows the percentage of families in the relevant sample who participated in any combination of major programs for six months or more. The next rows report the 25th, 50th, and 75th percentiles of the distribution of shares of total annual income contributed by cash benefits from all public

Table B.4
Contributions of Various Welfare Sources to the Incomes of Welfare
Participants in California

Family Characteristics	Program			
	Any Major	AFDC	SSI	Food Stamps Only
A. Welfare utilization (1996\$)				
% receiving benefits \geq 6 months	55	92	85	54
% income from cash benefits				
25th percentile	0	14	6	1
50th percentile	6	43	22	3
75th percentile	39	92	76	9
Annual cash benefits				
25th percentile	6	3,983	1,653	230
50th percentile	1,641	8,123	4,446	557
75th percentile	6,811	11,663	7,871	1,516
% AFDC participants	31	100	16	0
% income from AFDC	35	35	30	100
Annual AFDC benefits	5,564	5,564	6,077	1
% SSI participants	30	16	100	0
% income from SSI	30	26	30	100
Annual SSI benefits	4,142	5,099	4,142	1
% Food Stamps participants	42	88	28	100
% income from Food Stamps	9	12	6	6
Annual Food Stamps benefits	1,473	1,932	1,262	806
% WIC program	14	21	5	13
% income from WIC	1	1	0	1
Annual WIC benefits	262	289	165	270
% GA	6	6	6	21
% income from GA	14	5	8	22
Annual GA benefits	1,407	1,018	1,000	1,780
% school food programs	47	80	25	48
% housing assistance	68	82	63	73
% energy assistance	22	30	31	15
% Medi-Cal participants	97	100	100	70
B. History of welfare experience				
% unmarried teen mother	15	26	9	15
Age at first welfare experience				
% \leq 19	14	24	4	10
% 20–25	14	20	9	14
% 26–35	25	30	15	48
% 36–50	19	18	19	21
% 50+	26	5	53	6
Av no. of prior spells on AFDC/ Food Stamps at ages				
15–25	1	1	0	1
25–35	1	1	1	2
35–45	1	1	1	2
45+	1	1	1	0

assistance programs; and the next group gives the corresponding percentiles for annual cash benefits. For each public assistance program with information in SIPP, the remaining rows show the participation rate, the average share of income attributable to benefits from the designated program, and the average annual payments made to program participants. For example, considering all welfare participants (the first column), 31 percent collected AFDC benefits; these benefits represented 35 percent of recipient families' income on average; and the average annual payment was \$5,564 expressed in 1996 dollars.

Panel B: History of Welfare Experience. The first row in this section shows the percentage of program participants who gave birth out of wedlock as a teenager. The following rows present the age when sample members reported their first welfare experience, defined by when they first collected benefits from AFDC, SSI, or Food Stamps. The final four rows report the average number of prior spells on AFDC and Food Stamps for sample members grouped by their ages in 1993.

Table B.5 (Reported in Chapter 6)

Table B.5 reports empirical findings designed to describe the work experience of welfare participants in California, reporting their earnings, time at work, and hourly wages. The lower portion of the table summarizes the families' work histories before our observation period, 1992 and before. The samples and columns of Table B.5 are identical to those used in Table B.2, with the sample restricted to include only families who worked some time during 1993–94.

Three panels make up Table B.5.

Table B.5
Work Experience of Welfare Participants in California

Family Characteristics	Program			
	Any Major	AFDC	SSI	Food Stamps Only
A. % of welfare participants who work	70	20	15	10
B. Income/employment (1996\$)				
Annual earnings				
25th percentile	8,136	2,592	8,795	9,692
50th percentile	19,163	8,419	24,665	14,518
75th percentile	34,612	21,998	46,819	28,658
% income from earnings				
25th percentile	40	14	33	48
50th percentile	76	44	75	78
75th percentile	93	73	89	92
% with no. of workers				
1	45	50	47	51
2	30	26	24	25
3+	25	25	29	24
Weeks worked per year				
1-13	10	21	9	6
14-39	17	25	16	26
40+	73	54	75	68
Hours worked per year				
1-500	11	24	13	8
501-1000	10	18	10	6
1001-1499	9	10	10	15
1500+	71	48	68	72
Hourly wage				
25th percentile	6.47	4.98	7.33	6.22
50th percentile	9.53	7.36	10.78	9.13
75th percentile	13.61	11.27	15.37	12.00
C. Work history of primary worker				
Persons ages 15-25				
% worked in previous years	43	50	46	42
Av. no. of years	4.2	4.3	3.5	1.8
Persons ages 26-35				
% worked in previous years	74	75	67	81
Av. no. of years	8.3	8.6	8.7	8.0
Persons ages 36-45				
% worked in previous years	68	67	61	73
Av. no. of years	16.3	14.4	16.9	16.0
Persons ages 46-55				
% worked in previous years	55	58	49	61
Av. no. of years	22.7	22.8	21.3	20.6
Persons ages 55+				
% worked in previous years	49	47	46	71
Av. no. of years	30.3	33.5	27.7	24.2

Description of Variables

Panel A : % of welfare participants who work. This row shows the percentage of all welfare participants who work and are members of the sample designated by the relevant column. For example, 70 percent of all welfare participant families worked at some time during the 1993–94 period, and 20 percent worked and were AFDC recipients.

Panel B : Income/employment. The first group of rows reports the 25th, 50th, and 75th percentiles of the distribution of annual earnings (in 1996\$) obtained by working families making up the relevant sample. The set of rows shows the 25th, 50th, and 75th percentiles of the distribution of total income shares accounted for by family earnings. The next rows report the percentage of families who had 1, 2 or 3+ (3 or more) members working some time in 1993–94, and the following set summarizes the total numbers of weeks and hours worked by all family members in the observation period expressed in annual terms. Finally, the last set of rows gives the 25th, 50th, and 75th percentiles of the hourly wages (annual earnings divided by annual hours) earned by the family member receiving the highest wage.

Panel C : Work history of primary worker. The five groups of rows making up this panel present different age groups of workers, listing the percentage of those families who reported working in previous years and the average number of years worked by those in the category. A year of work here means that the person worked more than six months of the year.

