

**DISPOSABLE INCOME
FOR A MOTHER & TWO CHILDREN: SELECTED STATES**

L	Hours per week	Percent Unreimbursed Housing Cost	Countable Income		AFDC Housing Offset	Benefits Taxed	ALABAMA				PENNSYLVANIA				CALIFORNIA						
			AFDC	Food Stamps			0	10	20	30	40	0	10	20	30	40	0	10	20	30	40
A	Current Law	30%	100%	0%	0%	None	\$10,857	\$11,708	\$12,418	\$13,588	\$14,554	\$13,580	\$14,455	\$14,751	\$15,100	\$16,056	\$17,191	\$18,095	\$18,362	\$18,858	\$19,704
B	President's Budget	30%	100%	0%	0%	None	10,881	12,057	13,092	14,587	15,958	13,804	14,894	15,425	16,089	17,470	17,215	18,415	19,006	19,657	20,108
C	President's Budget	35%	100%	0%	0%	None	10,855	11,972	12,947	14,327	15,584	13,309	14,526	15,149	15,815	17,078	16,868	18,017	18,638	19,258	19,714
D	President's Budget	40%	100%	0%	0%	None	10,818	11,888	12,854	14,128	15,278	13,195	14,252	14,821	15,640	16,790	16,562	17,819	18,240	18,887	19,428
E	President's Budget	30%	50%	100%	50%	All	9,254	11,015	12,415	13,905	15,378	11,531	13,010	14,244	15,369	16,664	14,373	15,978	16,803	17,927	18,900
F	President's Budget	35%	50%	100%	50%	All	9,078	10,747	12,152	13,670	15,048	11,385	12,770	13,998	15,112	16,354	14,159	15,458	16,550	17,635	18,578
G	President's Budget	40%	50%	100%	50%	All	8,092	9,654	11,254	12,828	14,272	10,080	11,547	12,783	14,008	15,419	12,580	13,986	15,110	16,264	17,213
H	President's Budget	30%	50%	100%	50%	All	7,815	9,585	10,980	12,508	13,884	9,901	11,308	12,604	13,719	15,090	12,325	13,768	14,858	15,943	16,903
I	President's Budget	40%	50%	100%	50%	All	7,737	9,317	10,723	12,177	13,485	9,663	11,063	12,214	13,368	14,705	12,005	13,471	14,593	15,845	16,552
J	President's Budget	40%	100%	100%	0%	None	8,328	9,873	10,723	12,177	13,495	10,927	12,085	12,711	13,368	14,705	13,851	15,108	15,735	16,383	16,815

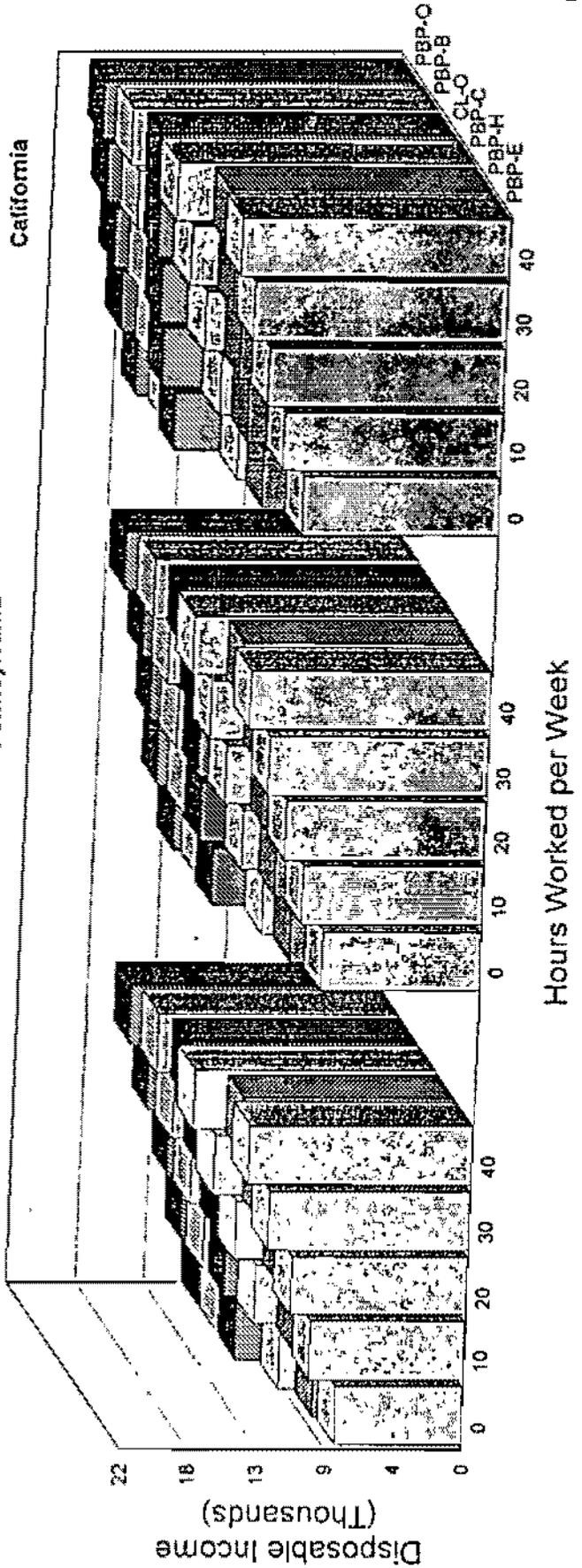
- Note:**
- Disposable income refers to after-tax income plus benefits (AFDC, Food Stamps, and Housing Subsidy) minus work expenses which is assumed to be 10% of income up to a maximum of \$65 per month.
 - Child Care expense is set equal to 0 in calculating benefit levels in all programs in these examples.
 - The Current Law and the President's Budget examples use a work-related expense deduction of \$2 in calculating AFDC benefit levels.
 - The President's Budget Plan (PBP) food stamp benefit calculations increase the current maximum benefit by \$2 to \$184.
 - For alternatives E, F, G, and H, housing cost is reduced from 100% to 80% of Fair Market Rental (FMR) for the 45th percentile.

