

Appendix A. Program Data

The Welfare Indicators Act of 1994 specifies that the annual welfare indicators reports shall include analyses of families and individuals receiving assistance under three means-tested benefit programs: the program of Aid to Families with Dependent Children (AFDC) under part A of title IV of the Social Security Act (replaced with the Temporary Assistance for Needy Families (TANF) program by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996), the Food Stamp Program under the Food Stamp Act of 1977, as amended, and the Supplemental Security Income program under title XVI of the Social Security Act. This chapter includes information on these three programs, derived primarily from administrative data reported by state and federal agencies instead of the national survey data presented in previous chapters. National caseloads and expenditure trend information on each of the three programs is included, as well as state-by-state trend tables on each program and information on the characteristics of participants in each program.

Aid to Families with Dependent Children (AFDC) and Temporary Assistance for Needy Families (TANF)

Aid to Families with Dependent Children (AFDC) was established by the Social Security Act of 1935 as a grant program to enable states to provide cash welfare payments for needy children who had been deprived of parental support or care because their father or mother is absent from the home, incapacitated, deceased, or unemployed. All 50 states, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands operated an AFDC program. States defined “need,” set their own benefit levels, established (within federal limitations) income and resource limits, and administered the program or supervised its administration. States were entitled to unlimited federal funds for reimbursement of benefit payments, at “matching” rates which were inversely related to state per capita income. States were required to provide aid to all persons who were in classes eligible under federal law and whose income and resources were within state-set limits.

During the 1990s, the federal government increasingly used its authority under Section 1115 of the Social Security Act to waive portions of the federal requirements under AFDC. This allowed states to test such changes as expanded earned income disregards, increased work requirements and stronger sanctions for failure to comply with them, time limits on benefits, and expanded access to transitional benefits such as child care and medical assistance. As a condition of receiving waivers, states were required to conduct rigorous evaluations of the impacts of these changes on the welfare receipt, employment, and earnings of participants.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) eliminated the federal entitlement to cash assistance under AFDC, and replaced AFDC cash welfare and other related programs (AFDC administration, the Job Opportunities and Basic Skills Training (JOBS) program and the Emergency Assistance program) with a cash welfare block grant called Temporary Assistance for Needy Families (TANF). Key elements of TANF include a lifetime limit of five years (60 months) on the amount of time a family with an adult can receive assistance funded with federal funds, increasing work participation rate requirements which states must meet, and broad state flexibility on program design. Spending through the TANF block grant is capped and funded at \$16.4 billion per year, slightly above fiscal year 1995

federal expenditures for the four component programs. States must also meet a “maintenance of effort (MOE) requirement” by spending on needy families at least 75 percent of the amount of state funds used in FY 1994 on these programs (80 percent if they fail work participation rate requirements).

TANF gives states wide latitude in spending both Federal TANF funds and state MOE funds. Subject to a few restrictions, TANF funds may be used in any way that supports one of the four statutory purposes of TANF: to provide assistance to needy families so that children can be cared for at home; to end the dependence of needy parents on government benefits by promoting job preparation, work and marriage; to prevent and reduce the incidence of out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families.

Data Issues Relating to the AFDC-TANF Transition

States had the option of beginning their TANF programs as soon as PRWORA was enacted in August 1996, and a few states began TANF programs as early as September 1996. All states were required to implement TANF by July 1, 1997. Because states implemented TANF at different times, the FY 1997 data reflects a combination of the AFDC and TANF programs. In some states, limited data are available for FY 1997 because states were given a transition period of six months after they implemented TANF before they were required to report data on the characteristics and work activities of TANF participants.

Because of the greatly expanded range of activities allowed under TANF, a substantial portion of TANF funds will be spent on activities other than cash payments to families. For the purpose of tracking expenditure trends, these tables only include those TANF funds spent on “cash and work-based assistance,” not on work activities, supportive services, or other allowable uses of funds. However, the administrative costs include funds spent administering these other activities.¹

There also is potential for discontinuity between the AFDC and the TANF caseload figures. One program change is that there is no longer a separate “Unemployed Parent” program under TANF. While a separate work participation rate is calculated for two-parent families, this population is not identical to the UP caseload under AFDC. Moreover, it is possible that a limited number of families will be considered recipients of TANF assistance, even if they do not receive a monthly cash benefit. At present, the vast majority of families receiving “assistance”² are, in fact, receiving cash payments; however, this may change over time.