Tables B.6 to B.9 (Reported in Chapter 7)

Tables B.6 to B.9 are identical to Tables B.2 to B.5, respectively, except for the samples used to calculate the statistics. Rather than using

Table B.6
Characteristics of Families Intensely Using Welfare in California

Family Characteristics	Program			
	Any Cash Welfare	AFDC	SSI	Combination
A. % of all welfare participants	20	10	7	4
B. Age of family head				
% ≤ 25	11	17	4	8
% 26-64	73	83	51	87
% 65+	16	0	46	5
C. Family characteristics				
% married	24	19	20	38
% female heads	67	79	55	58
% divorced	21	22	26	12
% never married	30	38	24	21
% married with children	18	19	3	38
No. of children	2.7	2.6	2.1	3.0
% with child ≤ age 6	23	27	1	21
% single with children	51	77	7	60
% male heads	3	2	8	5
No. of children	2.4	2.4	1.5	2.4
% with child ≤ age 6	26	27	9	26
% with disability in family	49	25	69	71
% with child disability	24	48	5	33
% teen mother	32	48	13	26
% unmarried when teen	71	72	62	69
D. Education of family head				
% less than high school	52	45	58	56
% high school graduate	24	30	13	25
% some college +	25	25	29	20
E. Race/ethnicity				
% white	35	29	43	34
% black	19	24	14	17
% Hispanic	24	28	20	19
% Asian	20	16	22	27
F. Poverty status				
Income within poverty level				
% <2/3	9	15	3	4
% 2/3-1	43	72	17	20
% 1-1.85	48	13	79	76
% 1.85+	1	0	1	0

Table B.7
Sources of Income and Amounts Received by Families Intensely Using
Welfare in California

Family Characteristics	Program			
	Any Cash Welfare	AFDC	SSI	Combination
A. Income (1996\$)				
Total annual income				
25th percentile	8,162	8,756	7,845	13,515
50th percentile	11,318	11,212	8,179	16,302
75th percentile	14,708	13,963	13,269	22,251
% from earnings	5	5	1	12
% from all cash welfare	87	92	88	72
% from AFDC+SSI+Food Stamps	86	91	87	70
% from AFDC	42	71	2	38
% from SSI/SSP	31	1	84	15
% from Food Stamps	13	20	1	17
% from other income	8	3	11	16
B. Other income sources and amounts (1966\$)				
% families with other income	54	42	60	73
% income from other				
25th percentile	1	0	2	3
75th percentile	27	12	27	34
Annual other income amounts				
25th percentile	68	9	240	467
75th percentile	3,542	1,371	3,257	6,178
% with nonwelfare transfers	22	10	30	39
% income from transfer				
25th percentile	8	3	14	4
75th percentile	31	16	38	29
% with child support/alimony	6	7	1	10
% income from support/alimony				
25th percentile	1	1	12	0
75th percentile	7	7	12	2
C. Primary income support in months not working				
For those who never work in 2 years				
% from AFDC	45	92	0	35
% from non-AFDC welfare	49	5	95	42
% from nonwelfare non-UI transfers	4	0	3	19
% from child support/alimony	0	0	0	1
% none	2	4	1	2
For those who work some time in 2 years				
% from AFDC	74	95	0	51
% from non-AFDC welfare	20	1	98	39
% from nonwelfare non-UI transfers	1	0	0	3
% from UI	2	2	0	4
% from child support/alimony	0	0	0	0
% none	1	1	1	1

Table B.8
Contributions of Various Welfare Sources to the Incomes of Families
Intensely Using Welfare in California

Family Characteristics	Program			
	Any Cash Welfare	AFDC	SSI	Combination
A. Welfare utilization (1996\$)				
% receiving benefits \geq 6 months	99	98	100	100
% income from cash benefits				
25th percentile	76	84	81	58
50th percentile	96	100	99	64
75th percentile	100	100	100	92
Annual cash benefits				
25th percentile	7,830	8,341	7,051	8,585
50th percentile	9,493	10,344	7,869	11,511
75th percentile	12,575	12,360	9,759	15,595
% AFDC participants	70	100	9	99
% income from AFDC	60	71	24	39
Annual AFDC benefits	7,530	7,961	3,468	7,137
% SSI participants	46	6	100	51
% income from SSI	67	10	84	30
Annual SSI benefits	7,115	1,466	7,901	6,225
% Food Stamps participants	69	95	14	99
% income from Food Stamps	18	21	5	17
Annual Food Stamps benefits	2,342	2,385	680	2,619
% WIC program	4	1	2	12
% income from WIC	0	0	0	0
Annual WIC benefits	61	40	18	74
% GA	4	4	2	9
% income from GA	7	10	4	4
Annual GA benefits	1,061	1,373	447	994
% school food programs	66	88	19	91
% housing assistance	92	95	90	88
% energy assistance	43	40	50	40
% Medi-Cal participants	100	100	100	100
B. History of welfare experiences				
% unmarried teen mother	23	35	8	18
Age at first welfare experience				
% \leq 19	18	30	4	19
% 20-25	17	25	6	17
% 26-35	23	28	15	24
% 36-50	18	12	20	28
% 50+	22	1	53	13
Av. no. of prior spells on AFDC/Food Stamps at ages				
15-25	1	1	1	0
25-35	1	1	2	1
35-45	1	1	2	2
45+	1	1	1	1