**DISPOSABLE INCOME
FOR A MOTHER & TWO CHILDREN: SELECTED STATES**

Alabama

Pennsylvania

California



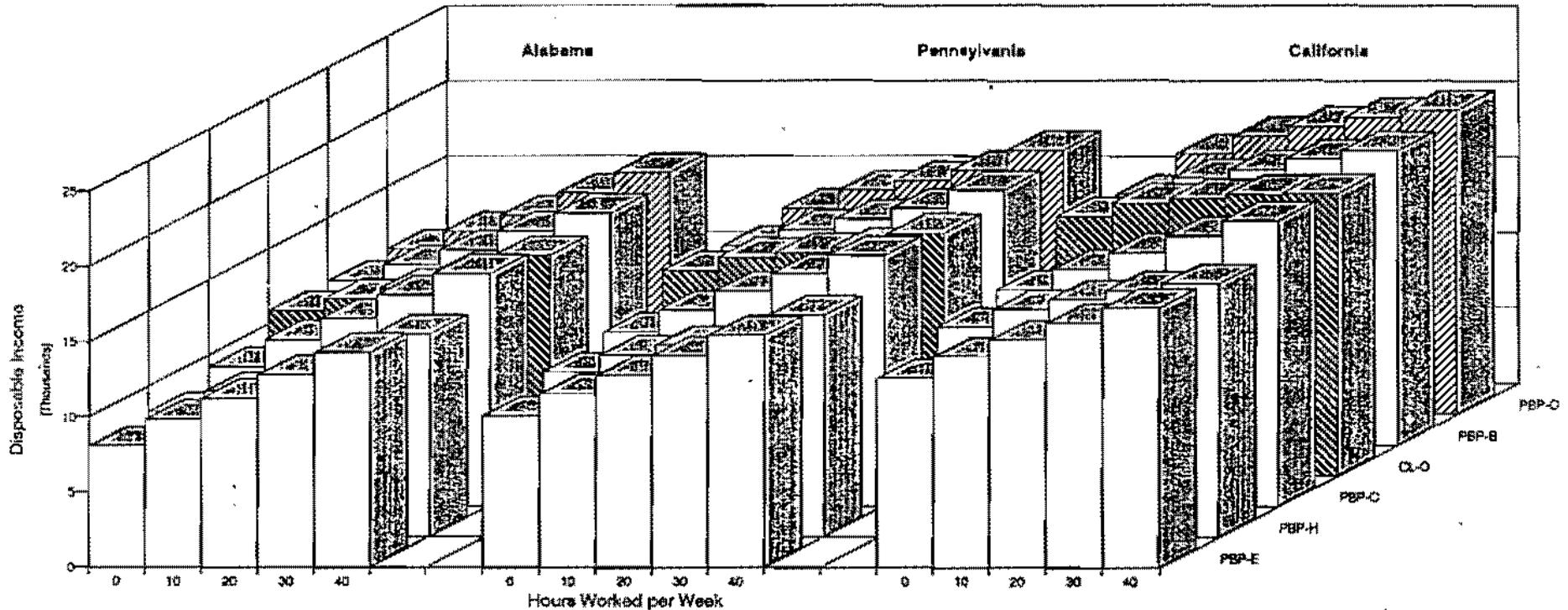
DISPOSABLE INCOME FOR A MOTHER & TWO CHILDREN: SELECTED STATES

A L T	Percent Unreimbursed Housing Cost	Countable Income		AFDC Housing Offset	Benefits Taxed	ALABAMA					PENNSYLVANIA					CALIFORNIA					
		AFDC	Food Stamps			0	10	20	30	40	0	10	20	30	40	0	10	20	30	40	
O	Current Law	30%	100%	0%	0%	None	\$10,857	\$11,706	\$12,418	\$13,588	\$14,554	\$13,580	\$14,455	\$14,751	\$15,100	\$18,066	\$17,191	\$18,066	\$18,362	\$18,658	\$18,704
O	President's Budget	30%	100%	0%	0%	None	10,861	12,057	13,092	14,587	15,958	13,604	14,804	15,425	16,099	17,470	17,215	18,415	19,036	19,657	20,108
A	President's Budget	35%	100%	0%	0%	None	10,855	11,972	12,957	14,327	15,564	13,399	14,528	15,149	15,815	17,078	18,568	18,017	18,838	19,259	19,714
B	President's Budget	40%	100%	0%	0%	None	10,815	11,588	12,854	14,128	15,278	13,195	14,252	14,921	15,640	16,790	16,582	17,619	18,240	18,697	19,426
C	President's Budget	30%	50%	100%	50%	All	9,254	11,015	12,415	13,996	15,378	11,551	13,010	14,244	15,389	16,664	14,379	15,879	16,800	17,827	18,906
D	President's Budget	35%	50%	100%	50%	All	9,078	10,747	12,152	13,670	15,048	11,365	12,770	13,988	15,112	16,304	14,156	15,450	16,550	17,635	18,576
E	President's Budget	30%	50%	100%	50%	All	8,082	9,854	11,354	12,820	14,272	10,068	11,547	12,783	14,038	15,419	12,680	13,980	15,110	16,234	17,213
F	President's Budget	35%	50%	100%	50%	All	7,915	9,585	10,990	12,509	13,884	9,901	11,306	12,504	13,719	15,090	12,326	13,766	14,858	15,943	16,863
G	President's Budget	40%	50%	100%	50%	All	7,737	9,317	10,723	12,177	13,495	9,663	11,069	12,214	13,368	14,705	12,065	13,471	14,583	15,645	16,552
H	President's Budget	40%	100%	100%	0%	None	8,328	9,673	10,723	12,177	13,495	10,927	12,085	12,711	13,986	14,705	13,951	15,109	15,735	16,353	16,815

Notes:

- Disposable income refers to after-tax income plus benefits (AFDC, Food Stamps, and Housing Subsidy) minus work expense which is assumed to be 10% of income up to a maximum of \$84 per month.
- Child Care expense is set equal to 0 in calculating benefit levels in all programs in these examples.
- The Current Law and the President's Budget examples use a work-related expense deduction of \$0 in calculating AFDC benefit levels.
- The President's Budget Plan (PBP) food stamp benefit calculations increase the current maximum benefit by \$2 to \$284.
- For alternatives E, F, G, and H, housing cost is reduced from 100% to 30% of Fair Market Rental (FMR) for the 45th percentile.

DISPOSABLE INCOME FOR A MOTHER & TWO CHILDREN: SELECTED STATES



BENEFIT CALCULATIONS FOR A MOTHER & TWO CHILDREN: SELECTED STATES

0

No child support award established

ALABAMA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
'Disposable' Income	

	Current Law				
	0	10	20	30	40
Hours worked	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	1,988	1,188	0	0	0
Food Stamps	3,384	3,072	2,904	2,364	1,836
Housing	5,505	5,076	4,769	4,106	3,443
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
'Disposable' Income	\$10,857	\$11,708	\$12,418	\$13,568	\$14,554

	President's Budget				
	0	10	20	30	40
Hours worked	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	1,988	1,188	0	0	0
Food Stamps	3,408	3,096	2,928	2,388	1,860
Housing	5,505	5,078	4,769	4,106	3,443
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
'Disposable' Income	\$10,881	\$12,037	\$13,092	\$14,587	\$15,958

CALIFORNIA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
'Disposable' Income	

	Current Law				
	0	10	20	30	40
Hours worked	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	7,488	8,708	4,500	2,292	0
Food Stamps	1,704	1,416	1,548	1,680	1,836
Housing	7,999	7,570	7,569	7,568	7,593
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
'Disposable' Income	\$17,191	\$18,066	\$18,362	\$18,658	\$18,704

	President's Budget				
	0	10	20	30	40
Hours worked	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	7,488	8,708	4,500	2,292	0
Food Stamps	1,728	1,440	1,572	1,704	1,860
Housing	7,999	7,570	7,569	7,568	7,593
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
'Disposable' Income	\$17,215	\$18,415	\$19,036	\$19,657	\$20,108

PENNSYLVANIA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
'Disposable' Income	

	Current Law				
	0	10	20	30	40
Hours worked	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	5,052	4,272	2,064	0	0
Food Stamps	2,438	2,148	2,280	2,364	1,836
Housing	6,092	5,653	5,662	5,819	4,856
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
'Disposable' Income	\$13,580	\$14,455	\$14,751	\$15,100	\$16,068

	President's Budget				
	0	10	20	30	40
Hours worked	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	5,052	4,272	2,064	0	0
Food Stamps	2,460	2,172	2,304	2,388	1,860
Housing	6,092	5,663	5,662	5,819	4,856
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
'Disposable' Income	\$13,604	\$14,804	\$15,425	\$16,099	\$17,470

NOTES:

- Child Care expense is set equal to 0% of income in calculating benefit levels in all programs in these examples.
- A housing subsidy is assumed subject to income constraints.
- The Current Law and the President's Budget examples use a work-related expense deduction of \$120 in calculating AFDC benefit levels.
- The President's Budget Plan (PBP) food stamp benefit calculations increase the current maximum benefit by \$2 to \$204 and the PBP housing subsidy assumes a benefit reduction of 30%.
- The President's Budget Plan housing subsidy benefit calculations include: countable income 0% of Food Stamps and 100% of AFDC-0% of AFDC directly reduces the housing subsidy.
- The President's Budget Plan taxes prty earnings.

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BENEFIT CALCULATIONS FOR A MOTHER & TWO CHILDREN: SELECTED STATES

A

No child support award established

ALABAMA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
'Disposable' Income	

	Current Law				
	0	10	20	30	40
Hours worked	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	1,968	1,168	0	0	0
Food Stamps	3,384	3,072	2,904	2,364	1,836
Housing	5,505	5,076	4,769	4,106	3,443
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
'Disposable' Income	\$10,657	\$11,706	\$12,418	\$13,588	\$14,554

	President's Budget				
	0	10	20	30	40
Hours worked	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	1,968	1,168	0	0	0
Food Stamps	3,432	3,132	2,978	2,412	1,860
Housing	5,455	4,954	4,598	3,823	3,049
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
'Disposable' Income	\$10,855	\$11,972	\$12,967	\$14,327	\$15,564

CALIFORNIA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
'Disposable' Income	

	Current Law				
	0	10	20	30	40
Hours worked	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	7,488	6,708	4,500	2,292	0
Food Stamps	1,704	1,416	1,548	1,680	1,836
Housing	7,999	7,570	7,569	7,568	7,593
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
'Disposable' Income	\$17,191	\$18,068	\$18,362	\$18,658	\$18,704

	President's Budget				
	0	10	20	30	40
Hours worked	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	7,488	6,708	4,500	2,292	0
Food Stamps	1,728	1,440	1,572	1,704	1,850
Housing	7,672	7,172	7,171	7,170	7,199
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
'Disposable' Income	\$16,888	\$18,017	\$18,638	\$19,259	\$19,714

PENNSYLVANIA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
'Disposable' Income	

	Current Law				
	0	10	20	30	40
Hours worked	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	5,952	4,272	2,064	0	0
Food Stamps	2,436	2,148	2,280	2,364	1,836
Housing	6,092	5,663	5,662	5,819	4,956
EITC (fully phased in)	0	553	1,105	1,658	1,985
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
'Disposable' Income	\$13,580	\$14,455	\$14,751	\$15,100	\$16,066

	President's Budget				
	0	10	20	30	40
Hours worked	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	5,952	4,272	2,064	0	0
Food Stamps	2,480	2,172	2,304	2,412	1,860
Housing	5,887	5,397	5,388	5,335	4,582
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
'Disposable' Income	\$13,399	\$14,528	\$15,149	\$15,839	\$17,078

NOTES:

- Child Care expense is set equal to 0% of income in calculating benefit levels in all programs in these examples.
- A housing subsidy is assumed subject to income constraints.
- The Current Law and the President's Budget examples use a work-related expense deduction of \$120 in calculating AFDC benefit levels.
- The President's Budget Plan (PBP) food stamp benefit calculations increase the current maximum benefit by \$2 to \$294 and the PBP housing subsidy assumes a benefit reduction of 35%.
- The President's Budget Plan housing subsidy benefit calculations include in countable income 0% of Food Stamps and 100% of AFDC--0% of AFDC directly reduces the housing subsidy.
- The President's Budget Plan taxes only earnings.

