

## Welfare Spell Dynamics

The goals of the AFDC program have changed somewhat from its inception in the 1930s and its termination in 1996. Its primary purpose, however, was to serve as a temporary support system for needy families. As the decades passed, the perception grew that families were using AFDC for long-term or permanent support. Researchers began to investigate how long people received AFDC, as well as the factors involved in why they began and ended welfare receipt. The patterns of changes in reciprocity over time are generally referred to as the dynamics of welfare spells.

Examining persons who received more than five years of AFDC assumes special interest as a result of the time limits enacted in the Temporary Assistance to Needy Families (TANF) Act. Individuals will be unable to receive more than five years of federally funded assistance under the new law. Although receipt of AFDC for more than five years does not automatically translate into more than five years of TANF receipt, it is reasonable to assume that characteristics associated with the former have potential to indicate individuals who may have trouble leaving TANF within five years.

There are three main sources of data used in this section. The first is the annual survey of AFDC administrative data on the current caseload used for quality control purposes. Some of the data comes from the Panel Study of Income Dynamics (PSID) and measures welfare spells in terms of years. If an individual reports receipt of AFDC in the previous year, that year is counted as a year of reciprocity. Other data comes from the National Longitudinal Study of Youth (NLSY). Those data measure AFDC receipt on a monthly basis. Because the data will be compared later on in this section, it is worth noting some other differences in the data besides just the annual/monthly distinction. Whereas the PSID measures characteristics for the population in general, the NLSY focuses on younger individuals. In addition, although similar, the years examined in each analysis are slightly different.

### **Length of Current Spell of AFDC Receipt**

- Table 6.1 uses administrative data to describe how long a family's current period of AFDC receipt had lasted up to the point when the data was collected. Spell lengths are presented cumulatively – what proportion of families had been on one year or less, what proportion two years or less, etc. The data does not give a full picture of total length of welfare receipt, since it does not indicate how much longer a family would stay on before it leaves.
- Historically, most AFDC recipients on the rolls had been receiving benefits for a relatively short time. About half had been on no longer than two years, and just over three-quarters had not received AFDC for longer than five years. (The exact number varied from year to year, but fluctuated around those levels).

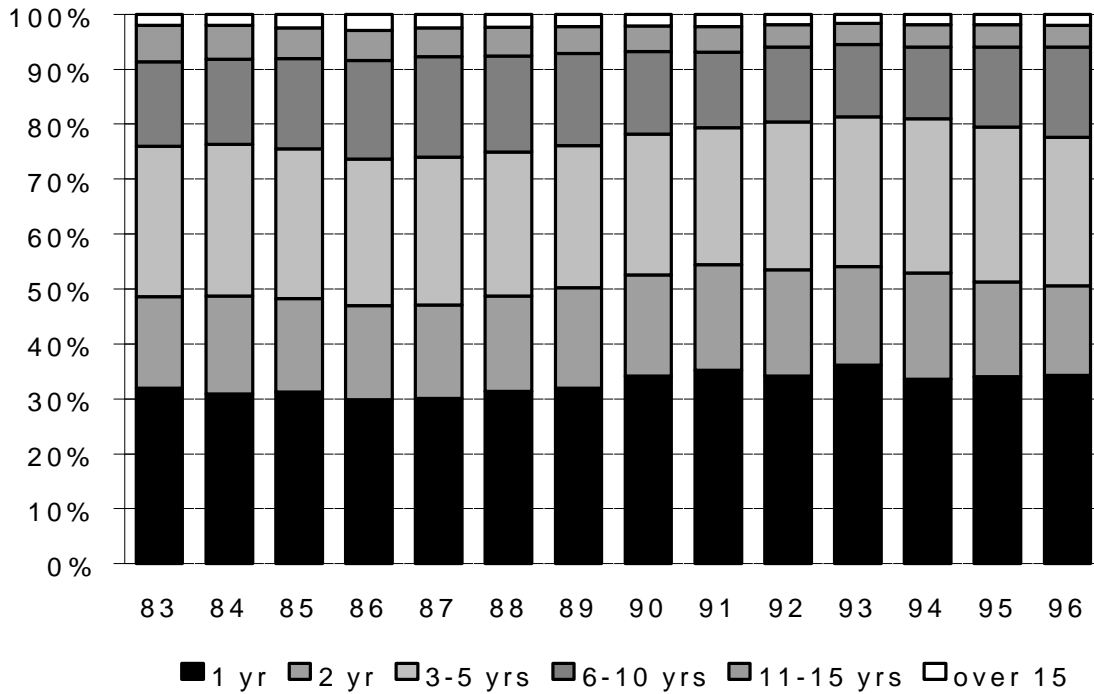
- The length of time welfare recipients had already spent on their current spell of welfare receipt declined in the last 15 years. Table 6.1 demonstrates that since the early 1980s, the number of cases open for a year or less rose from about 31 percent to just under 35 percent; two years or less from about 48 percent to just over 50 percent; and five years or less from about 75 percent to a little under 80 percent. Although the 10 years and under category already accounted for almost all the cases, even it grew slightly from 92 percent to 94 percent.
- The trend towards shorter periods of receipt appears to have reversed itself in the three-year period from 1993 to 1996. This new trend is likely a reflection of the decrease in caseloads evident over the last few years. Such a decline could affect spell lengths in two ways.
- First, a decrease in caseloads could affect spell length through entry factors; that is, influences on individuals starting welfare receipt. If caseloads decrease because fewer new recipients come on as current recipients leave, the proportion will naturally shift to recipients who have greater time of receipt.
- Second, exit factors (affecting departure from AFDC receipt) may also link declining caseloads and lengthening spells. Because recipients who have been receiving AFDC for a longer period tend to have greater barriers to employment, they are less likely to move off welfare than more recent entrants, and thus it is more likely that they will comprise a greater proportion of the caseload as caseloads fall.
- Figure 6.1 provides a graphical representation of the information presented in Table 6.1 for the period since 1983. In addition to demonstrating the trend toward shorter caseloads since 1986 and the reversal of that trend the past few years, Figure 6.1 indicates that there was also a period at the very beginning where average caseload time actually lengthened.