Table B.9
Work Experience of Families Intensely Using Welfare in California

Family Characteristics	Program			
	Any Cash Welfare	AFDC	SSI	Combination
A. % of all intense users who work	6	3	0	2
Income/employment (1996\$)				
Annual earnings				
25th percentile	745	714	351	1,000
50th percentile	1,808	1,581	745	3,477
75th percentile	3,217	2,764	2,021	6,153
% income from earnings				
25th percentile	5	6	2	5
50th percentile	16	15	6	26
75th percentile	27	20	22	40
% with no. of workers				
1	82	84	78	79
2	12	9	22	14
3+	7	8	0	7
B. Weeks worked per year				
1-13	43	51	53	27
14-39	38	36	32	41
40+	20	13	14	31
Hours worked per year				
1-500	56	63	86	38
501-1000	27	29	14	26
1001-1499	10	8	0	15
1500+	8	0	0	21
Hourly wage				
25th percentile	3.51	3.08	3.41	3.61
50th percentile	4.75	4.89	4.44	4.35
75th percentile	6.00	6.09	4.77	6.00
C. Work history of primary worker				
Persons ages 15-25				
% worked in previous years	55	36	100	87
Average no. of years	3.8	4.7	2.0	3.6
Persons ages 26-35				
% worked in previous years	66	48	46	100
Average no. of years	6.1	6.3	4.0	6.2
Persons ages 36-45				
% worked in previous years	61	50	0	75
Average no. of years	14.3	12.1	0	16.2
Persons ages 46-55				
% worked in previous years	42	49	0	26
Average no. of years	20.9	18.6	0	31.0
Persons ages 55+				
% worked in previous years	48	100	100	0
Average no. of years	12.7	13.0	12.5	0

the sample of all welfare recipient families in California as done in Tables B.2 to B.5, Tables B.6 to B.9 restrict the sample to include only intense users of welfare. The “Any Major” column refers to all families who report that at least 50 percent of their annual income comes from cash benefits from all welfare programs. The “AFDC” column designates those families who report that at least 50 percent of their annual income comes from AFDC benefits. The “SSI” column lists results for all families who report receiving at least 50 percent of their annual income in the form of SSI benefits. Finally, the “Combination” column summarizes experiences for a residual sample defined by the members in the first column who are not in the second or the third samples.

Tables B.10 to B.14 (Reported in Chapter 8)

Tables B.10 to B.14 are also identical to Tables B.2 to B.5, respectively, except for the samples used to calculate the statistics. As in the previous tables, the results in each column relate to the subsample specified by the title at the top of the column.

The columns refer to five subsamples, divided into two sections: single-parent families with children and married families with children. The “single with children” section is divided into three subcategories: the “AFDC” column designates the highly dependent AFDC recipients, defined to be families who received 50 percent or more of their income from welfare and received at least 25 percent of their income from AFDC (see Chapter 7 for motivation of this definition); the “Able-AFDC” column specifies a sample of highly dependent AFDC families who reported that at least one member—a child or an adult—was afflicted with a physical disability during the 1993–94 period; and, finally, the “Work-Poor” column refers to the sample of working poor,

Table B.10
Characteristics of Highly Dependent AFDC and Working Poor Families
in California

Family Characteristics	Single w/Children			Married w/Children	
	AFDC	Able- AFDC	Work- Poor	AFDC	Work- Poor
A. % of all families in California	3	2	2	1	5
B. Age of family head					
% ≤25	16	23	14	6	5
% 26–64	83	78	84	93	94
% 65+	1	0	2	1	1
C. Family characteristics					
% married	0	0	0	100	100
% female heads	98	98	82	0	0
% divorced	27	21	38	0	0
% never married	44	52	29	0	0
% with children	100	100	100	100	100
No. of children	2.4	2.4	1.8	2.8	2.7
% with child ≤ age 6	27	31	8	25	29
% with disability in family	36	0	20	57	22
% with child disability	57	0	36	14	36
% teen mother	50	52	28	20	29
% unmarried when teen	76	78	74	46	48
D. Education of family head					
% less than high school	52	55	40	36	55
% high school graduate	29	28	31	33	22
% some college +	20	17	29	31	23
E. Race/ethnicity					
% white	29	22	39	40	25
% black	28	27	12	3	3
% Hispanic	29	33	44	10	65
% Asian	12	15	5	39	7
F. Poverty status					
% < traditional poverty level	80	91	33	74	21
Income within poverty level					
% <2/3	11	13	17	2	6
% 2/3–1	56	63	14	57	14
% 1–1.85	33	24	56	40	64
% 1.85+	0	0	13	0	17
G. Welfare participation					
% any	100	100	75	100	80
% any major program	100	100	46	100	42
% any major and minor	95	93	35	94	35
% only minor	0	0	29	0	38

Table B.11
Characteristics of Highly Dependent AFDC and Welfare-Participating
Working Poor Families in California

Family Characteristics	Single w/Children			Married w/Children	
	AFDC	Able- AFDC	Work- Poor	AFDC	Work- Poor
A. % of all families in California	3	2	1	1	2
B. Age of family head					
% ≤25	16	23	17	6	7
% 26–64	83	78	80	93	90
% 65+	1	0	3	1	3
C. Family characteristics					
% married	0	0	0	100	100
% female heads	98	98	79	0	0
% divorced	27	21	30	0	0
% never married	44	52	31	0	0
% married with children	0	0	0	100	100
No. of children	0	0	0	2.8	3.0
% with child ≤ age 6	0	0	0	25	39
% single with children	100	100	100	0	0
% male heads	2	3	21	0	0
No. of children	2.4	2.4	1.9	0	0
% with child ≤ age 6	27	31	12	0	0
% with disability in family	36	0	19	57	33
% with child disability	57	0	33	14	42
% teen mother	50	52	24	20	36
% unmarried when teen	76	78	66	46	42
D. Education of family head					
% less than high school	52	55	46	36	63
% high school graduate	29	28	29	33	21
% some college +	20	17	25	31	15
E. Race/ethnicity					
% white	29	22	31	40	24
% black	28	27	14	3	4
% Hispanic	29	33	51	10	69
% Asian	12	15	3	39	3
F. Poverty status					
Income within poverty level					
% <2/3	11	13	24	2	5
% 2/3–1	56	63	15	57	23
% 1–1.85	33	24	47	40	60
% 1.85+	0	0	14	0	13

Table B.12
Sources of Income and Amounts Received by Highly Dependent AFDC and Working Poor Families in California