07/10/93
07:27 PM

BENEFIT CALCULATIONS FOR A MOTHER & TWO CHILDREN: SELECTED STATES

No child support award established

ALABAMA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
Disposable Income	

	Current Law				
	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	1,968	1,188	0	0	0
Food Stamps	3,364	3,072	2,904	2,364	1,836
Housing	5,505	5,076	4,769	4,106	3,443
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$10,857	\$11,708	\$12,418	\$13,588	\$14,554

	President's Budget				
	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	1,968	1,188	0	0	0
Food Stamps	3,444	3,168	3,036	2,496	1,968
Housing	5,404	4,832	4,423	3,539	2,655
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$10,816	\$11,888	\$12,854	\$14,128	\$15,278

CALIFORNIA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
Disposable Income	

	Current Law				
	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	7,488	6,708	4,500	2,292	0
Food Stamps	1,704	1,416	1,548	1,680	1,836
Housing	7,989	7,570	7,569	7,568	7,593
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$17,191	\$18,066	\$18,362	\$18,658	\$18,704

	President's Budget				
	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	7,488	6,708	4,500	2,292	0
Food Stamps	1,728	1,440	1,572	1,740	1,968
Housing	7,348	6,774	6,773	6,772	6,805
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$16,562	\$17,619	\$18,240	\$18,897	\$19,428

PENNSYLVANIA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
Disposable Income	

	Current Law				
	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	5,052	4,272	2,064	0	0
Food Stamps	2,436	2,148	2,280	2,364	1,836
Housing	6,092	5,663	5,662	5,819	4,958
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$13,580	\$14,455	\$14,751	\$15,100	\$16,066

	President's Budget				
	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	5,052	4,272	2,064	0	0
Food Stamps	2,460	2,172	2,352	2,496	1,968
Housing	5,683	5,111	5,110	5,052	4,168
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$13,195	\$14,252	\$14,921	\$15,640	\$16,790

NOTES:

- Child Care expense is set equal to 0% of income in calculating benefit levels in all programs in these examples.
- A housing subsidy is assumed subject to income constraints.
- The Current Law and the President's Budget examples use a work-related expense deduction of \$120 in calculating AFDC benefit levels.
- The President's Budget Plan (PBP) food stamp benefit calculations increase the current maximum benefit by \$2 to \$294 and the PBP housing subsidy assumes a benefit reduction of 40%.
- The President's Budget Plan housing subsidy benefit calculations include in countable income 0% of Food Stamps and 100% of AFDC—0% of AFDC directly reduces the housing subsidy.
- The President's Budget Plan taxes only earnings.

BENEFIT CALCULATIONS FOR A MOTHER & TWO CHILDREN: SELECTED STATES

No child support award established

Current Law

President's Budget

ALABAMA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
Disposable Income	

0	10	20	30	40
\$0	\$2,210	\$4,420	\$6,630	\$8,840
\$0	\$0	\$0	\$0	\$0
0	0	0	0	0
1,968	1,188	0	0	0
3,384	3,072	2,904	2,364	1,836
5,505	5,076	4,769	4,108	3,443
0	553	1,105	1,658	1,995
0	0	0	0	0
0	169	338	507	676
0	221	442	663	884
0	0	0	0	0
\$10,857	\$11,708	\$12,418	\$13,588	\$14,554

0	10	20	30	40
\$0	\$2,210	\$4,420	\$6,630	\$8,840
\$0	\$0	\$0	\$0	\$0
0	0	0	0	0
1,968	1,188	0	0	0
3,528	3,528	3,216	2,568	1,908
3,758	3,802	3,805	3,338	2,871
0	878	1,755	2,633	3,375
0	0	0	0	55
0	169	338	507	676
0	221	442	663	884
0	0	0	0	0
\$9,254	\$11,015	\$12,415	\$13,996	\$15,378

CALIFORNIA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
Disposable Income	

0	10	20	30	40
\$0	\$2,210	\$4,420	\$6,630	\$8,840
\$0	\$0	\$0	\$0	\$0
0	0	0	0	0
7,488	6,708	4,500	2,292	0
1,704	1,418	1,548	1,680	1,836
7,999	7,570	7,569	7,568	7,593
0	553	1,105	1,658	1,995
0	0	0	0	0
0	169	338	507	676
0	221	442	663	884
0	0	0	0	0
\$17,191	\$18,066	\$18,362	\$18,658	\$18,704

0	10	20	30	40
\$0	\$2,210	\$4,420	\$6,630	\$8,840
\$0	\$0	\$0	\$0	\$0
0	0	0	0	0
7,488	6,708	4,500	2,292	0
2,436	1,992	1,956	1,920	1,908
4,647	4,624	5,407	6,190	7,021
0	878	1,755	2,633	3,375
0	198	343	435	567
0	169	338	507	676
0	221	442	663	884
0	0	0	0	0
\$14,373	\$15,679	\$16,603	\$17,927	\$18,908

PENNSYLVANIA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
Disposable Income	

0	10	20	30	40
\$0	\$2,210	\$4,420	\$6,630	\$8,840
\$0	\$0	\$0	\$0	\$0
0	0	0	0	0
5,052	4,272	2,064	0	0
2,436	2,148	2,260	2,364	1,836
8,092	5,663	5,662	5,619	4,958
0	553	1,105	1,658	1,995
0	0	0	0	0
0	169	338	507	676
0	221	442	663	884
0	0	0	0	0
\$13,580	\$14,455	\$14,751	\$15,100	\$16,066

0	10	20	30	40
\$0	\$2,210	\$4,420	\$6,630	\$8,840
\$0	\$0	\$0	\$0	\$0
0	0	0	0	0
5,052	4,272	2,064	0	0
3,108	2,676	2,640	2,568	1,908
3,391	3,365	4,148	4,848	4,383
0	878	1,755	2,633	3,375
0	0	3	119	262
0	169	338	507	676
0	221	442	663	884
0	0	0	0	0
\$11,551	\$13,010	\$14,244	\$15,383	\$16,684

NOTES:

- Child Care expense is set equal to 0% of income in calculating benefit levels in all programs in these examples.
- A housing subsidy is assumed subject to income constraints.
- The Current Law and the President's Budget examples use a work-related expense deduction of \$120 in calculating AFDC benefit levels.
- The President's Budget Plan (PBP) food stamp benefit calculations increase the current maximum benefit by \$2 to \$294 and the PBP housing subsidy assumes a benefit reduction of 30%.
- The President's Budget Plan housing subsidy benefit calculations include in countable income 100% of Food Stamps and 50% of AFDC—50% of AFDC directly reduces the housing subsidy.
- The President's Budget Plan taxes all benefits along with earnings and uses the Joint Filer standard deduction.

No child support award established

Current-Law President's Budget

ALABAMA

Hours worked					
Wage Earnings					
Child Support Paid					
Cost of Assured Benefit					
AFDC (net cost to government)					
Food Stamps					
Housing					
EITC (fully phased in)					
Fed Income Tax					
Fed Payroll Tax					
Work Expense					
Child Care Expense					
'Disposable' Income					

0	10	20	30	40
\$0	\$2,210	\$4,420	\$6,630	\$8,840
\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0
1,988	1,188	0	0	0
3,384	3,072	2,904	2,364	1,836
5,505	5,078	4,768	4,108	3,443
0	553	1,105	1,658	1,995
0	0	0	0	0
0	169	338	507	676
0	221	442	663	884
0	0	0	0	0
\$10,857	\$11,708	\$12,418	\$13,588	\$14,554

0	10	20	30	40
\$0	\$2,210	\$4,420	\$6,630	\$8,840
\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0
1,988	1,188	0	0	0
3,526	3,528	3,324	2,700	2,064
3,580	3,333	3,433	2,878	2,327
0	878	1,755	2,633	3,375
0	0	0	0	0
0	169	338	507	676
0	221	442	663	884
0	0	0	0	0
\$9,076	\$10,747	\$12,152	\$13,670	\$15,048

CALIFORNIA

Hours worked					
Wage Earnings					
Child Support Paid					
Cost of Assured Benefit					
AFDC (net cost to government)					
Food Stamps					
Housing					
EITC (fully phased in)					
Fed Income Tax					
Fed Payroll Tax					
Work Expense					
Child Care Expense					
'Disposable' Income					

0	10	20	30	40
\$0	\$2,210	\$4,420	\$6,630	\$8,840
\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0
7,488	6,708	4,500	2,292	0
1,704	1,416	1,548	1,680	1,836
7,999	7,570	7,589	7,568	7,593
0	553	1,105	1,658	1,995
0	0	0	0	0
0	169	338	507	676
0	221	442	663	884
0	0	0	0	0
\$17,191	\$18,056	\$18,362	\$18,658	\$18,704

0	10	20	30	40
\$0	\$2,210	\$4,420	\$6,630	\$8,840
\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0
7,488	6,708	4,500	2,292	0
2,448	2,100	2,068	2,064	2,064
4,382	4,297	4,978	5,703	5,477
0	878	1,755	2,633	3,375
160	304	410	516	620
0	169	338	507	676
0	221	442	663	884
0	0	0	0	0
\$14,158	\$15,458	\$16,550	\$17,635	\$18,376

PENNSYLVANIA

Hours worked					
Wage Earnings					
Child Support Paid					
Cost of Assured Benefit					
AFDC (net cost to government)					
Food Stamps					
Housing					
EITC (fully phased in)					
Fed Income Tax					
Fed Payroll Tax					
Work Expense					
Child Care Expense					
'Disposable' Income					

0	10	20	30	40
\$0	\$2,210	\$4,420	\$6,630	\$8,840
\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0
5,052	4,272	2,064	0	0
2,436	2,148	2,280	2,364	1,836
8,092	5,663	5,662	5,619	4,956
0	553	1,105	1,658	1,995
0	0	0	0	0
0	169	338	507	676
0	221	442	663	884
0	0	0	0	0
\$13,580	\$14,455	\$14,751	\$15,100	\$16,066

0	10	20	30	40
\$0	\$2,210	\$4,420	\$6,630	\$8,840
\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0
5,052	4,272	2,064	0	0
3,180	2,772	2,760	2,700	2,064
3,133	3,028	3,749	4,390	3,839
0	878	1,755	2,633	3,375
0	0	0	71	224
0	169	338	507	676
0	221	442	663	884
0	0	0	0	0
\$11,385	\$12,770	\$13,968	\$15,112	\$16,334

NOTES:

- Child Care expense is set equal to 0% of income in calculating benefit levels in all programs in these examples.
- A housing subsidy is assumed subject to income constraints.
- The Current Law and the President's Budget examples use a work-related expense deduction of \$120 in calculating AFDC benefit levels.
- The President's Budget Plan (BBP) food stamp benefit calculations increase the current maximum benefit by \$2 to \$284 and the BBP housing subsidy assumes a benefit reduction of 35%.
- The President's Budget Plan housing subsidy benefit calculations include in countable income 100% of Food Stamps and 50% of AFDC--50% of AFDC directly reduces the housing subsidy.
- The President's Budget Plan bases all benefits along with earnings and uses the Joint Filer standard deduction.