¹ In addition, IV-A child care administrative costs were included under AFDC, but are no longer counted under TANF, since these programs were moved to the Child Care and Development Fund as part of PRWORA.

² States are allowed to use TANF funds on a variety of services, including employment and training services, domestic violence services, and child care, transportation, and other support services. Families receiving such services, however, should generally not be counted as recipients of TANF “assistance.” Under the final regulations for TANF, “assistance” includes primarily payments directed at ongoing basic needs. It includes payments when individuals are participating in community service and work experience (or other work activities) as a condition of receiving payments (e.g., workfare). In addition to cash assistance, the definition also includes certain child care and transportation benefits (provided the families are not employed). It excludes, however, such things as: non-recurrent, short-term benefits; services without a cash value, such as education and training, case management, job search, and counseling; and benefits such as child care and transportation when provided to employed families.

AFDC/TANF Program Data

The following tables and figures present a variety of data about the AFDC and TANF programs. Tables A-1 through A-5 and Figures A-1 through A-3 present national caseload and expenditure trend data on the AFDC/TANF program. These are followed by two tables showing information on characteristics of AFDC/TANF families and a series of tables presenting state-by-state data on trends in the AFDC/TANF program. These data complement the data on trends in AFDC reciprocity and participation rates shown in Table IND 9a and Table IND 10a in Chapter II .

Table A-1 presents information on the average monthly number of AFDC families and recipients for each fiscal year since 1970 through 1998. The U.S. caseload peaked at record highs in 1994, with an average 14.2 million recipients in over 5 million families receiving AFDC benefits each month. Since then the caseload has declined about 38 percent -- to a monthly average of 8.8 million recipients in 3.2 million families in 1998.

As shown in Figure A-1, AFDC enrollments and benefit outlays generally tended to increase in times of economic recession and decline in times of economic growth. Policy changes, such as the eligibility restrictions of the early 1980s, have also affected caseloads. However, the recent decline has far outstripped that experienced in any previous period. A number of studies have attempted to explain the recent decline, and to determine the relative effect of economic factors versus policy changes in explaining the caseload by looking at the variation in caseload decline among states.

A recent report by the Council of Economic Advisors, *The Effects of Welfare Policy and the Economic Expansion on Welfare Caseloads: An Update*, August 3, 1999, finds that during the pre-TANF period (1993-1996), the strong economy was the largest factor explaining the welfare decline, and that changing policies under waivers and lower welfare benefits in real dollars also had a substantial impact. During the post-TANF period (1996-1998), the CEA finds that policy changes accounted for about a third of the decline in welfare receipt, and that both the strong economy and the increase in the minimum wage accounted for about 10 percent of the decline each. In both periods, a large portion of the welfare decline is not explained by the examined variables. Possible factors that could account for this additional decline include the expansions of the Earned Income Tax Credit (EITC) and changing cultural perceptions of welfare receipt.

A common misperception of welfare families is that they have unusually large numbers of children. Table A-1 and Figure A-2 show that the average number of children per welfare family dropped steadily from the late 1960s through the early 1980s, and has remained steady at around 2 children per household since. While female-headed households receiving welfare have a higher average number of children than non-poor female-headed households, they have a lower average than all poor female-headed households. Children as percentage of all AFDC/TANF recipients have increased somewhat in the past few years, because child-only cases have not declined as fast as other cases in the welfare population.

Table A-2 and Figure A-3 show that inflation has had a significant effect in eroding the value of the average monthly AFDC/TANF benefit. In real dollars, the average monthly benefit per recipient in 1998 was only 65 percent of what it was at its peak in the late 1970s.

Tables A-3 and A-4 show trends in expenditures on AFDC and TANF. Table A-3 breaks out the costs of benefits and administrative expenses, and shows the division between federal and state spending. Table A-4 breaks out the benefits paid under the single parent or “basic” program and the Unemployed Parent (UP) program, and also nets out the value of child support collected on behalf of recipient children, but retained by the state to reimburse welfare expenditures. This table presents data through 1996 only, because the TANF data reporting requirements do not require that caseload data be separated into “basic” and “UP” components.