Family Characteristics	Single w/Children			Married w/Children	
	AFDC	Able- AFDC	Work- Poor	AFDC	Work- Poor
A. Income (1996\$)					
Annual total income					
25th percentile	9,107	8,640	9,486	13,559	17,454
50th percentile	11,888	10,913	15,834	15,652	23,592
75th percentile	14,807	14,236	19,554	20,296	29,068
% from earnings	7	7	69	10	87
% from all cash welfare	87	89	1	83	1
% from AFDC+SSI+Food Stamps	87	88	1	82	1
% from AFDC	63	68	0	55	0
% from SSI/SSP	5	0	0	9	0
% from Food Stamps	18	19	1	18	1
% from other income	6	5	29	8	11
B. Other income sources and amounts (1996\$)					
% families with other income	50	43	81	54	89
% income from other					
25th percentile	0	0	3	0	1
75th percentile	20	16	67	24	22
Annual other income amounts					
25th percentile	30	12	338	62	274
75th percentile	2,419	2,390	7,204	4,918	4,657
% with nonwelfare transfers	13	8	30	30	39
% income from transfer					
25th percentile	5	12	3	3	2
75th percentile	26	26	57	24	17
% with child support/alimony	11	11	24	0	3
% income from support/alimony					
25th percentile	1	1	3	0	0
75th percentile	7	3	40	0	5
C. Primary income support in months not working					
For those who never work in 2 years					
% from AFDC	87	96	0	75	97
% from non-AFDC welfare	12	4	1	19	4
% from nonwelfare non-UI transfers	2	0	30	6	0
% from child support and alimony	0	0	16	0	0
% none	0	0	24	0	0
For those who work some time in 2 years					
% from AFDC	89	97	0	80	98
% from non-AFDC welfare	9	1	3	18	0
% from nonwelfare non-UI transfers	2	1	4	0	0
% from UI	1	1	20	2	2
% from child support/alimony	0	0	14	0	0
% none	0	0	38	0	0

Table B.13
Contributions of Various Welfare Sources to the Incomes of Highly Dependent
AFDC and Welfare-Participating Working Poor Families in California

Family Characteristics	Single w/Children			Married w/Children	
	AFDC	Able- AFDC	Work- Poor	AFDC	Work- Poor
A. Welfare utilization (1996\$)					
% receiving benefits ≥ 6 months	99	99	14	100	28
% income from cash benefits					
25th percentile	76	76	0	66	0
50th percentile	95	98	0	87	0
75th percentile	100	100	1	100	3
Annual cash benefits					
25th percentile	8,300	8,150	0	11,305	0
50th percentile	10,263	9,869	0	13,559	0
75th percentile	12,575	11,963	187	15,601	606
% AFDC participants	100	100	0	100	0
% income from AFDC	63	68	0	55	0
Annual AFDC benefits	7,475	7,637	0	8,963	0
% SSI participants	17	4	0	34	0
% income from SSI	31	12	0	26	0
Annual SSI benefits	5,148	1,868	0	6,190	0
% Food Stamps participants	95	95	26	99	40
% income from Food Stamps	19	20	8	18	7
Annual Food Stamps benefits	2,302	2,337	993	2,955	1,273
% WIC program	4	4	7	9	8
% income from WIC	0	0	1	0	0
Annual WIC benefits	71	63	88	69	111
% GA	5	2	0	6	5
% income from GA	9	12	0	3	10
Annual GA benefits	1,366	2,121	0	736	1,542
% school food programs	91	90	69	87	82
% housing assistance	93	95	84	94	63
% energy assistance	39	36	19	50	8
% Medi-Cal participants	100	100	94	100	92
B. History of welfare experience					
% unmarried teen mother	38	40	16	9	15
Age at first welfare experience					
% ≤ 19	30	31	24	0	0
% 20–25	24	23	22	17	1
% 26–35	29	30	53	22	53
% 36–50	11	12	1	57	41
% 50+	3	0	0	5	5
Av. no. of prior spells on AFDC/ Food Stamps at ages					
15–25	0.7	0.6	1	0	0
25–35	1.3	1.2	1.5	0	0
35–45	1	0.6	1.2	0	0
45+	0.9	1	0	0	0

Table B.14
Work Experience of Highly Dependent AFDC and Working Poor Families
in California

Family Characteristics	Single w/Children			Married w/Children	
	AFDC	Able-AFDC	Work-Poor	AFDC	Work-Poor
A. % of all families in California	1	1	2	0	5
Income/employment (1996\$)					
Annual earnings					
25th percentile	823	971	7,165	1,000	15,032
50th percentile	2,119	2,295	13,797	2,319	20,746
75th percentile	3,217	2,974	17,667	3,477	26,830
% income from earnings					
25th percentile	6	7	65	5	82
50th percentile	17	17	93	15	95
75th percentile	28	27	100	32	99
% with no. of workers					
1	85	83	71	75	33
2	9	10	18	14	42
3+	6	7	11	10	25
B. Weeks worked per year					
1-13	46	49	8	32	0
14-39	41	40	15	33	8
40+	14	11	77	35	91
Hours worked per year					
1-500	57	54	8	43	0
501-1000	29	35	10	28	1
1001-1499	11	9	11	11	6
1500+	3	2	71	19	92
Hourly wage					
25th percentile	3.52	3.53	6.19	3.51	6.59
50th percentile	4.85	5.00	7.78	3.89	8.58
75th percentile	5.86	6.05	9.47	6.75	11.30
C. Work history of primary worker					
Persons ages 15-25					
% worked in previous years	42	38	54	100	43
Average no. of years	5.3	4.2	5.6	4.0	5.2
Persons ages 26-35					
% worked in previous years	66	37	79	81	78
Average no. of years	6.0	6.3	8.0	6.4	10.2
Persons ages 36-45					
% worked in previous years	55	33	68	73	71
Average no. of years	13.8	15.2	16.2	15.0	15.4
Persons ages 46-55					
% worked in previous years	29	26	63	52	62
Average no. of years	12.6	15.1	27.9	24.5	21.4
Persons ages 55+					
% worked in previous years	39	0	29	0	6
Average no. of years	18.4	0	25.4	0	30.1

defined as families whose annual income was below twice the poverty level (poor), had earnings (working), and did not receive AFDC or SSI during 1993–94. The “married with children” section has an analogous structure, being divided into two subcategories: the “AFDC” column consisting of the married highly dependent AFDC recipients, and the “Work-Poor” column referring to married working poor families.