BENEFIT CALCULATIONS FOR A MOTHER & TWO CHILDREN: SELECTED STATES

E

No child support award established

Current Law President's Budget

ALABAMA

Hours worked					
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	\$0	\$0	\$0	\$0	\$0
AFDC (net cost to government)	1,968	1,188	0	0	0
Food Stamps	3,384	3,072	2,904	2,364	1,836
Housing	5,505	5,076	4,769	4,106	3,443
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
'Disposable' Income	\$10,857	\$11,706	\$12,418	\$13,588	\$14,554

0	10	20	30	40
\$0	\$2,210	\$4,420	\$6,630	\$8,840
\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0
1,968	1,188	0	0	0
3,528	3,528	3,216	2,556	1,906
2,596	2,440	2,043	2,176	1,710
0	878	1,755	2,633	3,375
0	0	0	0	0
0	169	338	507	676
0	221	442	663	884
0	0	0	0	0
\$8,092	\$9,854	\$11,254	\$12,828	\$14,272

CALIFORNIA

Hours worked					
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	\$0	\$0	\$0	\$0	\$0
AFDC (net cost to government)	7,488	6,708	4,500	2,292	0
Food Stamps	1,704	1,416	1,348	1,060	1,836
Housing	2,999	7,570	7,569	7,568	7,563
EITC (fully phased in)	0	563	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
'Disposable' Income	\$17,191	\$18,066	\$18,362	\$18,058	\$18,704

0	10	20	30	40
\$0	\$2,210	\$4,420	\$6,630	\$8,840
\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0
7,488	6,708	4,500	2,292	0
2,436	1,892	1,956	1,920	1,908
2,656	2,633	3,416	4,169	5,029
0	878	1,755	2,633	3,375
0	44	158	269	378
0	169	338	507	676
0	221	442	663	884
0	0	0	0	0
\$12,590	\$13,986	\$15,110	\$16,234	\$17,219

PENNSYLVANIA

Hours worked					
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	\$0	\$0	\$0	\$0	\$0
AFDC (net cost to government)	5,052	4,272	2,064	0	0
Food Stamps	2,436	2,148	2,280	2,364	1,836
Housing	6,092	5,863	5,652	5,619	4,958
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
'Disposable' Income	\$13,580	\$14,455	\$14,751	\$15,100	\$16,066

0	10	20	30	40
\$0	\$2,210	\$4,420	\$6,630	\$8,840
\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0
5,052	4,272	2,064	0	0
3,108	2,676	2,640	2,556	1,908
1,928	1,901	2,884	3,388	2,919
0	878	1,755	2,633	3,375
0	0	0	0	63
0	169	338	507	676
0	221	442	663	884
0	0	0	0	0
\$10,068	\$11,547	\$12,783	\$14,036	\$15,419

NOTES:

- Child Care expense is set equal to 0% of income in calculating benefit levels in all programs in these examples.
- A housing subsidy is assumed subject to income constraints. Housing cost is set at 60% of Fair Market Rental (FMR) for the 45th percentile.
- The Current Law and the President's Budget examples use a work-related expense deduction of \$120 in calculating AFDC benefit levels.
- The President's Budget Plan (PBP) food stamp benefit calculations increase the current maximum benefit by \$2 to \$294 and the PBP housing subsidy assumes a benefit reduction of 30%.
- The President's Budget Plan housing subsidy benefit calculations include in countable income 100% of Food Stamps and 50% of AFDC-50% of AFDC directly reduces the housing subsidy.
- The President's Budget Plan takes all benefits along with earnings and uses the Joint Fair standard deduction.

BENEFIT CALCULATIONS FOR A MOTHER & TWO CHILDREN: SELECTED STATES

No child support award established

ALABAMA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
Disposable Income	

	Current-Law				
	0	10	20	30	40
Hours worked	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	1,968	1,188	0	0	0
Food Stamps	3,384	3,072	2,904	2,364	1,836
Housing	5,505	5,076	4,769	4,108	3,443
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$10,857	\$11,708	\$12,418	\$13,588	\$14,554

	President's-Budget				
	0	10	20	30	40
Hours worked	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	1,968	1,188	0	0	0
Food Stamps	3,528	3,528	3,324	2,700	2,064
Housing	2,419	2,172	2,272	1,716	1,166
EITC (fully phased in)	0	678	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$7,915	\$9,585	\$10,990	\$12,509	\$13,884

CALIFORNIA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
Disposable Income	

	Current-Law				
	0	10	20	30	40
Hours worked	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	7,488	6,708	4,500	2,292	0
Food Stamps	1,704	1,416	1,548	1,680	1,836
Housing	7,999	7,570	7,569	7,568	7,563
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$17,191	\$18,066	\$18,362	\$18,658	\$18,704

	President's-Budget				
	0	10	20	30	40
Hours worked	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	7,488	6,708	4,500	2,292	0
Food Stamps	2,448	2,100	2,088	2,064	2,064
Housing	2,390	2,265	2,986	3,712	4,485
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	5	112	217	321
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$12,326	\$13,766	\$14,858	\$15,943	\$16,883

PENNSYLVANIA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
Disposable Income	

	Current-Law				
	0	10	20	30	40
Hours worked	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	5,052	4,272	2,064	0	0
Food Stamps	2,436	2,148	2,280	2,364	1,836
Housing	6,082	5,863	5,662	5,619	4,956
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$13,580	\$14,455	\$14,751	\$15,100	\$16,086

	President's-Budget				
	0	10	20	30	40
Hours worked	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	5,052	4,272	2,064	0	0
Food Stamps	3,180	2,772	2,760	2,700	2,064
Housing	1,669	1,564	2,286	2,928	2,375
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	4
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$9,901	\$11,306	\$12,504	\$13,719	\$15,090

NOTES:

- Child Care expense is set equal to 0% of income in calculating benefit levels in all programs in these examples.
- A housing subsidy is assumed subject to income constraints. Housing cost is set at 80% of Fair Market Rental (FMR) for the 45th percentile.
- The Current Law and the President's Budget examples use a work-related expense deduction of \$120 in calculating AFDC benefit levels.
- The President's Budget Plan (PBP) food stamp benefit calculations increase the current maximum benefit by \$2 to \$24 and the PBP housing subsidy assumes a benefit reduction of 35%.
- The President's Budget Plan housing subsidy benefit calculations include in countable income 100% of Food Stamps and 50% of AFDC—50% of AFDC directly reduces the housing subsidy.
- The President's Budget Plan taxes all benefits along with earnings and uses the Joint Filer standard deduction.

BENEFIT CALCULATIONS FOR A MOTHER & TWO CHILDREN: SELECTED STATES

No child support award established

Current-Law

President's-Budget

ALABAMA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
Disposable Income	

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	1,868	1,188	0	0	0
Food Stamps	3,384	3,072	2,904	2,364	1,836
Housing	5,505	5,076	4,769	4,106	3,443
EITC (fully phased in)	0	559	1,105	1,650	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$10,857	\$11,708	\$12,418	\$13,588	\$14,554

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	1,966	1,188	0	0	0
Food Stamps	3,528	3,528	3,444	2,844	2,244
Housing	2,241	1,903	1,684	1,240	596
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$7,737	\$9,317	\$10,723	\$12,177	\$13,495

CALIFORNIA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
Disposable Income	

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	7,488	6,708	4,500	2,292	0
Food Stamps	1,704	1,416	1,548	1,680	1,636
Housing	7,999	7,570	7,569	7,568	7,593
EITC (fully phased in)	0	553	1,105	1,656	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$17,191	\$18,066	\$18,362	\$18,658	\$18,704

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	7,488	6,708	4,500	2,292	0
Food Stamps	2,448	2,160	2,220	2,220	2,244
Housing	2,129	1,908	2,544	3,208	3,916
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	65	165	263
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$12,085	\$13,471	\$14,593	\$15,645	\$16,552

PENNSYLVANIA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
Disposable Income	

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	5,052	4,272	2,064	0	0
Food Stamps	2,436	2,148	2,280	2,364	1,836
Housing	6,092	5,663	5,662	5,619	4,956
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$13,580	\$14,455	\$14,751	\$15,100	\$16,066

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	5,052	4,272	2,064	0	0
Food Stamps	3,180	2,880	2,880	2,844	2,244
Housing	1,431	1,213	1,875	2,450	1,806
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$9,663	\$11,063	\$12,214	\$13,366	\$14,705

NOTES:

- Child Care expense is set equal to 0% of income in calculating benefit levels in all programs in these examples.
- A housing subsidy is assumed subject to income constraints. Housing cost is set at 80% of Fair Market Rental (FMR) for the 45th percentile.
- The Current Law and the President's Budget examples use a work-related expense deduction of \$120 in calculating AFDC benefit levels.
- The President's Budget Plan (PBP) food stamp benefit calculations increase the current maximum benefit by \$2 to \$294 and the PBP housing subsidy assumes a benefit reduction of 40%.
- The President's Budget Plan housing subsidy benefit calculations include in countable income 100% of Food Stamps and 50% of AFDC--50% of AFDC directly reduces the housing subsidy.
- The President's Budget Plan taxes all benefits along with earnings and uses the Joint Filer standard deduction.