Table A-5 places the AFDC/TANF caseload trends in context, by showing the number of recipients as a percentage of various populations. In 1998, TANF recipients were a smaller percentage of the total population than at any time since 1967.

Figure A-4 and Table A-6 show a number of demographic characteristics of AFDC/TANF families. One of the most striking trends is the recent jump in the fraction of families with earnings. In FY 1998, 20.6 percent of TANF families had earned income, up from 11.1 percent in FY 1996 and 7.4 percent in FY 1992.

Tables A-7 through A-13 present state-by-state trend data on the AFDC/TANF expenditures and caseloads. These reveal a great deal of state-to-state variation in the trends discussed above. For example, as shown in Table A-9, while every state has experienced a caseload decline since 1993, the percentage change from 1993-1998 ranges from 84 percent (Wyoming) to 12 percent (Rhode Island). Table A-10 shows that states reached their peak caseloads as early as May 1990 (Louisiana) and as late as May 1995 (Maryland).

Insert Tables A-1 - A-13 and Figures A-1 - A-4 here:

PAGES A - 5 THROUGH A – 21

Food Stamp Program

The Food Stamp Program, administered by the U.S. Department of Agriculture's (USDA) Food and Nutrition Service, is the largest food assistance program in the country, reaching more poor individuals over the course of a year than any other public assistance program. Unlike many other public assistance programs, the Food Stamp Program has few categorical requirements for eligibility, such as the presence of children, elderly or disabled individuals in a household. As a result, the program offers assistance to a large and diverse population of needy persons, many of whom are not eligible for other forms of assistance.

The Food Stamp Program was designed primarily to increase the food purchasing power of eligible low-income households to the point where they can buy a nutritionally adequate low-cost diet. Participating households are expected to be able to devote 30 percent of their counted monthly cash income to food purchases. Food stamp benefits then make up the difference between the household's expected contribution to its food costs and an amount judged to be sufficient to buy an adequate low-cost diet. This amount, the maximum food stamp benefit level, is derived from USDA's lowest-cost food plan, the Thrifty Food Plan (TFP).

The Federal government is responsible for virtually all of the rules that govern the program, and, with limited variations, these rules are nationally uniform, as are the benefit levels. Nonetheless, States, the District of Columbia, Guam, and the Virgin Islands, through their local welfare offices, have primary responsibility for the day-to-day administration of the program. They determine eligibility, calculate benefits, and issue food stamp allotments. The Food Stamp Act provides 100 percent federal funding of food stamp benefits. States and other jurisdictions have responsibility for about half the cost of state and local food stamp agency administration.

In addition to the regular Food Stamp Program, the Food Stamp Act authorizes alternative programs in Puerto Rico, the Northern Mariana Islands, and American Samoa. The largest of these, the Nutrition Assistance Program in Puerto Rico, had an average of 1.2 million participants in 1988, funded under a Federal block grant of \$1.2 billion. Unless noted otherwise, the food stamp caseload and expenditure data in this Appendix include costs for the Nutrition Assistance Program in Puerto Rico. Prior to 1982, the regular Food Stamp Program operated in Puerto Rico, under modified eligibility and benefit rules.

The Food Stamp Program has financial, employment/training-related and "categorical" tests for eligibility. The basic food stamp beneficiary unit is the "household." Generally, individuals living together constitute a single food stamp household if they customarily purchase food and prepare meals in common. Members of the same household must apply together, and their income, expenses, and assets normally are aggregated in determining food stamp eligibility and benefits. Except for households composed entirely of TANF, SSI, or general assistance recipients (who generally are automatically eligible for food stamps), monthly cash income is the primary food stamp eligibility determinant. Unless exempt, adult applicants for food stamps must register for work, typically with the welfare agency or a state employment service office. To maintain eligibility, they must accept a suitable job if offered one and fulfill any work, job search, or training requirements established by the administering welfare agencies.

Food stamp benefits are a function of a household's size, its net monthly income, its assets, and maximum monthly benefit levels. Allotments are not taxable and food stamp purchases may not be charged sales taxes. Receipt of food stamps does not affect eligibility for or benefits provided by other welfare programs, although some programs use food stamp participation as a "trigger" for eligibility and others take into account the general availability of food stamps in deciding what level of benefits to provide.