Tables B.11, B.13, and B.14 further restrict sample compositions prior to calculating their reported statistics. Tables B.11 and B.13 require sample members to have been welfare participants, which eliminates working poor families who never participated in any major program in 1993–94. Table B.14 restricts all families to those who worked some time in 1993–94, which eliminates the highly dependent AFDC families who never worked.

The rows in panels A of Tables B.10, B.11, and B.14 show the percentage of all California families represented in the particular column.

Tables B.15 to B.16 (Reported in Chapter 9)

Tables B.15 to B.16 are identical to Tables B.1 to B.2, respectively, except for their sample compositions. The first column designated “All” refers to the entire California family sample. The remaining columns divide families into three groups: recent immigrants, nonrecent immigrants, and citizens. The designation “recent immigrant” families includes any family with an identifiable recent immigrant (that is, any family member over age 15 who was foreign-born and arrived after 1985) who is also not a citizen. Nonrecent immigrants refers to those families with any member who is a noncitizen immigrant and not a recent arrival. Both categories of immigrant families may include a mix of immigrant and citizen family members, particularly children born in this country.

Table B.15
Characteristics of Citizen and Immigrant Families and Their Welfare
Participation in California

Family Characteristics	All	Citizens	Nonrecent Immigrants	Recent Immigrants
A. % of all families in California	100	81	10	9
B. Age of family head				
% ≤25	9	8	5	15
% 26–64	74	71	85	81
% 65+	18	20	10	4
C. Family characteristics				
% married	49	46	61	62
% female heads	29	31	21	18
% divorced	15	17	9	4
% never married	22	22	18	25
% with children	36	32	54	61
No. of children	2.1	1.9	2.4	2.2
% with child ≤ age 6	23	21	30	29
% with disability in family	19	19	18	13
% with child disability	22	22	22	18
% teen mother	15	14	20	21
% unmarried when teen	52	50	52	67
D. Education of family head				
% less than high school	22	17	46	42
% high school graduate	25	25	22	22
% some college +	54	58	32	36
E. Race/ethnicity				
% white	63	73	22	18
% black	6	8	0	1
% Hispanic	21	13	60	54
% Asian	8	5	18	27
F. Poverty status				
% < traditional poverty level	9	8	14	14
Income within poverty level				
% <2/3	3	2	3	4
% 2/3–1	5	4	10	9
% 1–1.85	18	17	24	29
% 1.85+	74	77	62	58
G. Welfare participation				
% any	34	28	56	61
% any major program	25	21	38	43
% any major and minor	16	13	28	36
% only minor	9	7	18	17

Table B.16
Characteristics of Citizen and Immigrant Family Welfare Participants
in California

Family Characteristics	All	Citizens	Nonrecent Immigrants	Recent Immigrants
A. % of all families in California	25	17	4	4
B. Age of family head				
% ≤25	10	11	5	12
% 26–64	75	73	83	80
% 65+	15	17	12	8
C. Family characteristics				
% married	44	36	59	66
% female heads	39	45	29	24
% divorced	17	22	9	4
% never married	20	21	18	19
% married with children	34	25	47	59
No. of children	2.5	2.4	2.8	2.5
% with child ≤ age 6	36	29	47	41
% single with children	26	27	20	24
% male heads	12	9	15	26
No. of children	2.1	2.0	2.7	2.2
% with child ≤ age 6	24	21	35	32
% with disability in family	34	39	27	18
% with child disability	23	23	24	22
% teen mother	26	25	28	30
% unmarried when teen	59	56	60	69
D. Education of family head				
% less than high school	42	36	60	54
% high school graduate	28	29	21	26
% some college +	30	35	20	20
E. Race/ethnicity				
% white	42	55	13	12
% black	12	16	1	1
% Hispanic	35	21	71	59
% Asian	10	5	15	28
F. Poverty status				
Income within poverty level				
% <2/3	5	5	3	6
% 2/3–1	15	14	18	16
% 1–1.85	35	36	31	32
% 1.85+	45	44	49	46

We refer to families as citizens if their members are all citizens, either native or naturalized.

As in the case of Table B.2, Table B.16 restricts the sample to include only welfare participants.

Tables B.17 to B.19 (Reported in Chapter 9)

Tables B.17 to B.19 combine elements of Tables B.6 to B.9. First, Tables B.17 to B.19 start with the samples used to calculate statistics in Tables B.6 to B.9 but keep only recent immigrant families. Table B.17 presents the same elements as Table B.6, and Table B.19 lists the same elements as Table B.9. Table B.18 combines the variables making up Table B.7.A and Table B.8.A.

The row in panel A of Table B.17 shows the percentage of all welfare-participant families represented in the particular column. The row in panel A of Table B.19 lists the percentage of the recent immigrant welfare population represented by the sample considered in the relevant column.

Table B.20 (Reported in Chapter 10)

This table presents an array of statistics summarizing the circumstances faced by recent immigrant families with the elimination of various welfare programs. The columns list the results for the three different scenarios: eliminate eligibility of recent immigrants for Food Stamps and SSI/SSP; eliminate eligibility of recent immigrants also for AFDC; and eliminate eligibility of recent immigrants for Medi-Cal. For the first scenario, separate columns break down the consequences for three segments of the affected population: (1) recent immigrant families who received food stamps but not SSI, (2) families who collected SSI

Table B.17
Characteristics of Recent Immigrant Family Welfare Participants in California

Family Characteristics	Program			
	Any Major	AFDC	SSI	Food Stamps Only
A. % of all welfare participants	15	5	3	2
B. Age of family head				
% ≤25	12	13	0	4
% 26–64	80	86	74	92
% 65+	8	1	26	4
C. Family characteristics				
% married	66	66	59	64
% female heads	24	32	32	18
% divorced	4	4	1	8
% never married	19	18	14	16
% married with children	59	64	39	64
No. of children	2.5	2.5	2.0	2.6
% with child ≤ age 6	41	40	27	44
% single with children	24	30	24	27
% male heads	26	0	31	40
No. of children	2.2	2.6	3.0	2.3
% with child ≤ age 6	32	51	32	10
% with disability in family	18	25	32	20
% with child disability	22	34	23	24
% teen mother	30	38	14	37
% unmarried when teen	69	67	52	75
D. Education of family head				
% less than high school	54	64	47	49
% high school graduate	26	21	14	33
% some college +	20	15	38	18
E. Race/ethnicity				
% white	12	17	7	12
% black	1	2	4	4
% Hispanic	59	54	17	71
% Asian	28	28	72	14
F. Poverty status				
Income within poverty level				
% <2/3	6	8	4	5
% 2/3–1	16	31	3	5
% 1–1.85	32	38	44	36
% 1.85+	46	23	50	54