**Table 6.1**  
**Cumulative Distribution of AFDC Spell Lengths by**  
**Months since Case Opened, Selected Years, 1967-1996**

Fiscal Year	Proportion of AFDC families whose current spell has lasted				
	1 year or less	2 years or less	5years or less	10 years or less	15 years or less
1967.....	31.3	49.3	74.5	91.8	–
1969.....	32.2	51.6	77.2	92.7	97.9
1971.....	35.2	56.0	81.9	93.5	98.1
1973.....	30.2	49.3	81.6	94.4	97.9
1975.....	27.7	43.4	73.8	93.1	97.4
1977.....	30.8	48.3	75.3	93.8	97.7
1979.....	28.5	45.2	72.1	92.0	97.4
1983.....	32.0	48.6	76.0	91.4	98.0
1984.....	30.9	48.7	76.3	91.8	98.0
1985.....	31.2	48.3	75.5	91.9	97.5
1986.....	29.8	47.0	73.7	91.6	97.1
1987.....	30.1	47.1	74.0	92.3	97.5
1988.....	31.4	48.7	74.9	92.4	97.6
1989.....	31.9	50.2	76.1	92.9	97.8
1990.....	34.2	52.6	78.2	93.2	97.9
1991.....	35.2	54.4	79.4	93.1	97.7
1992.....	34.2	53.5	80.4	94.0	98.1
1993.....	36.1	54.1	81.3	94.5	98.3
1994.....	33.6	52.9	81.0	94.0	98.1
1995.....	34.1	51.3	79.5	94.0	98.1
1996.....	34.3	50.6	77.6	94.0	98.0

Source: AFDC Quality Control Data from Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance, *Characteristics and Financial Circumstances of AFDC Recipients*, 1996; and earlier reports.

**Figure 6.1**  
**Cumulative Distribution of AFDC Spell Lengths, 1983 – 1996**



- Table 6.2 provides more detail into length of current welfare spells than does Table 6.1. First, it shows the distribution for a larger number of shorter categories of spell length. Second, it shows the absolute proportion of families who have received AFDC for a given length, not the cumulative proportion. Although the smaller periods provide for greater fluctuation from year to year, the same trend (as Table 6.1 shows) of increasing shorter spell lengths up until a mild decline starting in 1993 is visible.

