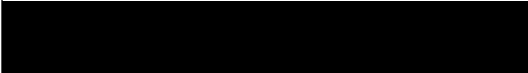


Poverty and Income



Parental Employment

Consumption

ES 2.1 Means-Tested Assistance: AFDC, TANF and Food Stamps

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. As a result of major welfare reform, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), the AFDC program was replaced by a new program called Temporary Assistance for Needy Families (TANF), which gives states wider latitude in spending through block grants. Some of the ways in which TANF differs from AFDC include a lifetime limit of 5 years (60 months) on the amount of time a family can receive assistance, increasing work participation rate requirements that states must meet, and broad state flexibility in program design.¹

Spending through the TANF block grant is capped and funded at \$16.4 billion per year, slightly above fiscal year 1995 Federal expenditures for AFDC and its component programs. States also must meet a “maintenance of effort requirement” by spending on needy families at least 75 percent of the amount of state funds used on these programs in FY 1994 (80 percent if they fail work participation requirements).²

When analyzing changes in welfare numbers over the years, there is some potential for discontinuity between AFDC and TANF caseload figures. In addition to replacing AFDC, the PRWORA also replaced other programs including the Job Opportunities and Basic Skills Training (JOBS) program and the Emergency Assistance program. However, under TANF, there is no longer an “Unemployed Parent” program and work participation rates are set higher. Bearing these factors in mind, 12 percent of children lived in families receiving AFDC in 1979. This figure peaked at nearly 14 percent in 1993 (Figure ES 2.1). The number of children receiving benefits from AFDC/TANF has been cut in half since PRWORA in 1996. In 2001, the rate of children receiving TANF dropped to an all time low of less than 6 percent (Table ES 2.1).

The other major source of assistance for needy families is the Food Stamp program, which provides low-income households with vouchers that can be exchanged for food. Like TANF, the percentage of children in families receiving food stamp assistance peaked in the early nineties. In 1993 and 1994, 21 percent of children lived in families receiving nutrition or food assistance (Figure ES 2.1.A). In 2001 this figure dropped to 12 percent (Table ES 2.1).

Differences by Race.³ Black children were much more likely to be receiving AFDC benefits from 1987-1996 than were non-Black children. Fifty-nine percent of Black children received benefits for one or more years compared with 14 percent of non-Black children. Black children were also more likely to continue with AFDC benefits for an extended period of time than were non-Black children. Twenty-eight percent of Black children received benefits for 6 or more years compared with 3 percent of non-Black children (Figure ES 2.1.B).

¹ U.S. Department of Health and Human Services (2002). *Indicators of Welfare Dependence: Annual Report to Congress, 2002*. Washington, DC: Government Printing Office.

² Ibid.

³ Persons of Hispanic origin may be of any race. Data for Blacks and non-Blacks include Hispanics of those races.

Table ES 2.1

Percentage and number of children in families receiving AFDC, TANF and in households receiving Food Stamps: Selected years, 1970-2001

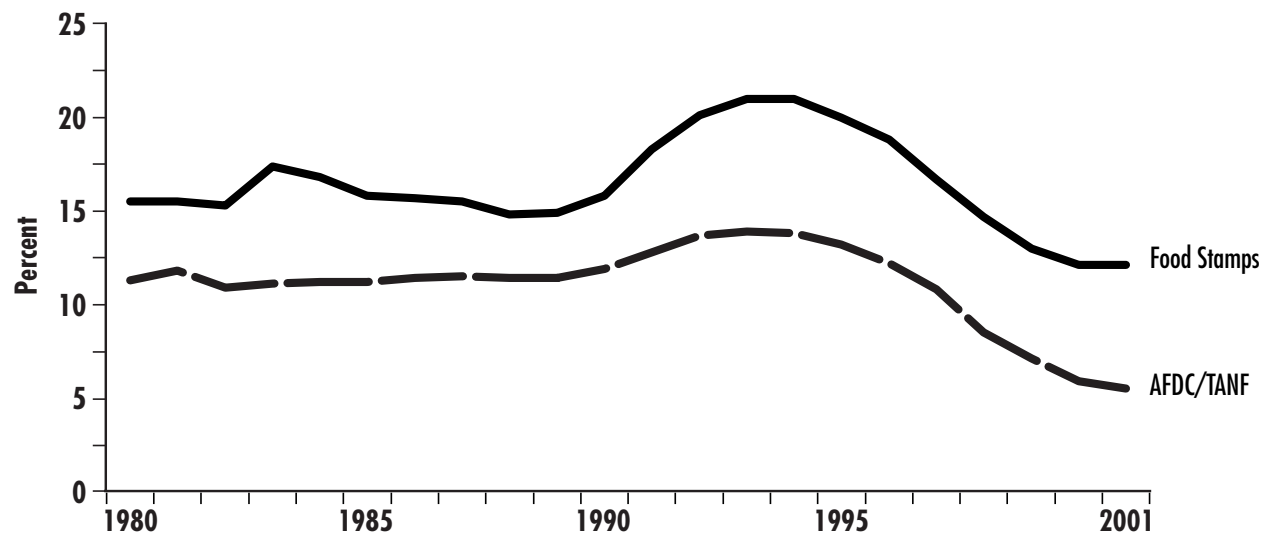
	1970	1980	1990	1995	1996	1997	1998	1999	2000	2001
AFDC/TANF										
Number (in thousands)	5,325	7,196	7,620	9,157	8,556	7,673	6,078	5,096	4,305	3,995
Percent	7.6	11.3	11.9	13.2	12.2	10.8	8.5	7.1	5.9	5.5
Food Stamps										
Number (in thousands)	—	9,876	10,127	13,860	13,189	11,847	10,524	9,354	8,765	8,842
Percent	—	15.5	15.8	20.0	18.8	16.7	14.7	13.0	12.1	12.1