Table B.18
Sources of Income and Amounts Received by Recent Immigrant Family
Welfare Participants in California

Family Characteristics	Program			
	Any Major	AFDC	SSI	Food Stamps Only
A. Income (1996\$)				
Annual total income				
25th percentile	15,652	12,983	16,328	23,527
50th percentile	28,715	18,006	40,279	32,499
75th percentile	48,592	30,753	64,704	41,864
% from earnings	52	29	41	76
% from all cash welfare	23	53	44	2
% from AFDC+SSI+Food Stamps	22	52	44	2
% from AFDC	12	38	10	0
% from SSI/SSP	6	2	31	0
% from Food Stamps	4	12	3	2
% from other income	24	18	15	22
B. Welfare utilization (1996\$)				
% receiving benefits ≥ 6 months	47	95	89	37
% Income from cash benefits				
25th percentile	0	13	6	1
50th percentile	3	51	11	1
75th percentile	24	97	90	2
Annual cash benefits				
25th percentile	112	4,381	2,464	224
50th percentile	977	8,990	6,469	377
75th percentile	6,469	12,674	13,095	810
% AFDC participants	33	100	25	0
% income from AFDC	38	38	38	0
Annual AFDC benefits	6,118	6,118	8,609	0
% SSI participants	18	14	100	0
% income from SSI	31	18	31	0
Annual SSI benefits	5,407	4,511	5,407	0
% Food Stamps participants	45	91	43	100
% income from Food Stamps	9	13	8	2
Annual Food Stamps benefits	1,506	2,082	1,780	457
% WIC program	30	23	17	27
% income from WIC	1	1	0	1
Annual WIC benefits	278	301	187	199
% GA	5	5	15	5
% income from GA	14	3	3	4
Annual GA benefits	1,446	448	787	2,172
% school food programs	67	85	52	71
% housing assistance	82	93	75	73
% energy assistance	17	26	22	3
% Medi-Cal participants	98	100	100	86

Table B.19
Work Experience of Recent Immigrant Family Welfare Participants
in California

Family Characteristics	Program			
	Any Major	AFDC	SSI	Food Stamps Only
A. % of all recent immigrant welfare participants	86	24	11	12
B. Income/employment (1996\$)				
Annual earnings				
25th percentile	9,026	2,713	11,782	15,287
50th percentile	18,200	7,676	40,822	21,969
75th percentile	32,242	18,030	72,624	39,138
% income from earnings				
25th percentile	35	13	35	54
50th percentile	66	39	83	85
75th percentile	93	66	93	93
% with no. of workers				
1	37	50	16	40
2	29	24	38	28
3+	34	26	46	33
Weeks worked per year				
1-13	10	25	11	0
14-39	12	24	5	12
40+	78	51	85	88
Hours worked per year				
1-500	10	22	15	0
501-1000	9	26	3	0
1001-1499	4	0	5	8
1500+	77	52	76	92
Hourly wage				
25th percentile	5.94	4.85	8.08	6.94
50th percentile	7.93	6.90	11.33	8.96
75th percentile	11.33	8.77	16.59	13.54
C. Work history of primary worker				
Persons ages 15-25				
% worked in previous years	52	41	0	29
Av. no. of years	5.1	8.0	0	7.0
Persons ages 26-35				
% worked in previous years	69	83	63	60
Av. no. of years	8.6	9.9	6.5	9.4
Persons ages 36-45				
% worked in previous years	68	64	79	58
Av. no. of years	14.3	13.6	15.6	16.8
Persons ages 46-55				
% worked in previous years	58	41	85	35
Av. no. of years	22.8	29.9	22.7	15.8
Persons ages 55+				
% worked in previous years	14	27	0	0
Av. no. of years	38.0	38.0	0	0

Table B.20
Characteristics of Recent Immigrant Families Affected by Elimination of
Various Welfare Programs

Family Characteristics	Food Stamps and SSI			Food Stamps, SSI, and AFDC	Medi-Cal
	Non-SSI Recipients	SSI Recipients	All		
A. % of recipient families affected	38	18	56	58	97
B. Projected % who are refugees	14	19	16	15	12
C. Projected loss of benefits and income					
Average loss of annual Food Stamps benefits	1,473	723	1,232	1,171	0
Average loss of annual AFDC benefits	0	0	0	3,462	0
Average loss of annual SSI benefits	0	5,472	1,754	1,667	0
Average loss of total annual benefits	1,473	6,195	2,986	6,300	0
Annual income loss (1996\$)					
25th percentile	459	2,464	681	1,212	0
50th percentile	1,354	5,512	1,876	5,512	0
75th percentile	2,109	7,847	3,415	10,337	0
Annual income loss as % of total family					
25th percentile	2	4	2	4	0
50th percentile	5	11	7	13	0
75th percentile	16	81	20	84	0
D. Income status					
Before eligibility denial					
% below 185% of poverty level	67	52	62	61	54
With children	61	25	50	49	44
Single	22	24	23	23	19
Age of family head 65+	3	23	9	9	7
% below poverty level	35	9	27	26	23
With children	33	4	24	23	20
Single	11	7	10	10	10
Age of family head 65+	0	5	2	2	2
% below 2/3 poverty level	6	4	5	6	7
With children	4	4	4	5	5
Single	2	4	2	3	5
Age of family head 65+	0	0	0	0	1
After eligibility denial					
% below 185% of poverty level	69	54	64	65	54
With children	64	27	52	54	44
Single	24	24	24	24	19
Age of family head 65+	3	23	10	9	7
% below poverty level	41	43	42	45	23
With children	39	16	32	35	20
Single	16	21	18	18	10
Age of family head 65+	0	23	7	7	2
% below 2/3 poverty level	17	33	22	39	7
With children	16	7	13	30	5
Single	3	15	7	15	5
Age of family head 65+	0	22	7	7	1