BENEFIT CALCULATIONS FOR A MOTHER & TWO CHILDREN: SELECTED STATES

No child support award established

Current-Law

President's-Budget

ALABAMA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
'Disposable' Income	

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	1,968	1,188	0	0	0
Food Stamps	3,384	3,072	2,904	2,364	1,836
Housing	5,505	5,076	4,768	4,108	3,443
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
'Disposable' Income	\$10,857	\$11,708	\$12,418	\$13,588	\$14,554

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	1,968	1,188	0	0	0
Food Stamps	3,528	3,528	3,444	2,944	2,244
Housing	2,832	2,260	1,854	1,240	598
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
'Disposable' Income	\$8,328	\$9,673	\$10,723	\$12,177	\$13,495

CALIFORNIA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
'Disposable' Income	

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	7,488	6,708	4,500	2,292	0
Food Stamps	1,704	1,416	1,548	1,880	1,838
Housing	7,998	7,570	7,569	7,568	7,593
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
'Disposable' Income	\$17,191	\$18,066	\$18,362	\$18,658	\$18,704

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	7,488	6,708	4,500	2,292	0
Food Stamps	1,848	1,536	1,764	1,980	2,244
Housing	4,615	4,168	4,076	3,989	3,918
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
'Disposable' Income	\$13,951	\$15,109	\$15,735	\$16,353	\$16,815

PENNSYLVANIA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
'Disposable' Income	

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	5,052	4,272	2,064	0	0
Food Stamps	2,436	2,148	2,280	2,364	1,836
Housing	6,092	5,663	5,682	5,819	4,956
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
'Disposable' Income	\$13,580	\$14,455	\$14,751	\$15,100	\$16,066

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	5,052	4,272	2,064	0	0
Food Stamps	2,780	2,448	2,676	2,844	2,244
Housing	3,115	2,668	2,576	2,450	1,806
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
'Disposable' Income	\$10,927	\$12,085	\$12,711	\$13,388	\$14,765

NOTES:

- Child Care expense is set equal to 0% of income in calculating benefit levels in all programs in these examples.
- A housing subsidy is assumed subject to income constraints. Housing cost is set at 60% of Fair Market Rental (FMR) for the 45th percentile.
- The Current Law and the President's Budget examples use a work-related expense deduction of \$120 in calculating AFDC benefit levels.
- The President's Budget Plan (PBP) food stamp benefit calculations increase the current maximum benefit by \$2 to \$294 and the PBP housing subsidy assumes a benefit reduction of 40%.
- The President's Budget Plan housing subsidy benefit calculations include in countable income 100% of Food Stamps and 100% of AFDC—0% of AFDC directly reduces the housing subsidy.
- The President's Budget Plan taxes only earnings.

THE WHITE HOUSE
WASHINGTON

WR-
Modelling

July 1, 1993

MEMORANDUM FOR Economy and Jobs Issue Group

FROM: Bonnie Deane *BD*
Debbie Lucas *DL*

SUBJECT: Demographic Background on Welfare Recipients

To begin to provide a context for the question of which private sector jobs welfare recipients are likely to obtain, this memo summarizes the readily available demographic data on this population. We hope to update this picture as more information becomes available. The attached tables are from the Green Book unless otherwise noted.

I. Work Qualification

● Education level - Information is available on the education level of just over half of the adults receiving AFDC in 1990 (see Table 29)¹. It may be that the less educated will tend to be over represented among those with an unknown education level. However, assuming that the reported distribution is typical, this is the number of adults at each level:

Estimated number of adult AFDC recipients in 1990 (thousands)

8th grade or less	441
1-3 years of HS	1,252
High school degree	1,466
Some college	431
College graduate	29

Additional clues regarding the distribution of educational attainment are provided in the data on tenure. A striking statistic is that over half of young new recipients score more than .5 standard deviations below the mean on the AFQT basic skills test. Of long-term recipients who first receive welfare before age 24, 66% score below 1.5 standard deviations from the mean.

● Work experience - More than 40% of women who first receive welfare before age 24 have no recent work experience, and the fraction with reported earned income is low.

¹ Unless otherwise noted, tables are from the Committee on Ways and Means, Overview of Entitlement Programs 1992 Green Book.

However, employment status and earnings reported by AFDC recipients are clearly driven by changes in the regulations for disregarding income. Tables 29 and 30 show dramatic changes in reported behavior in response to OBRA of 1981, further changes in 1984, and JOBS requirements effective October 1990. In response to these rule changes, reported work and earnings have fallen dramatically while the proportion in school or training has risen.

Reported Occupations and Earnings: When welfare mothers do work in the private sector, they tend to work in service sector jobs--41% of AFDC mothers worked in service jobs compared to only 13% of non-poor mothers (Table 10).² While service sector jobs are often characterized as food service or janitorial jobs, they also include health services jobs (like dental assistants), personal service jobs (like hairdressers and welfare service aides), and protection services (like police and firefighting).

Other types of jobs in which welfare mothers are likely to work include administrative support and clerical work, sales occupations, and to a lesser extent, machine operators and assemblers. They are far less likely to work in administrative and managerial positions compared to non-poor, working mothers.

The types of jobs held by AFDC mothers closely resemble those held by poor, non-AFDC mothers. However, non-AFDC poor mothers are less likely to work in service occupations and more likely to work as machine operators.

<u>Typical Occupations</u>	<u>Median Earnings for Women</u>	
	(All women) (Year Round Full time)	
Services (except household)	\$ 6,173	\$12,288
Admin support & clerical	\$14,492	\$18,475
Sales	\$ 7,307	\$16,986
Machine operators & assemblers	\$10,983	\$14,652

Unreported Occupations and Earnings: Evidence that reported work experience of welfare mothers must be viewed with some suspicion comes from two sources. First, studies that measure both income and expenditures find that expenditures consistently exceed income.³ More direct evidence comes from one small study that confidentially quantified the work and

² Zil, Nicholas, et al., *Welfare Mothers as Potential Employees*, (1991). Washington, DC: Child Trends. Working AFDC mothers includes those who have worked in the last two weeks and received welfare in the last year.

³ Slesnick, Daniel T., "Gaining Ground: Poverty in the Post War United States," mimeo, University of Texas, Austin, July 1991.

Jencks, Christopher, "The Hidden Prosperity of the 1970's," *Public Interest*, Fall 1984, (77), 37-61.

earnings of welfare mothers.⁴ Kathryn Edin studied 50 welfare mothers in Chicago in two separate periods. She found that in 1988 all the mothers supplemented their welfare with unreported income from boyfriends, relatives or jobs. From the data she presents, it appears that on average these mothers work 10 hours per week. These families typically lived on \$1000 per month, with only 58% of their income from AFDC and food stamps. Their unreported jobs accounted for more than 18% of their income at an average wage of about \$4.50 per hour. "Jobs" included the following:

"Seven mothers held regular jobs under another name, earning an average of \$5 an hour. Twenty-two worked part-time at off-the-books jobs such as bartending, catering, babysitting and sewing, earning an average of \$3 an hour. Four sold marijuana, but even they earned only \$3 to \$5 an hour. A fifth mother sold crack as well as marijuana and earned something like \$10 an hour, but she was murdered soon after Edin interviewed her, apparently because she had not repaid her supplier. The only mothers who earned a lot on an hourly basis were the five who worked as prostitutes. They earned something like \$40 an hour."

II. Household and Family Structure

- Family characteristics - Almost 80% of the 1990 AFDC recipients were single adults with one or more children. Average family size has fallen from 4 in 1969 to 2.9 in 1990 (Table 29). Only 3.7% of the women adult recipients are 18 or under; 63.2% are over 25 (Table 33).

The share of AFDC families with no more than two children rose from 49.6% in 1969 to 72.5% in 1990 (Table 29). Fewer children, in combination with advances in homemaking technology and changing attitudes about working mothers, make it much easier for welfare mothers to work. However, decisions about exemptions for young children will have significant economic impact since 41.2% of AFDC cases had a child under 3 in 1990 (Table 33).

- Household Structure - Cases living with non-recipients comprise 37.7%. Of these shared living arrangements nearly half live with only one non-recipient, which could be a boyfriend or parent. 20.5% of all cases live with more than one non-recipient which may represent sharing housing with parents, extended family or another family. (Removing cases with no adult would bring each group living with non-recipients down by about 5% or 6%. See Table 33) Only 6.9% of all cases report living in group housing.

⁴ Jencks, Christopher. *Rethinking Social Policy: Race, Poverty and the Underclass* (1992). Harvard University Press.

III. Tenure

Typical measures of tenure track only months on welfare since last opening of case (Tables 30, 33). This does not capture accurately the high percentage of welfare recipients that get on and off quickly. Nor does it capture repeat spells and thus total life time duration of welfare receipt. Tables 38 and 39 represent summaries of research by Bane and Ellwood to identify the demographics of long term welfare dependency.

There are some surprising findings in Table 39 that provide clues about which types of welfare recipients will be hardest to employ in the private sector. First, having more than 11 years of schooling, without adjusting for other factors, is not a strong predictor of getting off AFDC faster. While work history before the first spell on welfare is better, it is not the strongest predictor. Marital status *at the beginning of the first spell* creates the largest gaps in tenure estimates. For example, 39% of women who are single (compared to 14% of those divorced) can expect to spend more than 10 years collecting AFDC. Aside from correlated factors such as young children and lack of education, why should this group be more dependent than the others? Richard Bavier of OMB has examined this question in a memo entitled "Factors in caseload increases and implications for reducing dependency."⁵

The age patterns in Table 39 point to special problems with welfare to work for young people. The school to work debate has highlighted the fact that a typical high school graduate will spend 5 to 10 years bouncing around in dead end jobs before attaining a meaningful job with career prospects. Thus, girls who get pregnant a few years before *or* after age 18 can expect to find labor force entry an almost insurmountable barrier. Conversely, women that get on welfare for the first time after age 25 or 30 are more likely to have already crossed into the labor market and will find it much easier to recover. Reporting methods that do not track multiple spells of welfare mask this crippling trap for young people: 32.8% of those who start collecting welfare under age 22 are likely to stay dependent for over 10 years compared to only 15% of those starting older than 30.