**Table 6.2**  
**Distribution of AFDC Spell Lengths by Months**  
**Since Case Opened, Selected Years, 1967-1996**

[In Percent]

in months in years	Number of months since case was opened												
	0-6 (1/2 yr.)	7-12 (1 yr.)	13-18 (1.5 yr.)	19-24 (2 yr.)	25-36 (3 yr.)	37-48 (4 yr.)	49-60 (5 yr.)	61-120 (10 yr.)	121-180 (15 yr.)	181-240 (20 yr.)	241 & up (20+ yr.)	Unknown	
1967.....	17.1	14.2	—	18.0	—	11.2	8.2	5.8	17.3	—	8.2	—	—
1969.....	15.8	16.4	10.8	8.6	11.8	—	13.8	—	15.5	5.2	1.5	0.6	—
1971.....	17.4	17.8	12.3	8.5	12.2	—	13.7	—	11.6	4.6	1.3	0.4	0.4
1973.....	17.3	12.9	10.6	8.5	15.4	9.7	7.2	12.8	3.5	1.1	0.4	0.4	0.4
1975.....	15.0	12.7	8.6	7.1	11.6	9.6	9.2	19.3	4.3	1.5	0.6	0.6	0.6
1977.....	15.8	15.0	6.4	11.1	11.6	8.5	6.9	18.5	3.9	1.1	0.9	0.9	0.9
1979.....	15.9	12.6	8.9	7.8	11.5	8.6	6.8	19.9	5.4	1.2	0.8	0.8	0.8
1983.....	18.9	13.1	9.1	7.5	12.0	9.0	6.4	15.4	6.6	1.3	0.3	0.3	0.3
1984.....	18.1	12.8	9.9	7.9	11.4	9.3	6.9	15.5	6.2	1.4	0.1	0.1	0.1
1985.....	18.9	12.3	9.3	7.8	11.8	8.5	6.9	16.4	5.6	1.8	0.4	0.4	0.4
1986.....	17.2	12.6	9.6	7.6	11.8	8.8	6.1	17.9	5.5	2.1	0.4	0.4	0.4
1987.....	17.2	12.9	9.4	7.6	12.1	8.4	6.4	18.3	5.2	1.9	0.3	0.3	0.3
1988.....	18.2	13.2	9.6	7.7	11.2	8.5	6.5	17.5	5.2	1.8	0.2	0.2	0.2
1989.....	18.3	13.6	10.2	8.1	11.4	8.2	6.3	16.8	4.9	1.8	0.1	0.1	0.1
1990.....	19.8	14.4	10.5	7.9	11.9	7.9	5.8	15.0	4.7	1.6	0.1	0.1	0.1
1991.....	20.4	14.8	10.7	8.5	12.2	7.5	5.3	13.7	4.6	1.7	0.1	0.1	0.1
1992.....	19.0	15.2	10.9	8.4	12.8	8.2	5.9	13.6	4.1	1.4	0.1	0.1	0.1
1993.....	22.3	13.8	9.8	8.2	11.8	9.0	6.4	13.2	3.8	1.3	0.1	0.1	0.1
1994.....	19.5	14.1	10.6	8.7	13.2	9.1	5.8	13.0	4.1	1.4	0.1	0.1	0.1
1995.....	21.2	12.9	9.4	7.8	12.4	8.7	7.1	14.5	4.1	1.3	0.1	0.1	0.1
1996.....	21.9	12.4	9.0	7.3	11.9	8.7	6.4	16.4	4.0	1.5	0.5	0.5	0.5

Source: AFDC Quality Control Data from Department of Health & Human Services, Administration for Children and Families, Office of Family Assistance, *Characteristics and Financial Circumstances of AFDC Recipients*, 1996; and earlier reports.

### Welfare Spell Length - Annual Data

- Table 6.3 shows the estimated length of completed welfare spells, rather than those still in progress. Based on PSID data from 1968 to 1988, it presents the estimated length of completed spells both of one period of continuous receipt and of all periods of receipt in an individual's lifetime.
- Short-term recipients come and go frequently, while long-term recipients stay on the rolls. Thus, short-spell recipients represent a much larger share of all entrants onto AFDC than those on the program at a given point in time.

**Table 6.3**  
**Distribution of Estimated Time on AFDC Based on Annual Data**

Total years of AFDC receipt	Single spell analysis		Multiple spell analysis	
	Proportion of spell beginners	Proportion of current caseload	Proportion of new recipients	Proportion of current caseload
1-2	48.9	14.2	36.5	8.5
3-4	20.0	14.7	18.6	10.4
5-7	12.5	15.3	16.0	15.1
8+	18.6	55.8	29.0	66.0
Total	100.0	100.0	100.0	100.0

Source: 1968-1988 PSID data in Bane, M. J. and Ellwood, D., *Welfare Realities*, Cambridge, MA: Harvard University, 1994.

