

NLWJC - Kagan

DPC - Box 063 - Folder-007

Welfare-Minorities

Andrea Kane

Record Type: Record

To: Cynthia A. Rice/OPD/EOP, Janet Murguia/WHO/EOP
 cc: Elena Kagan/OPD/EOP, Bruce N. Reed/OPD/EOP
 Subject: Hispanic Caucus re: Welfare Reform

DOL and HHS have now scheduled a meeting for 4 p.m. on Thursday in response to Hispanic Caucus staff request described below. The meeting will probably occur at DOL -- room TBD.

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To: Janet Murguia/WHO/EOP
 cc: Cynthia A. Rice/OPD/EOP
 Subject: Hispanic Caucus meeting

At the Nov. 20th event where the VP announced Welfare-to-Work grants at the Dept of Labor, staff from Beccera's office and from the Hispanic Caucus approached DOL about setting up a meeting on welfare to work/welfare reform. They were particularly interested in discussing what data DOL and HHS had related to outcomes for Hispanics. I understand this interest may also be related to the Caucus' upcoming meeting with OMB on overall budget issues. It is still too early for DOL to have data on \$3 Billion Welfare-to-Work grant program and HHS is only now getting close to finalizing data from states on TANF. Nevertheless the meeting seems a good opportunity to discuss what some general trends, go over what information is and is not available, when more can be expected, and hear what issues the staffers have. DOL and HHS congressional relations staff are coordinating the meeting, which now looks like it will be Thursday afternoon. There will be a premeeting or conference call w/ the agencies as well. You are welcome to join either or both.

Wp-minorities

WELFARE CASELOAD ANALYSIS

There are a number of factors that appear to contribute to the different rates at which the caseloads are declining for different racial and ethnic groups. The primary factors are listed below, along with currently available data. Staff are continuing to do additional analysis to determine the magnitude of these factors.

The racial/ethnic composition of welfare caseloads has been changing gradually over the last 25 years: whites rose from 38 percent in 1973 to a peak of 42 percent in 1983 and have dropped steadily to 35 percent in 1997. The proportion of blacks has generally declined, from 46 percent in 1973 to 37 percent in 1997. The most significant trend is the increase in the Hispanic portion of the caseload, from 13 percent in 1973 to 23 percent in 1997. However, this is not too surprising given the rapid increase in the Hispanic population overall.

	TOTAL	WHITE	BLACK	HISPANIC	OTHER
% Change in Total Population 7/92-6/98	6%	2%	9%	24%	22%
% of Total Pop 6/98	100%	72%	12%	11%	4%

The question is how welfare reform may be affecting these historic trends. National data on the racial/ethnic characteristics of welfare recipients are only available through June 1997, so it is hard to gauge the impact of the past year when welfare reform efforts accelerated so rapidly. States provided more recent data to the Times (generally through June 1998), but HHS has concerns that some of these data may have problems, particularly NY and CA. They are working with states to verify the data.

It is also worth noting that the caseload data only tells who is currently on the rolls; it does not tell the rate at which different groups are entering and exiting. Analysis of entries and exits will be conducted in the near future.

The number of white, black and Hispanic families receiving welfare have all dropped since 1994 (when caseloads peaked nationally), but the rate of decline has been greater for whites than blacks, with an even slower decline for Hispanics.

	<u>94</u>	<u>97</u>	<u>% Change</u>
Whites	1.9M	1.4 M	-26%
Blacks	1.8M	1.5 M	-18%
Hispanics	1.0 M	.9 M	-9%

overall cas - includes child-only.

*do populatn-adjusted metrics.
do cas without child-only*

*what disparity is
what accts for it
what we're doing about it*

The changes are more dramatic than the actual mix of who is left on the caseloads, at least on a national basis.

	<u>94</u>	<u>97</u>
Whites	37%	35%
Blacks	36%	37%
Hispanics	20%	23%

overall
caseload,
incl
child only

There is some encouraging evidence from Census data that the employment rates of former welfare recipients are *increasing even faster for minorities than for whites*, although the actual rates and the disparity between groups remains disturbing. Between 1996 and 1997, the percentage of all prior year welfare recipients who were employed in the next year increased by 28%. The increase was highest for blacks (33%), followed by Hispanics (22%) and whites (21%).