Table B.20 (continued)

Family Characteristics	Food Stamps and SSI			Food Stamps, SSI, and AFDC	Medi-Cal
	Non-SSI Recipients	SSI Recipients	All		
E. Welfare utilization (1996\$)					
% receiving benefits	79	43	68	31	78
% income from cash benefits	0	0	0	0	0
25th percentile	2	0	0	0	1
50th percentile	41	0	28	0	30
75th percentile	87	62	81	20	74
Annual cash benefits					
25th percentile	378	0	0	0	224
50th percentile	6,776	0	3,790	0	6,469
75th percentile	10,932	7,668	10,632	554	14,435
% AFDC participants	67	26	54	3	34
% income from AFDC	50	62	52	13	38
Annual AFDC benefits	6,127	8,696	6,522	2,466	6,267
% SSI participants	0	1	0	0	18
% income from SSI	0	0	0	27	32
Annual SSI benefits	0	53	53	0	5,473
% Food Stamps participants	3	4	3	3	45
% income from Food Stamps	2	4	3	4	10
Annual Food Stamps benefits	255	1,880	897	897	1,598
% WIC participants	25	17	22	22	30
% income from WIC	1	0	1	1	1
Annual WIC benefits	259	196	244	252	280
% GA	2	14	6	5	5
% income from GA	4	4	4	27	13
Annual GA benefits	2,172	797	1,064	1,064	1,402
% school food programs	78	54	71	72	69
% housing assistance	86	78	83	84	84
% energy assistance	20	23	21	21	18
% Medi-Cal participants	95	100	97	97	100
F. Earnings and other income sources (1996\$)					
% families with earnings	84	63	77	77	85
Annual earnings					
25th percentile	3,303	11,782	3,753	6,297	8,923
50th percentile	10,177	45,921	15,778	18,030	18,200
75th percentile	23,592	72,624	36,774	36,774	32,133
% income from earnings					
25th percentile	22	38	23	63	35
50th percentile	59	87	65	86	65
75th percentile	82	96	92	98	92
% families with other income	79	77	78	79	82
Annual other income					
25th percentile	236	975	577	333	874
75th percentile	14,722	10,013	14,457	14,457	18,515
% income from other income					
25th percentile	1	4	3	4	4
75th percentile	45	97	53	65	50

(and possibly received Food Stamps as well), and (3) all families who received either Food Stamps or SSI.

Table B.20 presents results for the worst case calculations described in Chapter 10—so-called alternative (A). These calculations assume that all benefits from a program are lost to an entire family if any of its member are ineligible for the programs under consideration. Furthermore, the calculations interpret all recent immigrants as ineligible, regardless of their refugee status.

Table B.20 includes six panels, described below.

Description of Variables

Panel A : % of recipient recent immigrant families affected.

The first row shows the percentage of welfare-recipient recent immigrant families projected to be affected by the elimination of eligibility for the programs listed in a given column.

Panel B : Projected % who are refugees. This row lists the percentage of recent immigrant families composed solely of members born in countries classified as refugee countries at the time they entered the United States and who are exempted from the loss of eligibility. (Federal legislation provides for exemptions for refugees, which is not the same as a family immigrating from a refuge country, but SIPP does not designate refugee status.) Refugee-sending countries identifiable in the SIPP are Cuba, Czechoslovakia, Hungary, Poland, the U.S.S.R., and Vietnam.

Panel C : Projected loss of benefits and income. These rows summarize the annual income losses projected if all affected families identified in panel A of this table lose all benefits entertained by the scenario specified in the column. The first set presents the average losses

for Food Stamps, AFDC, SSI, and total annual cash benefits. The second set of rows report the 25th, 50th, and 75th percentiles of the distribution of the annual dollar loss in benefits across affected families (in 1996 dollars). The third set lists the 25th, 50th, and 75th percentiles of the distribution of these income losses expressed as a percentage of recipients' total annual income.

Panel D : Income status. This section is divided into two parts: The top portion reports family income status before eligibility denial from these programs, and the bottom projects family income status after eligibility denial. For each portion, the results give the percentage of affected families who had incomes below 185 percent of the poverty level, below the poverty level, and below two-thirds of the poverty level. Within these subgroups, the table reports the percentage of the families in the poverty level category who have children, the percentage who are single, and the percent that have a family head over age 65.

Panel E : Welfare utilization. Same as Table B.4.A with the minor exception that the first row estimates the percentage of families receiving cash benefits. All statistics in this panel consider families' welfare participation after denying them the benefits specified in the relevant column.

Panel F : Earnings and other income sources. The first row in this panel reports the percentage of families with earnings in the sample designated by the column. The next set of rows is taken from Table 5.B. The last set comes from Table 3.B. All figures reported in this panel consider families' circumstances after they are denied the benefits specified in the relevant column.

Table B.21 (Reported in Chapter 10)

Table B.21 reports statistics analogous to those in Table B.20, presenting instead results for the best case calculations described in Chapter 10—so-called alternative (B). Calculations adjust benefits, eliminating only those family members who are recent immigrants and not citizens or refugees. The computations assume that children born after 1985 are citizens, although relaxing this assumption induces only modest changes in the results. The calculations presented in this table mitigate the benefit loss reported in Table B.20 by two routes: Some family members retain their welfare benefits, and the benefits from some public assistance programs rise for eligible members when income is lost from other programs. Table B.21 adjusts Food Stamps benefits up for eligible family members for any reduction in countable income coming from AFDC and/or SSI. The calculations also infer AFDC eligibility and benefit values for families whose members lose SSI eligibility. An individual receiving SSI is barred from receiving AFDC, even if other family members (siblings in the case of children) qualify for AFDC. Once an immigrant loses SSI eligibility, he or she may become AFDC-eligible. Calculations estimate changes in AFDC and Food Stamps benefits on a monthly basis using the formula applicable in California during the month of observation and the economic circumstances relevant for the family in the relevant month.