Recent Legislative and Regulatory Changes.

Title IV and Subtitle A of title VIII of the PRWORA contains major and extensive revisions to the Food Stamp Program, including strong work requirements on able-bodied adults without children, restricted benefits for legal immigrants, and a reduction in maximum benefits. These three provisions, and subsequent amendments, are discussed below; their impact on program participation and expenditures begins to appear in food stamp administrative data for 1997, with the fuller impact shown in data for 1998.

First, a new work requirement was added for able-bodied adult food stamp recipients without dependents (ABAWDs). Unless exempt, ABAWDs between the ages of 18 and 50 are not eligible for benefits for more than 3 months in every 36-month period unless they are (1) working at least 20 hours a week; (2) participating in and complying with a work program for at least 20 hours a week; or (3) participating in and complying with a workfare program. Under the original legislation, the Department of Agriculture was authorized to waive application of the work requirement to any group of individuals at the request of the state agency, if a determination is made that the area where they reside has an unemployment rate over 10 percent or does not have a sufficient number of jobs to provide them employment. The provision was further moderated under the Balanced Budget Act of 1997 (Public Law 105-33), which allowed states to exempt up to 15 percent of the ABAWD caseload (beyond those subject to waivers) and which increased funds for the Food Stamp employment and training program for the creation of job slots for the able-bodied.

Separately, title IV of PRWORA made significant changes in the eligibility of noncitizens for Food Stamp benefits. As first enacted, most qualified aliens (including legal immigrants -- illegal aliens are already ineligible) were barred from Food Stamps until citizenship. Subsequently, the Agriculture Research, Extension and Education Reform Act of 1998 (Public Law 105-185] restored food stamp eligibility to certain groups of qualified aliens who were legally residing in the United States before passage of PRWORA (August 22, 1996). Specifically, the ban on food stamp eligibility was lifted for children, the disabled and people who were 65 on August 22, 1996.

Finally, the 1996 legislation restrained growth in future program expenditures by making changes in the benefit structure for eligible participants, including a reduction in the maximum food stamp allotment. Other provisions of the 1996 act disqualified from eligibility those convicted of drug-related felonies and gave states the option to disqualify individuals, both custodial and noncustodial parents, from food stamps when they do not cooperate with child support agencies or are in arrears in their child support.

Recent regulatory changes also could affect the Food Stamp Program. In July 1999, President Clinton announced a series of executive actions designed to increase access to food stamps among working poor families. The initiative included regulatory changes to make it easier for working families to report income changes and to own a car and still qualify for food stamps, and a new public education campaign supports states' and localities' efforts to serve this population. These changes were intended to address concerns that some of the decline in food stamp caseloads may be leaving poor families without nutritional assistance as they make the transition from welfare dependence to full self-sufficiency.

Food Stamp Program Data.

The following seven tables and figures provide information about the Food Stamp Program, including information about the Nutrition Assistance Program in Puerto Rico:

- Tables A-14 and A-15 present national caseload and expenditure trend data on the Food Stamp program, as discussed below;
- Figure A-5 and Table A-16 present some demographic characteristics of the food stamp caseload; and
- Tables A-17 through A-19 present some state-by-state trend data on the Food Stamp program through fiscal year 1998.

Table A-14 presents information on the average monthly number of food stamp recipients for each fiscal year since 1970 through Fiscal Year 1999. Food stamp participation (including participants in Puerto Rico's block grant) has continued to fall from its peak of 28.9 million in 1994 to an average of 19.3 million persons in 1999. Both in absolute numbers and as a percentage of the population, food stamp recipiency is lower than at any point in the past twenty years. See also Table IND 9b and Table IND 10b in Chapter II for further data on the recent decline in food stamp recipiency and participation rates.

Total program costs, shown in Table A-15, have also declined. In fiscal year 1998, total program costs (including Puerto Rico) were \$20.1 billion, reaching their lowest levels since 1984, after adjusting for inflation. (Average monthly participation in fiscal year 1998 was 21.0 million). Average monthly benefits per person have also declined in recent years after adjusting for inflation. Benefits were \$72 per person in fiscal year 1999, considerably lower than the \$82 per person benefit (in constant dollars) paid in 1992, but higher than the \$68 per person paid in 1987.