In the paper related to Table 39⁶ Ellwood presents an interpretation of the effects of demographic characteristics at the beginning of the first spell using two methods: marginal effects, i.e. when all else is held constant, and aggregate percentage differences. Here are some highlights:

- "When all else is held equal, the mother's age and the age of the youngest child

⁵ This paper has been distributed to the Economy and Jobs issue group.

⁶ David T. Ellwood, "Targeting Would-Be Long-Term Recipients of AFDC." Prepared for the U.S. Department of Health and Human Services January 1986. (Mathematica Policy Research, Inc.)

seem to have little impact on the durations of AFDC receipt. Yet, when all else is not held equal, these two variables are among the most powerful predictors of long-term receipt. " Ellwood recommends that we should provide more services for those with young children because "1) their expected future dependency is relatively great, and 2) the presence of young children, per se, does not seem to be the cause of their...welfare dependence." The same argument can be made in regard to young mothers and single mothers.

- "Disability clearly has a major effect when all else is held constant, but in our sample the disabled are more likely to be widows, they are somewhat older and they have older and fewer children. Consequently, [when all else is not held equal] their predicted total times are about the same as those of their healthier counterparts." This suggests, according to Ellwood, that the "disabled" should not be exempted from employment and training services from which they can benefit.

- Race, work experience and education all correlate with both marginal and aggregate effects on welfare tenure.

I have also attached the recent updates to these tenure estimates presented by HHS to the Welfare Reform Working Group. Of particular interest is the last table which sorts women under 24 into groups by the way they use welfare: short term, intermittently over the long term and permanent long term. The key point of these last tables is that getting people off welfare faster will not solve the problem if we cannot keep them off welfare.

TABLE 29.—AFDC CHARACTERISTICS, 1969-90

	May 1969	January 1973	May 1975	March 1979	1983	1986	1988	1989	1990
Average family size (persons)	4.0	3.6	3.2	3.0	3.0	3.0	3.0	2.9	2.9
Number of child recipients (percent of AFDC cases)									
One	26.6	NA	37.9	42.3	43.4	42.7	42.5	41.8	42.2
Two	23.0	NA	26.0	28.1	29.6	30.8	30.2	29.3	30.3
Three	17.7	NA	16.1	15.6	15.2	15.9	15.8	15.4	15.8
Four or more	32.5	NA	20.0	13.9	10.1	9.8	9.9	9.6	9.9
Unknown		NA			1.5	.8	1.7	3.9	1.4
Basis for eligibility (percent children):									
Parents present:									
Incapacitated	* 11.7	10.2	7.7	6.3	3.4	3.2	3.7	3.6	3.6
Unemployed	* 4.6	4.1	3.7	4.1	8.7	7.4	6.5	6.1	6.4
Parents absent:									
Death	* 5.5	5.0	3.7	2.2	1.8	1.9	1.8	1.9	1.6
Divorce or separation	* 43.3	46.5	48.3	44.7	38.5	36.3	34.6	34.0	32.9
No marriage bar	* 27.9	31.5	31.0	37.8	44.3	48.9	51.9	52.7	54.0
Other reason	* 3.5	3.6	4.0	5.9	1.4	2.4	1.6	1.7	1.9
Unknown					1.7				
Education of mother (percent of mothers):*									
8th Grade or less	29.4	NA	16.7	9.5	NA	4.8	5.5	5.6	5.8
1-3 years of HS	30.7	NA	31.7	20.8	NA	14.3	14.7	15.6	16.5
High School Degree	16.0	NA	23.7	18.8	NA	17.3	17.5	18.1	19.3
Some College	2.0	NA	3.9	2.7	NA	3.4	3.9	3.1	5.7
College Graduate	.2	NA	.7	.4	NA	.5	.6	.4	.4
Unknown	21.6	NA	23.3	47.8	NA	59.7	58.3	55.4	52.3
Age of mother (percent of mothers):									
Under 20	6.6	NA	8.3	* 4.1	* 3.6	* 3.0	* 3.4	* 3.8	* 7.9
20 to 24	16.7	NA	(*) * 28.0	* 28.6	* 33.6	* 32.2	* 32.0	* 33.8	
25 to 29	17.6	NA	(*) * 21.4	* 23.8	* 20.0	* 19.4	* 20.0	* 24.6	
30 to 34	30.4	NA	27.9	* 27.2	* 27.9	* 30.1	* 31.5	* 31.6	* 32.0
35 to 39	25.0	NA	17.6	* 15.4	* 15.7	* 13.0	* 13.4	* 12.6	* 11.7
40 or over	3.6	NA	3.0	* 4.0	* 0.3	0			
Unknown									
Ages of children (percent of recipient children):									
Under 3	14.9	NA	16.5	18.9	22.5	21.9	21.1	19.4	24.2
3 to 5	17.6	NA	18.1	17.5	20.1	21.1	21.0	21.4	21.5
6 to 11	31.5	NA	33.7	33.0	31.5	32.4	33.3	32.2	27.5
12 and over	31.0	NA	30.9	29.8	25.5	24.3	22.4	21.8	21.3
Unknown		NA	.6	.9	.3	.1	1.3	3.5	.0
Mother's employment status (percent):									
Full-time job	8.2	9.8	10.4	8.7	1.5	1.6	2.2	2.5	2.5
Part-time job	5.3	6.3	5.7	5.4	3.4	4.2	4.2	3.4	4.2
Presence of income (percent families):									
With earnings	NA	16.3	14.6	12.8	5.7	7.5	8.4	8.5	8.2
No non-AFDC income	56.0	65.6	71.1	* 80.6	* 86.8	* 81.9	* 79.6	* 78.5	* 80.1
Median months on AFDC since most recent opening	23.0	27.0	31.0	29.0	26.0	27.0	26.3	24.9	25.0
Race (percent parents):**									
White	NA	38.0	35.9	40.4	41.8	39.7	38.8	38.4	38.1
Black	45.2	45.8	44.5	43.1	43.8	40.7	39.8	40.1	39.7
Hispanic	NA	13.4	12.2	13.6	12.0	14.4	15.7	15.9	16.6
Native American	1.3	1.1	1.1	1.4	1.0	1.3	1.4	1.3	1.3
Asian	NA	NA	.5	1.0	1.5	2.3	2.4	2.7	2.8
Other and unknown	4.8	1.7	2.0	.4	NA	1.4	1.9	1.5	1.5
Incidence of households (percent):									
Living in public housing	12.6	13.6	14.6	NA	10.0	9.6	9.6	9.6	9.6
Participating in food stamp or donated food program	52.9	68.4	75.1	75.1	83.0	80.7	84.6	85.2	85.6
Including nonrecipient members	33.1	34.6	34.8	NA	36.9	36.7	36.8	36.7	37.7
Father's relationship to youngest child (percent):									
No father	NA	NA	NA	64.7	69.8	91.2	91.6	92.4	92.0
Natural father	NA	NA	NA	9.6	NA	NA	NA	NA	NA
Adoptive father	NA	NA	NA	.0	NA	NA	NA	NA	NA
Stepfather	NA	NA	NA	5.6	NA	NA	NA	NA	NA

* Data are for the Federal fiscal year October through September. All percentages are based on the average monthly caseload during the year. Hawaii and the territories are not included in 1983. Data after 1987 include the territories.
 † Calculated on the basis of total number of families.
 ‡ For years after 1987 education is for all AFDC adult recipients.
 § Under age 15 includes other caretaker adult if mother absent. Data after 1987 are all for adult female recipients.
 ¶ The percentage for 20 to 25 year olds was 42.1.
 ** The ages were 15-24 in 1975 and 1983. Includes other caretaker adult if mother absent.
 †† Since 1984, the ages have been 15-25.
 ††† Includes other caretaker adult if mother absent.
 †††† For years after 1987, ages 25-29. Includes other caretaker if mother absent.
 ††††† State collected child support directly beginning in 1975, removing one source of non-AFDC income.
 †††††† For 1983, 12.6 percentage points where race was unknown were allocated proportionately across all categories.
 NA—Not available.

TABLE 30.—EMPLOYMENT STATUS OF AFDC MOTHERS AND TENURE OF AFDC FAMILIES,
MARCH 1979, MAY 1982, FISCAL YEARS 1983, 1986, 1988, 1989, AND 1990¹

	Percent of total caseload						
	March 1979 ²	May 1982 ³	1983 ⁴	1986 ⁴	1988 ⁴	1989 ⁴	1990 ⁴
Employment status of mother (or other caretaker): ⁵							
No mother (caretaker).....	8.3	12.2	8.7				
Full-time work, 35 or more hours per week.....	8.0	1.3	* 1.5	* 1.6	* 2.1	* 2.4	* 2.5
Part-time work, fewer than 35 hours per week.....	5.0	4.3	* 3.4	* 4.2	* 4.2	* 4.5	* 4.2
Incapacitated.....	6.0	NA	4.1	3.4	3.8		
At school or training.....	2.6	NA	2.0	1.9	2.2	7.3	11.5
On layoff.....	.5	NA	.8	.2	.2	.2	0.2
Seeking work.....	9.1	NA	NA	27.3	27.6	* 20.4	* 10.5
Other—needed at home or not actively seek- ing work.....	50.5	82.2	64.6	58.3	55.5	* 63.9	* 68.6
Unknown.....						1.9	2.6
Number of months on AFDC since most recent opening (percent of cases)							
1 to 6 months.....	15.4	20.0	18.9	17.2	18.2	18.3	19.8
7 to 12 months.....	12.5	12.4	13.1	12.5	13.2	13.6	14.4
13 to 24 months.....	16.7	16.7	16.6	17.2	17.3	18.3	18.4
25 to 36 months.....	11.4	12.6	12.0	11.8	11.2	11.4	11.9
37 to 60 months.....	15.3	14.2	15.4	14.9	15.0	14.5	13.7
61 plus months.....	26.9	23.5	23.7	25.9	24.8	23.9	21.7
Unknown.....	.8	1.1	.3	.4	.2	.1	0.1

¹ See text about difference in data sources for 1979 and 1982.