Table B.21 includes six panels, described below.

Description of Variables

Panel A: % of recipient recent immigrant families affected. The first row shows the percentage of recent immigrant families projected to be affected by the elimination of eligibility for the programs listed in a

Table B.21
Characteristics of Recent Immigrant Families Affected by Elimination of
Various Welfare Programs

Family Characteristics	Food Stamps and SSI			Food Stamps, SSI, and AFDC	Medi-Cal
	Non-SSI Recipients	SSI Recipients	All		
A. % of recipient families affected	32	15	47	50	86
B. % qualifying via other family members					
Not counting children	46	47	46	46	44
Counting children	98	69	89	90	93
% qualifying via other programs	0	35	11	0	0
C. Projected loss of benefits and income					
Average loss of annual Food Stamps benefits	1,082	466	892	650	0
Average loss of annual AFDC benefits	0	-353	-109	1,442	0
Average loss of annual SSI benefits	0	4,132	1,278	1,203	0
Average loss of total annual benefits	1,082	4,245	2,060	3,295	0
Annual income loss (1996\$)					
25th percentile	410	183	399	468	0
50th percentile	1,001	1,932	1,043	1,917	0
75th percentile	1,509	7,367	1,969	4,740	0
Annual income loss as % of total family					
25th percentile	1	0	1	1	0
50th percentile	3	5	4	7	0
75th percentile	10	44	11	20	0
D. Income status					
Before eligibility denial					
% below 185% of poverty level	64	43	57	56	50
With children	60	23	49	48	44
Single	23	14	20	20	16
Age of family head 65+	3	20	8	8	6
% below poverty level	29	8	22	22	21
With children	29	5	22	21	19
Single	11	5	9	10	10
Age of family head 65+	0	3	1	1	1
% below 2/3 poverty level	5	5	5	6	6
With children	5	5	5	6	6
Single	0	5	2	2	4
Age of family head 65+	0	0	0	0	0
After eligibility denial					
% below 185% of poverty level	67	46	60	60	50
With children	63	25	51	52	44
Single	26	14	22	22	16
Age of family head 65+	3	20	8	8	6
% below poverty level	34	32	34	35	21
With children	34	12	27	29	19
Single	17	10	14	15	10
Age of family head 65+	0	20	6	6	1
% below 2/3 poverty level	10	28	16	26	6
With children	10	9	10	20	6
Single	1	6	3	10	4
Age of family head 65+	0	19	6	6	0

Table B.21 (continued)

Family Characteristics	Food Stamps and SSI			Food Stamps, SSI, and AFDC	Medi-Cal
	Non-SSI Recipients	SSI Recipients	All		
E. Welfare utilization (1996\$)					
% receiving benefits	87	77	84	80	75
% income from cash benefits					
25th percentile	2	1	1	1	0
50th percentile	28	3	20	13	23
75th percentile	81	48	76	68	69
Annual cash benefits					
25th percentile	355	488	355	122	43
50th percentile	6,673	2,446	4,029	2,401	5,724
75th percentile	11,667	7,805	10,920	7,645	14,571
% AFDC participants	63	46	58	49	31
% income from AFDC	42	30	39	34	34
Annual AFDC benefits	5,708	4,814	5,486	3,381	5,775
% SSI participants	0	51	16	15	17
% income from SSI	0	4	4	4	26
Annual SSI benefits	0	2,147	2,147	2,147	5,226
% Food Stamps participants	58	20	46	50	42
% income from Food Stamps	4	3	4	9	9
Annual Food Stamps benefits	482	1,113	566	883	1,466
% WIC participants	27	16	23	23	31
% income from WIC	1	1	1	1	1
Annual WIC benefits	249	246	249	258	282
% GA	2	11	5	4	3
% income from GA	4	4	4	6	3
Annual GA benefits	2,172	397	895	895	954
% school food programs	76	50	68	70	67
% housing assistance	83	73	80	81	82
% energy assistance	18	21	18	18	16
% Medi-Cal participants	94	100	96	96	100
F. Earnings and other income sources (1996\$)					
% families with earnings	89	66	82	81	89
Annual earnings					
25th percentile	6,297	24,665	7,676	7,676	9,210
50th percentile	11,121	47,995	19,721	19,776	20,182
75th percentile	29,699	86,419	38,335	39,138	32,242
% income from earnings					
25th percentile	35	52	36	42	36
50th percentile	60	85	67	75	67
75th percentile	82	93	91	93	93
% families with other income	85	76	82	82	84
Annual other income					
25th percentile	577	975	720	720	975
75th percentile	14,722	14,457	14,722	14,646	20,180
% income from other income					
25th percentile	3	4	4	4	4
75th percentile	50	62	53	51	50

given column. This number assumes that families composed of only recent immigrants born in countries classified as refugee countries at the time they entered the United States are exempted from the loss of eligibility. (See the discussion of panel B in Table B.20.)

Panel B : Potential % qualifying via other family/programs.

Rows in this panel show the percentage of affected families estimated by our analysis to retain partial eligibility for benefits from the programs under consideration. The top rows estimate the percentages attributable to having a family member who is a citizen, an immigrant who had been in the United States long enough to apply for citizenship, or a recent immigrant classified as a refugee. The first row reports the percentage of families with qualified members, ignoring the status of any individuals below age 16; and the second row gives the percentage counting children born after 1985 as citizens. The third row in panel B estimates the percentage of affected families who do not meet the criteria of the first rows but who qualify for benefits from an alternative welfare program given their membership composition. For example, our analysis projects that about 35 percent of SSI families denied eligibility for SSI and Food Stamps (i.e., with no qualified family member) would move onto the AFDC or Food Stamps rolls. Shifting to Food Stamps could occur if some family member is qualified for Food Stamps and has not been collecting before the denial of SSI to the family.

Panel C : Projected Loss of Benefits and Income. Same as Table B.20.C.

Panel D : Income Status. Same as Table B.20.D.

Panel E : Welfare Utilization. Same as Table B.20.E.

Panel F : Earnings and Other Income Sources. Same as Table B.20.F.

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