- While most recipients discontinued AFDC receipt after a fairly short time period, many of them returned to AFDC later, potentially cycling on and off a number of times. It is therefore important to measure not just the length of a given spell, but the total time of all spells in an individual's lifetime.
- The first and third columns of Table 6.3 demonstrate cycling. While half of AFDC recipients beginning any given spell will be on for only two or less years, only 19 percent will be on that spell longer than seven years. For individuals beginning their first AFDC spells, however, only 36 percent will spend less than two years on *all* spells of AFDC in their lifetime, and 29 percent will spend eight or more years. Despite cycling, however, over half of AFDC recipients will spend less than five years total on AFDC in their lifetime.
- There is also a difference between examining families on AFDC at a particular point in time, and all families that ever use the AFDC program over a given period of time. Some families would move on and off AFDC quickly; others would stay longer, and the number of such cases would begin to accumulate. Thus, the current caseload always contained a larger share of recipients with longer spells than would any group of people coming on to the program.
- While almost half of all recipients beginning a spell were expected to be on the spell two or less years, and only about 19 percent more than seven years, the proportion was roughly reversed for the caseload at a given point in time (Columns 1 and 2). A similar pattern occurs when the lifetime totals for all and current recipients (Columns 3 and 4) are examined.
- Again, this table and those that follow measure one or more spells to their finish, while previous tables measure only how long a case had been open at the time the data was gathered. Thus, spell lengths appear shorter in the earlier tables than the later ones.

## Welfare Spell Length - Monthly Data

- Different types of data produce different pictures of the dynamics of welfare caseloads. Use of annual data, as in Table 6.3, masks some of the dynamics of shorter spells. For example, some households receive AFDC for a few months, leave for a few months, and then return, an activity unrecorded by annual data. Thus, AFDC receipt recorded as 'one year' in annual data may not correspond to twelve actual months. For this reason, some recent research has focused on using data that records a family's AFDC receipt every month, such as that in Table 6.4.
- The basic pattern of AFDC receipt remains the same as for annual data. Most persons who *ever* received AFDC received it for a short time period; 43 percent received a total of two years or less over their lifetimes, with just over a third receiving more than five years. Most of the families on the *current* caseload AFDC were by contrast long-term – only 10 percent were expected to stay two years or less, while over three-quarters would have cumulative totals of greater than five years.
- Table 6.4 adds a new measure, namely the amount of time *already* spent by the current caseload. This shows that about a quarter had not yet spent more than two years, while half had already spent at least five years on AFDC. (Note that this differs from Tables 6.1 and 6.2 because it measures *all* receipt until this point, not just the current spell.)

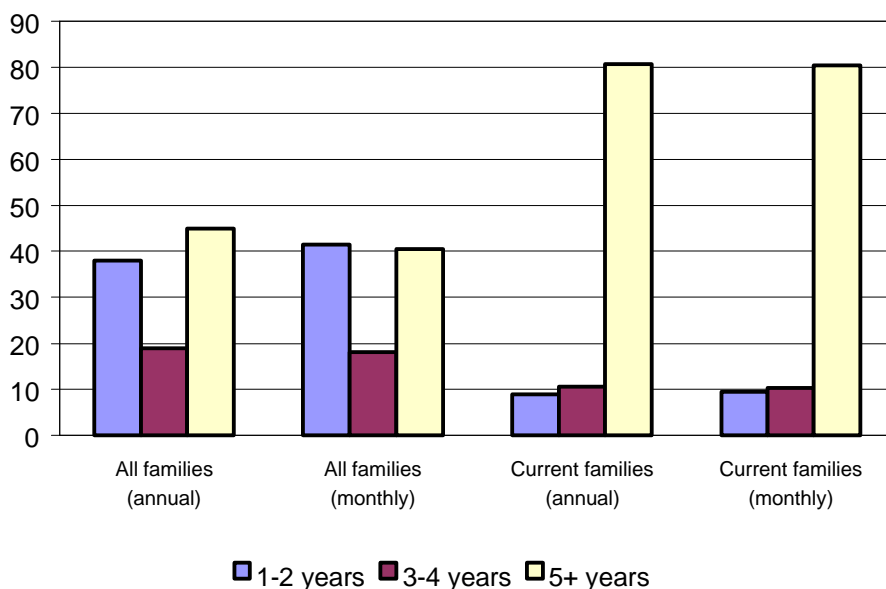
**Table 6.4 Distribution of Estimated Time on AFDC Based on Monthly Data**

Months on AFDC	All recipients	Current caseload	
	Lifetime total	Lifetime total	Time to date
1-12	27.4	4.5	16.4
13-24	14.8	4.8	11.9
25-36	10.0	4.9	9.5
37-48	7.7	5.0	7.8
49-60	5.5	4.5	6.6
61+	34.8	76.2	47.8
Total	100.0	100.0	100.0
Average (yrs.)	6.1	12.98	6.49

Source: 1979-1989 NLSY data, in Pavetti, D., "Who is Affected by Time Limits?," *Welfare Reform Briefs*, No. 7, Washington, D.C.: The Urban Institute, 1995.