— Data not available.

Sources: U.S. Department of Agriculture, Food and Nutrition Service, Office of Analysis (2002). *Characteristics of Food Stamp Households, Fiscal Year 2001*. Washington, DC: Government Printing Office; U.S. Census Bureau, U.S. Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance (2002). *Intercensal Estimates of the United States Resident Population by Age Groups and Sex*. Washington, DC: Government Printing Office.

Figure ES 2.1.A

Percentage of children under age 18 living in families receiving AFDC, TANF and in households receiving Food Stamps: 1980-2001

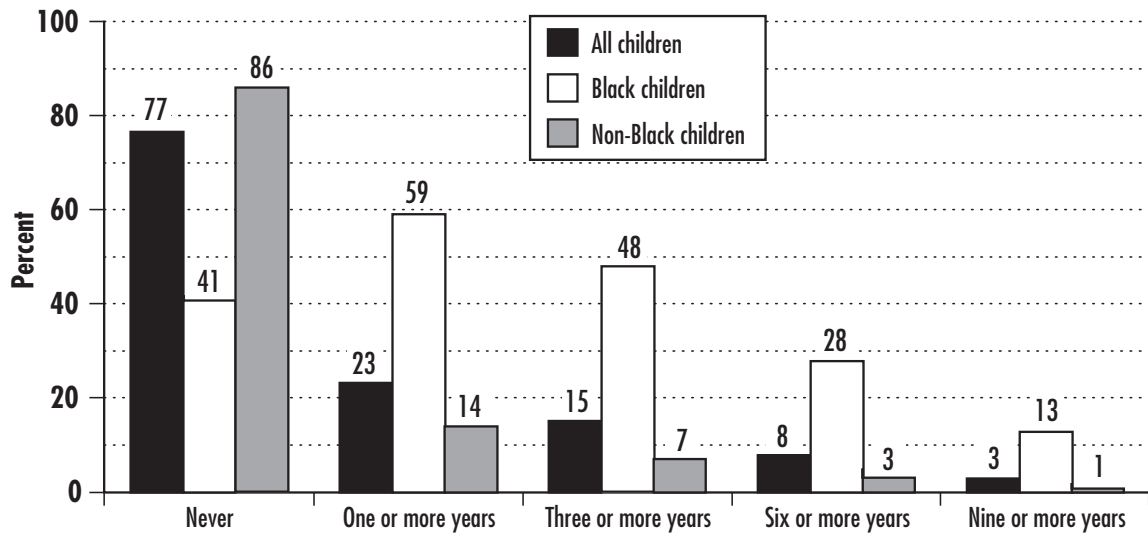


Sources: U.S. Department of Agriculture, Food and Nutrition Service, Office of Analysis (2002). *Characteristics of Food Stamp Households, Fiscal Year 2001*. Washington, DC: Government Printing Office; U.S. Census Bureau, U.S. Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance (2002). *Intercensal Estimates of the United States Resident Population by Age Groups and Sex*. Washington, DC: Government Printing Office.

Financial Support

Figure ES 2.1.B

Percentage of children under age 6 in 1987 receiving any AFDC^a benefit, by number of years, and by race:^b 1987-1996



^a Receipt of AFDC by families of children who were under age 6 in 1987 was monitored for the decade beginning in 1987 and ending in 1996. The figure displays the percentage who participated in AFDC by number of years participating over the 10-year period (minimum is zero; maximum is 10 years).

^b Persons of Hispanic origin may be of any race. All estimates include persons of Hispanic origin.

Sources: *Panel Study of Income Dynamics*. (2002) Unpublished work.

ES 2.2 Child Support Nonpayment

The issue of child support has gained in importance in recent years. In 1998, an estimated 14 million parents had custody of 22.9 million children under 21 years of age whose other parent lived elsewhere.¹ As rates of divorce and nonmarital births have risen, an increasing proportion of children and their custodial parents depend on this source of income for financial support, and suffer when it is not forthcoming. When noncustodial parents do not support their children financially, it is often left to the government to provide support in the form of AFDC/TANF and Food Stamps.