² Source: Committee staff tabulation of March 1979 AFDC recipients data base.

³ Source: Office of Family Assistance, FSA.

⁴ Fiscal year average monthly 1983 does not include Hawaii, or the territories. 1988 data do not include the territories. 1989, 1990, and 1991 data include the territories and Hawaii.

⁵ Since 1982, the data are percent of female adult recipients.

* Full-time work, 35 hours or more per week; part-time work, fewer than 35 hours per week.

† For 1983 and 1990: unemployed, not on layoff or strike.

‡ For 1983 and 1990: not employed, not participating in any educational or training activities.

NA—Not available.

TABLE 43.—EVENTS ASSOCIATED WITH THE BEGINNINGS AND ENDINGS OF AFDC SPELLS

Beginnings	Percent	Endings	Percent
Divorce/separation.....	45	Marriage.....	35
Childless, unmarried woman becomes a female head with children.....	30	Children leave parental home.....	11
Earnings of female head fell.....	12	Earnings of female head increased.....	21
Earnings of others in family fell....	3	Earnings of others in family increased.....	5
Other income fell.....	1	Transfer income increased.....	14
Other (including unidentified).....	9	Other (including unidentified).....	14
All.....	100	All.....	100

Sources: "Beginnings": Bane and Elwood (1982), p. 18, using PSID data. "Endings": Elwood (1985), p. 45, using PSID data.

TABLE 33.—1990 AFDC CHARACTERISTICS BY UNIT TYPE ¹

	Total	One adult					Two adult	
		No adult	Not married	Divorced or legally separated	Not legally separated or divorced	Other reasons	Unemployed parent	Other
Number of units (in thousands)	3,976	455	1,975	479	501	243	176	103
Percent of total	100.0	11.5	49.7	12.0	12.6	6.1	4.4	2.6
Average monthly payment	\$381	\$269	\$376	\$384	\$410	\$363	\$611	\$468
Percent of total dollars paid out	100.0	8.2	49.6	12.3	13.7	5.9	7.2	3.2
Average number in assistance unit	2.9	1.7	2.9	2.9	3.2	2.4	4.6	3.9
Food Stamps:								
Percent participating	85.6	54.6	90.1	88.8	90.5	83.4	95.9	87.8
Number of recipients:		Percentage Distribution						
One	8.3	56.1	0.0	0.0	0.0	28.8	0.0	0.0
Two	37.4	25.5	46.1	38.4	32.6	37.4	0.0	16.0
Three	28.3	12.4	29.5	37.6	34.9	20.0	22.9	28.6
Four	15.4	3.7	14.9	17.1	19.7	10.6	33.3	26.3
Five	6.5	1.4	6.0	5.2	8.4	3.7	22.5	15.0
Six	2.6	0.6	2.2	1.1	2.7	2.8	11.7	8.2
Seven	1.6	0.3	1.2	0.6	1.6	1.6	10.1	6.0
Number of nonrecipients:								
Zero	62.3	1.8	69.3	71.4	74.7	49.1	84.5	86.2
One	17.2	44.2	12.9	14.0	12.0	29.1	8.0	7.6
Two	9.7	26.0	7.7	8.3	6.9	10.7	3.5	2.9
Three	4.9	12.2	4.5	3.5	3.0	5.0	1.7	1.1
Four or more	6.0	15.8	5.6	2.8	3.4	6.5	2.3	2.1
Shelter: ²								
Owens or buying	4.5	7.6	2.0	7.5	3.9	2.2	9.3	13.0
Public housing	9.7	6.7	11.4	7.9	9.2	8.7	5.6	11.9
HUD rent subsidy	12.7	6.4	13.8	15.3	12.4	9.0	9.9	8.1
Other subsidy	2.1	0.8	2.3	2.2	2.9	1.2	1.7	2.8
Private housing	62.8	64.7	61.5	60.7	64.3	65.6	71.3	60.8
Rents free	1.7	2.3	1.8	1.4	1.4	2.0	1.0	0.7
Group quarters	6.9	11.4	7.3	5.0	6.0	6.3	1.2	2.7
Number of child recipients:								
Zero	1.9	0	0	0	0	13.4	0	39.5
One	42.2	55.9	46.1	38.5	32.7	37.3	23.0	16.4
Two	30.3	25.7	29.5	37.5	34.9	25.3	33.3	18.4
Three	15.7	12.5	14.9	17.1	19.8	13.5	22.5	13.7
Four or more	9.8	5.9	9.4	6.9	12.7	10.5	21.7	12.5
Race of caretaker:								
White	38.1	28.6	28.6	67.7	42.6	45.1	59.3	47.7
Black	39.8	40.8	53.4	14.3	30.7	29.7	8.2	15.8
Hispanic	16.6	23.1	14.4	13.4	22.6	15.9	11.6	23.8
Asian	2.8	2.9	1.2	2.1	1.7	5.8	18.6	6.3
American Indian	1.3	1.6	1.2	1.3	1.1	2.0	1.3	1.1
Unknown	1.5	3.1	1.2	1.2	1.3	1.5	0.9	5.4
Age of youngest child in AFDC unit:								
Under 3	41.2	23.9	51.3	15.2	39.0	48.9	51.1	22.8
3 to 5	21.1	18.1	22.2	23.5	25.5	9.1	20.9	9.6
6 to 11	22.9	29.4	19.2	36.6	24.2	16.2	18.5	18.5
12 to 15	9.4	19.0	5.6	18.5	8.4	8.4	7.1	7.4

TABLE 33.—1990 AFDC CHARACTERISTICS BY UNIT TYPE ¹—Continued

	Total	One adult					Two adult	
		No adult	Not married	Divorced or legally separated	Not legally separated or divorced	Other reasons	Unemployed parent	Other
16 to 18	3.5	9.5	1.7	5.8	2.9	3.9	2.4	2.3
Unknowns	1.9	0	0	0	0	13.5	0	39.5
Number of months continuously on AFDC:								
6 or less	19.8	16.3	16.7	19.4	27.6	31.7	23.2	26.1
7 to 12	14.4	13.0	14.4	14.7	16.4	13.0	13.8	15.1
13 to 18	10.5	10.4	10.9	10.8	10.9	7.3	9.8	9.0
19 to 24	7.9	8.3	8.2	8.1	7.0	6.4	7.9	6.7
25 to 36	11.9	10.9	12.5	12.1	11.6	10.6	10.7	11.4
37 to 48	7.9	8.2	8.3	8.8	6.7	6.3	6.5	7.8
49 to 60	5.8	5.7	6.2	5.9	4.3	5.3	5.3	6.1
61 to 120	15.0	18.3	15.1	14.7	11.4	13.6	19.6	13.5
121 to 180	4.7	6.1	5.3	4.4	3.1	3.8	2.9	2.8
181 and up	2.0	2.8	2.5	1.2	1.1	1.9	0.3	1.4
Age of female adult recipient:								
11 to 18	3.7	NA	4.9	0.6	1.2	7.7	2.0	1.7
19 to 21	13.1	NA	16.9	3.7	7.9	17.2	8.3	6.4
22 to 25	19.8	NA	22.5	12.6	19.0	15.7	18.5	14.6
26 to 29	19.5	NA	19.9	20.6	20.3	13.7	19.8	15.8
30 to 34	19.9	NA	18.0	27.4	22.7	13.2	22.7	20.0
35 to 39	12.2	NA	9.9	19.4	14.0	10.7	14.8	14.9
40 and up	11.6	NA	7.9	15.8	14.8	20.7	13.9	26.4
AFDC female adults employment status:								
Employed full-time	2.6	NA	2.1	4.5	2.7	1.3	3.1	2.0
Employed part-time	3.3	NA	2.7	6.4	3.1	2.0	3.9	1.4
Employed other	1.1	NA	0.8	1.9	1.3	0.6	1.0	0.9
Not employed	82.0	NA	84.2	74.1	80.7	84.1	78.3	87.9
Unemployed	11.1	NA	10.1	13.1	12.2	12.0	13.7	7.8
Percent with non-AFDC income	19.9	3.8	18.0	33.4	20.0	21.6	33.2	30.7
Average monthly amount of income	\$239	\$223	\$205	\$229	\$241	\$250	\$362	\$352
Percent with earned income	8.2	0.3	6.9	14.9	9.2	4.9	24.5	10.9
Average monthly earned income	\$324	\$325	\$310	\$311	\$342	\$316	\$369	\$297
Percent of earned income disregarded	52.8	35.1	57.7	51.4	57.3	50.0	40.4	48.1
Percent with unearned income	12.8	3.5	12.0	21.7	11.9	17.7	10.0	21.2
Average amount of unearned income	\$162	\$215	\$131	\$140	\$139	\$217	\$294	\$355
Percent with countable assets	16.8	6.7	13.4	31.9	16.5	18.5	36.0	19.4
Income of persons not in assistance unit:								
Percent with income	44.6	90.2	21.2	24.8	18.9	48.6	31.6	22.6
Average monthly amount	\$498	\$478	\$511	\$534	\$517	\$557	\$555	\$400
Percent with earned income	5.4	5.5	5.7	6.7	4.1	4.0	1.5	2.8
Percent with public assistance income	39.2	89.0	14.0	14.9	13.2	43.7	23.0	19.0
Percent with unearned income	9.2	18.0	4.8	6.1	3.5	9.9	7.6	3.0

¹ Characteristics information was not always available for 100 percent of cases. The number of missing cases, in the extent there were any with respect to a particular characteristic, was small as a percent of the AFDC family caseload (usually below 3 percent).