- A more direct comparison of AFDC receipt as portrayed by monthly data and by annual data is afforded by Figure 6.2. For all families who ever received AFDC, both data types show a large number of short receipts (one to two years) and long receipts (five or more years). Monthly data, however, clearly show a higher number of short lengths of receipt and a lower number of longer periods. Spell lengths as measured by monthly and annual data are much more similar for the current caseload. A major cause of this is long term users' greater tendency towards continuous receipt, so that a "year" really does represent twelve months of receipt.

**Figure 6.2**  
**Proportion of Families by Length of AFDC Receipt**



### Recipient Characteristics and Time on Welfare

- The previous tables describe spell lengths for the aggregate AFDC caseload. The single number masks the wide differences in the time different sub-groups of AFDC recipients spent on AFDC. Table 6.5 shows the proportion of recipients likely to spend longer than 24 and 60 months on AFDC, broken down by demographic characteristics.
- Table 6.5 presents the characteristics of a beginning cohort of AFDC recipients, which differ somewhat from the characteristics of those on AFDC at any point in time. New entrants were about evenly divided among those with at least a high school education, and those with less. Most had some recent work experience. Just over half began receiving AFDC when they were younger than 25 years old. The majority were white,<sup>1</sup> with about half as many African-Americans, and about half again as many Hispanics. Less than half had ever been married. The majority had at least one very young child – for half, the youngest child was one year or less, and for only 20 percent was it older than five. Most had only one child, although one-third already had two children.
- Table 6.5 offers two different types of information regarding recipient characteristics. First, it offers a view of the predicted length of stay for particular sub-groups.<sup>2</sup> Second, it allows

<sup>1</sup> or other, although this comprises a small proportion of the AFDC population.

<sup>2</sup> While these data have *predictive* power as to the likely spell length of a recipient with a given characteristic, they do not necessarily establish a *causal* link between the characteristic and the spell length. Similarly, these data record probabilities for all member of a given group - they are not *ceteris paribus*, an analysis of any group isolated from other characteristics the group may possess.



comparisons in the *variation of spell lengths* - the amount by which a group with a particular characteristic varies from the average.

- The characteristic that seems to have the least effect on spell length is the number of children – only families with more than 3 children show a significant variation from the average length of AFDC receipt for the entire caseload, and they are a small portion of AFDC recipients. Those families, however, had a very high receipt rate for greater than 24 months – 71 percent – and a moderately high rate for more than 60 months.
- Education seems to be one of the factors associated with the most variation in length of welfare receipt. High school graduates were much less likely to have longer spells, while non-graduates were much more likely. Of all the characteristics listed, a lack of any high school attendance shows the largest variation from the average for all recipients; it indicated a 22 percent greater share with spells longer than two years, and a 29 percent greater share with more than five years.
- Another influential characteristic was the age of the youngest child in the family. If the youngest child was one year old or younger, the parent was significantly more likely to stay on AFDC for a longer period. The period of receipt was about average if the youngest child is from one to five years, although it decreases as the child is older within that range. Finally, parents are significantly more likely to leave AFDC early if the youngest child was older than five years. Among other things, this may reflect the difficulty of finding and retaining satisfactory childcare for younger children.
- For other demographic categories, having no recent work experience, or being nonwhite, under 25, or never married was associated with a much larger chance of having a longer spell than average, while having the opposite of those characteristics was linked to a much lower chance.

**Table 6.5 How Selected Characteristics Affect Expected Total Time on Welfare for a Beginning Cohort of Recipients**

[In Percent]

Characteristics at start of first AFDC spell	Proportion of all first-time recipients	Proportion expected to receive AFDC for	
		24+ months	60+ months
All recipients	100.0	57.8	34.8
Education:			
<9 years	13.0	75.3	63.4
9-11 years	34.0	66.2	40.0
12+ years	53.0	48.2	24.3
Work experience:			
No recent	38.7	67.1	44.9
Recent	61.3	52.0	28.3
Age:			
Under 24	52.7	64.5	41.9
25-30	24.9	51.9	25.6
31-40	19.3	48.4	28.3
Over 40	3.1	51.1	25.2
Race:			
White/other	55.6	50.9	26.7
Black	28.4	66.4	41.4
Hispanic	16.0	66.9	50.7
Marital status:			
Never married	58.2	65.5	43.1
Ever married	41.8	47.2	23.0
Age of youngest child:			
<12 months	52.1	64.8	39.2
13-36 months	16.6	55.5	37.9
37-60 months	10.9	54.3	29.5
61-120 months	11.2	49.7	29.9
121+ months	9.3	37.1	15.2
Number of children:			
1	57.2	57.0	35.8
2	33.2	58.2	31.9
3	7.5	58.7	35.9
Over 3	2.2	71.0	43.1