In general, the health of the economy has historically been a good predictor of the number of participants in the Food Stamp Program. Economic factors such as increases in unemployment, increases in the number of "working poor," increases in food prices, and changes in the distribution of income are important, as are demographic changes such as an increase in the number of female-headed households. The size of the food stamp caseload also is influenced by programmatic changes, including amendments to the Food Stamp Program, modifications in other public assistance programs, and changes in immigration laws. In addition, changes in

attitudes toward “welfare” affect the rate at which eligible individuals participate in the program and may also influence the average length of time spent in the program.

A Congressionally mandated study undertaken in 1990 concluded that a variety of factors contributed to the caseload growth in the late 1980s, including increased unemployment, expansions in Medicaid eligibility, and changes in immigration laws, particularly the legalization of undocumented aliens. Similarly, several factors contribute to the more recent declines in food stamp participation. Some of these declines can be attributed to eligibility changes made in the 1996 welfare law, most notably the elimination of eligibility for most legal immigrants and for many childless adults aged 18-50. The strong economy also played an important role in recent caseload declines. In addition, studies of families leaving TANF cash assistance suggest that many of them leave the Food Stamp Program as well, even though many of them appear to be eligible for food stamp benefits. Increased stigma about welfare use and unintentional diversion from the Food Stamp Program may be additional factors affecting food stamp participation.

Insert Tables A-14, A-15, Figure A-5, and Tables 16 through A.19 here. Pages A-26 thru A-33.

Supplemental Security Income

The Supplemental Security Income (SSI) Program is a means tested, federally administered income assistance program authorized by title XVI of the Social Security Act. Established in 1972 (Public Law 92-603) and begun in 1974, SSI provides monthly cash payments in accordance with uniform, nationwide eligibility requirements to needy aged, blind and disabled persons. To qualify for SSI payments, a person must satisfy the program criteria for age, blindness or disability. Children may qualify for SSI if they are under age 18, unmarried, and meet the applicable SSI disability or blindness, income and resource requirements. Individuals and couples are eligible for SSI if their countable incomes fall below the Federal maximum monthly SSI benefit levels, which were \$504 for an individual and \$751 for a couple in fiscal year 1999. SSI eligibility is restricted to qualified persons who have countable resources/assets of not more than \$2,000, or \$3,000 for a couple.

SSI law requires that SSI applicants file for all other money benefits for which they may be entitled. Since its inception, SSI has been viewed as the “program of last resort”-- after evaluating all other income, SSI pays what is necessary to bring an individual to the statutorily prescribed income “floor.” (The Social Security Administration, which administers the SSI program, works with recipients and helps them get any other benefits for which they are eligible.) As of December 1996, 37 percent of all SSI recipients also received Social Security benefits; Social Security benefits are the single highest source of income for SSI recipients.

No *individual* could receive both SSI payments and AFDC benefits; if eligible for both, the individual was required to choose which benefit to receive. Generally, the AFDC agency encouraged individuals to file for SSI and, once the SSI payments had started, the individual was removed from the AFDC filing unit. The PRWORA does not specifically prohibit an individual’s receipt of both TANF benefits and SSI; states have complete authority to set TANF eligibility standards and benefit levels.

Except in California, which converted food stamp benefits to cash that is included in the State supplementary payment, SSI recipients may be eligible to receive food stamps. If all household members receive SSI, they do not need to meet the Food Stamp Program financial eligibility standards to participate in the program because they are categorically eligible. If SSI beneficiaries live in households where other household members do not receive SSI benefits, the household must meet the net income eligibility standard of the Food Stamp Program to be eligible for food stamp benefits.

Recent Legislative Changes.

Several legislative changes made in the 104th Congress are likely to affect Supplemental Security Income (SSI) participation and expenditures. Public Law 104-121, the Contract with America Advancement Act of 1996, prohibits SSI eligibility to individuals whose drug addiction and/or alcoholism (DAA) is a contributing factor material to the finding of disability. This provision applied to individuals who filed for benefits on or after the date of enactment (March 29, 1996) and to individuals whose claims were finally adjudicated on or after the date of enactment. It applied to current beneficiaries on January 1, 1997.