Minorities on welfare disproportionately share characteristics that may make it harder to leave the rolls. These factors include: lower education levels, lower marriage rates, larger families, isolation from areas with jobs, and employment and housing discrimination. March 95 Current Population Survey Data shows the following characteristics for public assistance recipients in 1994:

	TOTAL	WHITE	BLACK	HISPANIC
% with < HS diploma	42%	33%	40%	64%
% never married	43%	31%	61%	40%
> 2 children	30%	20%	38%	38%
Worked during the year	37%	44%	35%	30%
Live in central city	51%	31%	71%	63%

This is the 'baseline' data reported in the New York Times. The Census Bureau has provided similar data for 1995 and 1996 which show that the characteristics have stayed roughly the same. Data for 1997, which may begin to reflect the impact of welfare reform, will be available September 24th when Census releases the March 1998 CPS.

Historical data confirms that minorities are more likely to remain on the welfare rolls longer. At the same time, the proportion of long-term recipients on the rolls is increasing slightly. This would partially explain why the current rate of caseload decline is slower for minorities and why they are making up an increasing share of the welfare caseload.

% of cases in each group on welfare for 61-120 months (in current spell)	FY 1995	FY 1996	FY 1997 (9 mos)
White	12%	14%	14%
Black	16%	17%	20%
Hispanics	14%	18%	19%

The trends in marriage rates and births to unmarried women could contribute to an increasing proportion of minority families going on welfare. While the proportion of never-married single mothers is increasing for the entire population, the rate of increase is largest for Hispanic women (based on CPS data).

	1992	1997	% Change
% of all single mothers who were never married	30%	35%	17%
Never-married single mothers by race:			
White	17%	21%	24%
Black	51%	55%	8%
Hispanic	33%	42%	27%

In addition, the rate of births to unmarried teenagers remains much higher for blacks and Hispanics than for whites. And, while the rate is decreasing significantly for blacks and slightly for whites, it continues to increase for Hispanics. For example, between 1991 and 1996, the rate of births to unmarried teenagers decreased 18% for blacks and 4% for whites, but increased 3% for Hispanics.

Minorities are disproportionately represented in child-only cases. To the extent that child-only cases are decreasing more slowly than cases headed by adults, this would appear to contribute to the increasing proportion of minorities on the caseload. Between 1996 and 1997, the rate of decline for total TANF recipients was about twice that for child only cases (13% vs. 6.5%).

	FY 96 % of child-only cases by race	FY 96 % of cases headed by adults by race	FY 97 (9 mos) % of child-only cases by race	FY 96 % of cases headed by adults by race
TOTAL #	978,300		915,500	
WHITE	28%	36%	27%	35%
BLACK	40%	37%	40%	37%
HISPANIC	26%	21%	27%	23%

overall ??

State-by-state data on child only cases by race/ethnicity do not appear to show any clear trends, but further analysis needs to be done.

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To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP
cc: Cynthia A. Rice/OPD/EOP
Subject: Follow up on NYT Story re: Minorities on Welfare

Just a heads up that Maria Echaveste dropped by our weekly welfare reform meeting to discuss follow up on Jason DeParle story. She said POTUS expressed concern about the issue to she and Gene before the social security event yesterday. She indicated there was interest in doing further analysis to find out whether the trends reported are true, and then exploring strategies to address the issues--particularly increasing proportion of Hispanics on welfare. Bruce, I know you already suggested some data issues to look into, but I wanted to make sure both of you knew there had also been discussion of possible initiatives. Maria mentioned that she had intended to talk with one of you about this first -- actually, I think she was a little surprised to walk into the weekly welfare reform meeting and find me (we hadn't met before) and people from the agencies. I'll talk to HHS about further analysis of trends, but want to get your guidance before pursuing possible initiatives further.