Columns 2 and 3 read: 75.3 of individuals who begin their first spell of welfare with less than a 9<sup>th</sup> grade education are expected to receive welfare for 24 months or more over their lifetime.

Source: 1979-1989 NLSY data in Pavetti, L., "Who is Affected by Time Limits?," *Welfare Reform Briefs*, No. 7, Washington, D.C.: The Urban Institute, 1995.

## Distribution of Spell Lengths by Demographic Characteristic

- Table 6.6 looks at the same picture as Table 6.5, but in a different way. Instead of showing the proportion of each subpopulation that stayed on for a given length of time, it shows the share of recipients who were expected to be on welfare for a given length of time who had a specific characteristic.
- Recipients with the characteristics listed in Table 6.5 tended to make up a disproportionately small part of the short-term population, and a disproportionately large part of the long-term population. For example, while recipients without a high school diploma or GED comprised 47 percent of the entire AFDC population, they accounted for only 35 percent of the short-term population, and 63 percent of the long-term population. Table 6.6 thus helps to reiterate the message from Table 6.5 that individuals with these characteristics were more likely to have a longer than shorter spell.

**Table 6.6**  
**Proportion of Recipients with Given Characteristic at Start of First AFDC Spell**  
 [In Percent]

Expected total lifetime receipt of AFDC	High school dropout, no GED	No prior work experience	Under age 25	Never-married	Black	Hispanic
All recipients	47	39	53	58	28	16
Under 24 months	35	30	44	48	23	13
60 or more months	63	50	64	72	34	23

Table reads: 35 of individuals whose lifetime total receipt of welfare is 23 months or less are high school dropouts without a GED.

Source: 1979-1989 NLSY data in Pavetti, D., "Who is Affected by Time Limits?," Welfare Reform Briefs, No. 7, Washington, D.C.: The Urban Institute, 1995.

- Examining persons who received more than five years of AFDC is especially important in light of the five-year time limit for receiving Federally funded TANF assistance. Although more than five years of AFDC receipt does not automatically translate into more than five years of TANF receipt, it is reasonable to assume that characteristics associated with the former have potential to indicate individuals who may have trouble leaving TANF within five years.
- Over half of all persons who have received AFDC for more than 60 months are younger than 25, high school dropouts, and/or never-married when they began welfare receipt; never-married individuals in particular comprise almost three-quarters of the group. Those with no prior work experience make up half of the population, as do minorities.

## Events Associated with the Start of Welfare Receipt

- In an effort to better understand welfare dynamics, researchers have examined the reasons that people began AFDC receipt, as well as the reasons they left. These factors help explain the relationship between welfare recipients' characteristics and the length of time spent on welfare. For example, if work was an important reason for leaving welfare, then recipients with less education and work experience, two important indicators of employability, were likely to have longer spells than the average AFDC population.

- Tables 6.7 characterizes events that accompanied the beginning of a welfare spell.<sup>3</sup> Because more than one event may have occurred, the proportions do not sum to 100. Since the basic eligibility criteria for AFDC were based on family structure (presence of children, absence of support from a parent) and income, the events identified in the table are related to either changes in family structure, such as birth of a child or separation of parents, or changes in employment.
- Most beginnings of welfare spells are associated with some type of change in family structure – from 66 percent of spells in the 1986-91 period to 85 percent in the 1980-85 period. At the same time, employment changes are also very important – they are involved between 60 percent and 66 percent of the time. This implies that changes in both family structure and income were occurring simultaneously in many case openings.
- The change in family structure most often associated with spell beginnings is a first birth to a never-married mother. Despite this, it by itself is not associated with the majority of *all* spell beginnings – other changes in family structure are involved 60-70 percent of the time.
- While changes in mother's work is an important factor, changes in work of other family members appears to be even more important, although that importance declined over the period examined. It is difficult to establish causality from this fact. For example, people could enter welfare because of a change in family structure and family members might then stop work to maximize a welfare benefit, or people might begin receipt when they were no longer supported by other family members.