The PRWORA made several changes designed to maintain the SSI program's goal of providing benefits for severely disabled children while preventing children without serious impairments from receiving benefits. First, the act replaced the former law "comparable severity" test with a new definition of childhood disability based on a medically determinable physical or mental impairment. Second, it discontinued use of the Individualized Functional Assessment (IFA) which authorized subjective judgment to determine children's eligibility for SSI. Third, it eliminated references to "maladaptive behavior" in the Listings of Impairments (among medical criteria for evaluation of mental and emotional disorders in the domain of personal/behavioral function). The latter two provisions were effective for all new and pending applications upon enactment (August 22, 1996). Current beneficiaries receiving benefits due to an IFA or maladaptive behavior listing received notice no later than January 1, 1997, that their benefits might end when their case is redetermined. All currently receiving benefits are subject to redetermination using the new eligibility criteria by February 28, 1998 (per P.L. 105-33, enacted August 5, 1997).

Title IV of PRWORA also made significant changes in the eligibility of noncitizens for SSI benefits. Essentially, qualified aliens (including legal immigrants) are barred from SSI. Some of the restrictions were subsequently moderated, most notably by the Balanced Budget Act of 1997 (Public Law 105-33), which grandfathered immigrants who were receiving SSI at the time of enactment of the PRWORA.

SSI Program Data

The following set of tables and figures provide SSI program data:

- Tables A-20 through A-23 present national caseload and expenditure trend data on the SSI program;
- Figures A-6 and A-7 present some demographic characteristics of the SSI caseload; and
- Tables A-24 through A-26 present some state-by-state trend data on the SSI program through fiscal year 1996.

Table A-20 presents information on the number of persons receiving SSI payments in December of each year from 1974 through 1998. In addition to data on the total number of SSI recipients, Table A-20 also shows recipients by eligibility category (aged, blind and disabled) and by type of recipient (child, adult age 18-64, and adult age 65 or older). See also Table IND 9a and Table IND 9b in Chapter II for further data on trends in reciprocity and participation rates.

From 1990 to 1995, the program increased from 4.8 million beneficiaries to 6.5 million beneficiaries, an average growth rate of over 6 percent per year. Since 1995, the number of beneficiaries has stabilized, fluctuating between 6.5 and 6.6 million persons. In December 1998, there were 6.6 million beneficiaries.

The composition of the SSI caseload has been shifting over time, as shown in Table A-20. The number of beneficiaries eligible because of age has been declining steadily, from a high of 2.3 million persons in December 1975 to 1.3 million persons in December 1998. At the same time there has been a strong growth in disabled beneficiaries, from 1.6 million in December 1974 to 5.1 million in December 1998. Moreover, the number of disabled children has increased dramatically, particularly in the 1990s, when the number of disabled children receiving SSI increased from 340,000 in December 1990 to over 1 million in December 1996. The number of disabled children has fallen in the past two years, declining to 928,000 in December 1998.

Several factors have contributed to the growth of the Supplemental Security Income program. Expansions in disability eligibility (particularly for mentally impaired adults and for children), increased outreach, overall growth in immigration, and transfers from state programs were among the key factors identified in a 1995 study by the General Accounting Office (GAO). GAO concluded that three groups – adults with mental impairments, children, and non-citizens – accounted for nearly 90 percent of the SSI program’s growth in the early 1990s: adults with mental impairments, non-citizens, and children. The growth in disabled children beneficiaries is generally believed to be due to outreach activities, the Supreme Court decision in the *Zebley* case³, expansion of the medical impairment category, and reduction in reviews of continuing eligibility.

³ On February 20, 1990, the Supreme Court ruled that the individual functional assessment (or a residual functional capacity assessment) applied to adults whose condition did not meet or equal a listing of medical impairments to determine eligibility should also be applied to children whose condition did not meet or equal the medical listing of impairments. The GAO study estimated that 87,000 children were added to the SSI caseload after the individual functional assessments for children were initiated.

Insert SSI tables A-20 through A-23, Figures A-6 through A-7, A-24, A-25 and A-26 here: Pages A-33 through A-44.