In many cases, and particularly where nonmarital births are concerned, families who should be receiving child support from the noncustodial parent lack a court order establishing how much is owed. In 1997, 44 percent of custodial parents lacked a court order. Among custodial parents with a court order who were owed child support, 41 percent received the full amount.²

Table ES 2.2.A shows the proportion of custodial mothers who had court orders or agreements for child support and were owed payments, but received no support at all for selected years between 1978 and 1991. Table ES 2.2.B shows similar estimates for 1993 to 1997, though changes in child support questions render these estimates incomparable to estimates for earlier years.

Differences by Marital Status. Women who were separated or never married are less likely to have court orders for child support than those who are divorced or who have remarried. In 1997, rates of nonpayment for those who had court orders or agreements ranged from 25 percent among married women to 45 percent among never-married women (Table ES 2.2.B).

Differences by Race and Hispanic Origin.³ In most years, eligible White custodial mothers experienced lower rates of nonpayment than either Black or Hispanic custodial mothers. For example, in 1997, the most recent year for which estimates are available, the percentage of eligible custodial mothers receiving no payment was 27 percent for Whites, 37 percent for Hispanics, and 47 percent for Blacks (Table ES 2.2.B).

Differences by Poverty Status. Women who are poor are less likely to receive child support payments. In 1997, rates of nonpayment for eligible custodial mothers were 45 percent among poor mothers and 26 percent among nonpoor mothers (Table ES 2.2.B).

Differences by Educational Attainment. The data indicate that the more education a woman acquires, the greater her chances are for receiving child support payments (Table ES 2.2.B). Eighteen percent of women with a bachelor's degree or more did not receive child support payments compared to 45 percent of women with less than a high school diploma.

¹ U.S. Census Bureau. (2000). *Current Population Reports*, P-60(212).

² Ibid.

³ Persons of Hispanic origin may be of any race. Estimates for Whites and Blacks include Hispanics of those races.

Table ES 2.2.A

Percentage of eligible women^a who are not receiving child support by marital status, and by race and Hispanic origin:^b Selected years, 1978-1991

	1978	1981	1983	1985	1987	1989	1991 ^c
All eligible women	28	23	24	26	24	25	24
Marital status							
Married	32	25	28	32	27	28	24
Divorced	27	23	24	25	22	23	22
Separated	27	16	13	16	26	20	26
Never-married	19	27	24	24	17	27	26
Race and Hispanic origin							
White	27	23	23	25	23	24	22
Black	37	23	31	28	27	30	30
Hispanic	35	29	37	32	25	30	31

^a Eligible women are those due payments from court orders or agreements for child support.

^b Persons of Hispanic origin may be of any race. Estimates for Whites and Blacks include Hispanics of those races.

^c Estimates for 1991 were produced using somewhat different assumptions than in previous years and should not be contrasted with earlier estimates.

Source: U.S. Census Bureau. (1995). *Current Population Reports*, P-60(187); U.S. Census Bureau. (1991). *Current Population Reports*, P-60(173); U.S. Census Bureau. (1990). *Current Population Reports*, P-23(167); U.S. Census Bureau. (1989). *Current Population Reports*, P-23(154); U.S. Census Bureau. (1985). *Current Population Reports*, P-23(140); U.S. Census Bureau. (1985). *Current Population Reports*, P-23(141); U.S. Census Bureau. (1981). *Current Population Reports*, P-23(112).

Financial Support

Table ES 2.2.B

Percentage of eligible women^a who are not receiving child support, by marital status, race and Hispanic origin,^b and poverty status: 1993, 1995, and 1997^c

	1993	1995	1997
All eligible women	29	30	32
Marital status			
Married	26	28	25
Divorced	24	24	26
Separated	34	31	34
Never-married	41	44	45
Race and Hispanic origin			
White	25	27	27
White, non-Hispanic	24	25	25
Black	39	41	47
Hispanic	35	42	37
Poverty status			
Poor	35	38	45
Nonpoor	26	27	26
Educational attainment			
Less than high school diploma	38	45	45
High school graduate	29	33	35
Some college, no degree	27	26	29
Associate degree	31	22	21
Bachelors degree or more	20	21	18

^a Eligible women are those due payments from court orders or agreements for child support.

^b Persons of Hispanic origin may be of any race. Estimates for Whites and Blacks include Hispanics of those races.

^c Starting with April 1994 CPS questionnaire, revisions were made to the questions surrounding child support awards and the receipt of payments.

Source: U.S. Census Bureau. (2000). *Current Population Reports*, P-60(212); U.S. Census Bureau. (1999). *Current Population Reports*, P-60(196).