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<sup>3</sup> Most studies are unable to record a definitive cause of welfare receipt for each person. Instead, events that occurred near the time of welfare onset and that have the potential to change welfare receipt status are identified.

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**Table 6.7**  
**Events Associated with AFDC Spell Beginnings**

[In Percent]

Event	Proportion of first AFDC spell		
	1973 – 1979	1980 - 1985	1986 - 1991
First birth to unmarried mother	27.9	20.9	22.2
First birth to married/cohabiting mother	13.3	17.4	11.3
Second (or higher order) birth	19.9	18.2	15.2
Divorce/separation	19.7	28.1	17.3
Mother's work hours decreased <sup>1</sup>	26.3	18.8	26.2
Other adults' work hours decreased <sup>1</sup>			
no change in family structure	34.8	27.9	21.6
change in family structure	4.7	7.9	11.4
Householder acquired work limitation <sup>2</sup>	18.1	15.6	23.5
Other transfer income dropped \$1000 or more	4.5	6.5	4.1
Changed state of residence	4.5	10.6	5.4

<sup>1</sup> A decrease of 500 hours per year or more

<sup>2</sup> Defined as a self-reported physical or nervous condition limiting the type or amount of work the respondent can do.

Source: Unpublished data from the PSID, 1968 - 1992, compiled by Duncan, G., Boisjoly, J. and Harris, K. M.

### Events Associated with Leaving Welfare Receipt

- Table 6.8 uses the same categorization of events as Table 6.7 to explore the process of leaving AFDC. As with beginning welfare, the most important events are changes in family structure and changes in income.
- Unlike the situation with welfare entries, employment changes tend to accompany exits with greater frequency than family structure changes. Roughly one-half of exits are associated with increased work (44-52 percent), while only about a quarter occur concurrent with family structure changes (20-26 percent).
- Another significant difference from Table 6.7 is that the relatively small numbers for each category imply that both types of changes are not frequently occurring simultaneously. Although the data do not allow one to draw firm conclusions, it seems likely that there is a segmentation between those AFDC recipients who were able to work their way off welfare, and those who left because of altered familial status.

**Table 6.8**  
**Events Associated with AFDC Spell Endings**

[In Percent]

Event	Proportion of first AFDC spell		
	1973 - 1979	1980 - 1985	1986 - 1991
Mother married or acquired cohabitor	16.1	17.1	21.7
Children under 18 no longer present	4.4	4.1	4.8
Mother's work hours increased <sup>1</sup>	15.4	25.0	27.1
Other adults' work hours increased <sup>1</sup>			
no change in family structure	21.8	16.8	16.7
with change in family structure	6.5	10.3	5.8
Householder no longer reports work limitation <sup>2</sup>	13.0	19.2	15.8
Other transfer income increased \$1000 or more	5.0	5.5	5.8
Changed state of residence	5.9	11.0	5.9

<sup>1</sup> An increase of 500 hours per year or more

<sup>2</sup> Defined as a self-reported physical or nervous condition limiting the type or amount of work the respondent can do.

Source: Unpublished data from the PSID, 1968 - 1992, compiled by Duncan, G., Boisjoly, J. and Harris, K. M.

### Welfare Exits B Monthly and Annual Data

- Table 6.9 examines how use of annual versus monthly data affects the measurement of the events associated with ending AFDC spells. The sources used for this comparison are those for Tables 6.3 and 6.4.
- The two analyses vary significantly in the relative importance of changes in family structure versus changes in family income. The study using annual data shows that the two most significant family changes, marriage and lack of an eligible child, accounted for 40 percent of exits; the monthly data study indicates them as important only 14.5 percent of the time. Monthly data, however, indicate that increases in earnings were linked to 46 percent of spell endings, compared to the 26 percent shown by annual data.
- This difference in results may give us a better picture of welfare dynamics overall.<sup>4</sup> Since monthly data better register the cycling of individuals on and off welfare, it may indicate a greater likelihood for individuals to leave welfare for work for the short term and then return. Because annual data are less likely to pick up these short periods off welfare, it may more accurately reflect individuals who left welfare for longer period or permanently.

<sup>4</sup> Other differences in the studies may have a small effect. It has already been mentioned that the later date of the monthly data study may capture an increased emphasis on work. The younger population examined in the monthly data study may be more likely to work and less likely to marry. Other differences in the groups studied could also contribute to the discrepancy.

**Table 6.9**  
**Events Associated with Endings of AFDC Spells**  
**in Annual and Monthly Data Sources**

[In Percent]

Event	Annual data	Monthly data
Marriage, remarriage, or reconciliation	29.4	11.4
No eligible child left in household	10.8	3.1
Increase in earnings of female head	21.3	45.9
Increase in earnings in others in family	4.9	N/A
Increase in transfer income <sup>1</sup>	14.2	7.31
Disability	N/A	1.5
Move	1.8	6.9 <sup>2</sup>
Other, including unidentified	11.8 <sup>3</sup>	24.1
Total <sup>4</sup>	100.0	100.0

Sources: 1968-1988 PSID data in Bane, M. J. and Ellwood, D., *Welfare Realities*, Cambridge, MA: Harvard University, 1994.; 1979-1989 NLSY data in Pavetti, D., *The Dynamics of Welfare and Work*, Dissertation Series #D-93-1, Cambridge, MA: Harvard University, 1993.

<sup>1</sup> Increase in non-work-related income (assumed to be transfer income).

<sup>2</sup> Move in with family (2.5), in with nonrelatives (2.4 ) and between states (2.0).

<sup>3</sup> Includes drop in number of eligible family members (except child turning 18) (2.4 ).

<sup>4</sup> Columns do not add to 100 percent due to rounding.

### Exits from Welfare B Time on Welfare and Type of Exit

- Table 6.10 focuses on exits from welfare because of work, and the relation between time on welfare and reason for exit. It shows what proportion of the entire cohort of entrants left welfare at various points in time, listed cumulatively by the length of their welfare receipt.
- A significant portion of welfare recipients left welfare before two years of receipt – 70 percent. Another 18 percent left before five years. Although additional individuals presumably left welfare after six years, that number is probably not very high, given that the number that left in the fifth year is fairly low.
- At each stage, just under half of the recipients leave welfare because of work.

**Table 6.10**  
**Cumulative Proportion of Women Leaving**  
**AFDC by Duration of Time on AFDC and Type of Exit**

[In Percent]

Months Spent on Welfare Before Exit	Cumulative Proportion of All Entrants Exiting Due To		
	Work	Other	All reasons
1-12	25.4	30.4	55.8
13-24	31.7	38.3	70.0
25-36	35.9	42.3	78.2
37-48	39.0	43.6	84.5
49-60	40.9	45.4	87.8
61-72	41.7	46.9	88.6

Table reads: Of all individuals who began an AFDC spell, 70.8 left within the first two years, 31.7 for work and 38.3 for other reasons.

Source: 1979-1989 NLSY data in Pavetti, D., *The Dynamics of Welfare and Work*, Dissertation Series #D-93-1, Cambridge, MA: Harvard University, 1993.

### Exits from Welfare B Returns to Welfare

- Table 6.11 tracks the rate of return to AFDC of those who left. It also shows the cumulative proportion of leavers who return, grouped by the amount of time since they left. The table presents return rates for everyone who left, the portion who left because of work, and the group who left for other reasons.
- Table 6.11 provides further evidence that recipients cycled on and off welfare. In the first year off welfare, slightly less than half those who left returned. By the end of five years, 70 percent had returned.
- The longer one had been off welfare, the less likely one was to return. While still significant, the 13 percent of those who left returned again after one and before two years is much smaller than the 45 percent returning within the first year; by the fifth year, only an additional 2 percent returned.
- Because these exit and return rates are calculated using monthly data, they show many more returns than would be seen using annual data. In the annual data, returns occurring in the same year as the exit would count as part of the original spell.
- Those who had left AFDC because of employment were more likely to stay off AFDC, although there was still a fairly high return rate. Their return rates were 10 to 12 percent below the rates of those leaving for other reasons at each subsequent year, and five to seven percent below the average.



**Table 6.11**  
**Cumulative Proportion of Women Returning**  
**to AFDC by Duration of Time Off AFDC and Type of Exit**

[In Percent]

Months Spent off AFDC Before Return	Cumulative Proportion of Former Recipients Returning after Exiting Due To:		
	Work	Other	All reasons
1-12	39.4	49.5	44.9
13-24	52.5	61.8	57.6
25-36	57.8	69.3	64.2
37-48	62.5	74.3	69.1
49-60	65.0	76.6	71.5

Table reads: Of all women who left AFDC, 57.6 returned within 2 years of leaving. The share was 52.5 of those who left to work, 61.8 of those who left otherwise.

Source: 1979-1989 NLSY data in Pavetti, D., *The Dynamics of Welfare and Work*, Dissertation Series #D-93-1, Cambridge, MA: Harvard University, 1993.