Source: Administration for Children and Families, HBIS.

**LENGTH OF TIME ON WELFARE AND TURNOVER WITHIN THE AFDC
CASELOAD**

LENGTH OF TIME ON WELFARE

Average length of time on welfare.—A 1983 study of AFDC families² found that although most "spells" of AFDC are relatively short, most persons enrolled in the program at any point in time are in the midst of spells that last at least 8 years. As the first two columns of table 38 illustrate, the study reported that 50 percent of AFDC spells lasted less than 2 years and 62 percent lasted less than 4 years. At the same time, the study reported that 50 percent of the persons enrolled at a point in time were in the midst of very long episodes (8 or more years) of AFDC receipt, and such long-term recipients used most of the resources of the program.

The 1983 study has since been updated by one of its authors, because it understated the extent of long-term welfare dependence by neglecting to take into account the fact that multiple spells of welfare receipt are common (about one-third of all welfare spells are followed by subsequent spells). Accounting for multiple spells alters the distribution of total expected time on welfare, as the last two columns of table 38 illustrate. The fact remains, however, that while a significant percent of all persons on welfare will be enrolled for less than 2 years (30 percent) or less than 4 years (50 percent), a majority of persons enrolled in AFDC at a point in time are in the midst of what will be long periods of welfare receipt (65 percent).

TABLE 38.—DISTRIBUTION OF LENGTH OF TIME ON AFDC

[In percent]

Expected time on AFDC	Single spell analysis		Multiple spell analysis	
	Persons beginning a spell	Persons on AFDC at a point in time	Persons beginning first AFDC spell	Persons on AFDC at a point in time
1 to 2 years.....	48	14	30	7
3 to 4 years.....	14	10	20	11
5 to 7 years.....	20	25	19	17
8 or more years.....	17	50	30	65
All.....	100	100	100	100

TABLE 39.—PERCENTAGE OF AFDC RECIPIENTS WITH VARIOUS CHARACTERISTICS AND AVERAGE TOTAL DURATIONS OF AFDC RECEIPT

Recipient characteristics at time of first spell beginning	Percent of all first-time recipients (new beginnings)	Percent of recipients at any point in time ¹	Average number of years of AFDC receipt	Percent who will have AFDC spells of 10 or more years
Age:				
Under 22.....	30.0	35.9	8.23	32.8
22 to 30.....	40.7	41.9	7.08	25.8
31 to 40.....	11.8	8.8	5.15	15.0
Over 40.....	17.6	13.4	5.23	15.8
Race/ethnicity:				
White.....	55.2	47.7	5.95	19.6
Black.....	40.1	47.4	8.14	32.0
Other.....	4.8	4.8	6.94	25.5
Years of education:				
Under 9.....	9.7	9.6	6.81	24.5
9 to 11.....	37.6	41.9	7.65	29.2
Over 11.....	52.7	48.5	6.33	21.8
Marital status:				
Single.....	29.5	40.0	9.33	39.3
Divorced.....	28.1	20.2	4.94	13.7
Separated.....	32.3	31.9	6.80	24.4
Widowed.....	8.4	5.3	4.37	10.2
Number of children:				
0 to 1.....	43.4	48.7	7.71	29.7
2 to 3.....	42.8	37.3	6.04	20.1
Over 3.....	13.8	13.7	6.83	24.5
Age of youngest child:				
Under 3.....	51.3	60.4	8.09	31.9
3 to 5.....	22.5	22.3	6.79	24.2
6 to 10.....	19.7	12.9	4.51	11.3
Over 10.....	6.5	4.4	4.71	12.4
Work experience:				
Worked in the last 2 years.....	65.8	59.6	6.53	23.0
Did not work in the last 2 years.....	34.2	39.8	8.00	31.2
Disability status:				
No disability.....	81.6	81.4	6.85	24.8
Disability limits work.....	18.4	18.6	6.97	25.0

¹ These figures assume that the AFDC caseload is a "steady state."

Source: David T. Ellwood, "Targeting Would-Be Long-Term Recipients of AFDC," Table IV-1. Simulation model estimates are based on the 15-year panel study of income dynamics. For each individual who began a first spell on or after the third sample year of the PSID, probabilities are predicted for exiting from first spell, for recidivism, and for exiting from later spells, based on logic models.

TABLE 40.—WELFARE DEPENDENCY, 1975-84, BY TWO DEFINITIONS OF DEPENDENCY

(In percent)

Years on welfare	Fraction living in households in which at least \$1 of AFDC was received by head or wife			Fraction living in households receiving AFDC in which AFDC of head and wife plus food stamps was at least 50 percent of total family income		
	All	Children, age 0 to 5 in 1975	Women, age 18 to 55 in 1975	All	Children, age 0 to 5 in 1975	Women, age 18 to 55 in 1975
All races:						
0 years	86.6	78.0	88.6	92.8	85.1	94.5
1 to 2 years	6.5	8.0	5.9	3.6	5.2	2.8
3 to 7 years	4.9	7.7	4.0	2.8	6.6	2.1
8 to 10 years	2.0	6.4	1.6	1.0	3.0	0.5
Total	100.0	100.0	100.0	100.0	100.0	100.0
White:						
0 years	90.5	84.4	91.7	95.7	90.6	96.5
1 to 2 years	5.5	7.0	5.0	2.3	2.9	2.0
3 to 7 years	2.8	3.8	2.4	1.5	4.7	1.3
8 to 10 years	1.2	4.6	0.8	0.4	1.7	0.3
Total	100.0	100.0	100.0	100.0	100.0	100.0
Nonwhite:						
0 years	61.9	44.9	67.2	74.8	56.8	80.8
1 to 2 years	12.2	12.7	11.7	11.4	17.0	8.4
3 to 7 years	18.2	27.2	15.0	9.8	16.4	8.1
8 to 10 years	7.7	15.2	6.1	4.0	9.8	2.8
Total	100.0	100.0	100.0	100.0	100.0	100.0

Table reads 86.6 percent of the population lived in households in which no AFDC income was received during the 1975-84 period.

Source: Special tabulations of the Panel Study of Income Dynamics by Greg J. Duncan, 1988

TABLE 24.—NUMBER OF AFDC RECIPIENTS, AND RECIPIENTS AS A PERCENTAGE OF VARIOUS POPULATION GROUPS

Calendar year	Total AFDC recipients	AFDC child recipients	Total population ages 0-17 ¹	AFDC recipients as a percent of total population ¹	AFDC child recipients as a percent of total child population	AFDC recipients as a percent of prewelfare poverty population ²	AFDC child recipients as a percent of children in poverty ²
1970.....	8,303	6,104	69,759	4.07	8.75	NA	58.5
1971.....	10,043	7,303	69,806	4.86	10.46	NA	69.2
1972.....	10,736	7,766	69,417	5.13	11.19	NA	75.5
1973.....	10,738	7,763	68,762	5.08	11.29	NA	80.5
1974.....	10,621	7,684	67,984	4.98	11.30	NA	75.7
1975.....	11,131	7,952	67,164	5.17	11.84	NA	71.6
1976.....	11,098	7,850	66,250	5.10	11.85	NA	76.4
1977.....	10,866	7,632	65,461	4.94	11.66	NA	74.2
1978.....	10,387	7,270	64,773	4.68	11.22	NA	73.2
1979.....	10,140	7,057	64,106	4.52	11.01	54.5	68.0
1980.....	10,599	7,295	63,694	4.66	11.45	49.2	63.2
1981.....	10,893	7,397	63,284	4.74	11.69	47.1	59.2
1982.....	10,161	6,767	62,953	4.38	10.75	40.6	49.6
1983.....	10,569	6,967	62,780	4.51	11.10	41.9	50.1
1984.....	10,645	7,017	62,773	4.50	11.18	43.6	52.3
1985.....	10,672	7,074	62,979	4.47	11.23	45.0	54.4
1986.....	10,850	7,206	63,302	4.50	11.38	46.6	56.0
1987.....	10,841	7,240	63,560	4.45	11.39	46.7	56.4
1988.....	10,915	7,328	63,820	4.44	11.48	48.5	58.8
1989.....	10,799	7,287	64,083	4.35	11.37	47.6	57.9
1990.....	11,240	7,620	63,924	4.52	11.92	46.1	59.9
1991.....	12,365	8,375	64,894	4.89	12.91	NA	NA
1992.....	* 12,636	* 8,553	65,528	4.95	13.05	NA	NA
1993.....	* 12,764	* 8,640	66,036	4.95	13.08	NA	NA

¹ Population numbers represent U.S. resident population, not including Armed Forces overseas. See table 7 in appendix B.

² Poverty population is determined by the number of people whose income (cash income plus social insurance plus Social Security before taxes and means-tested transfers) falls below the appropriate poverty threshold. This information can be found in appendix J, table 20.

³ This information can be found in appendix J, table 2.

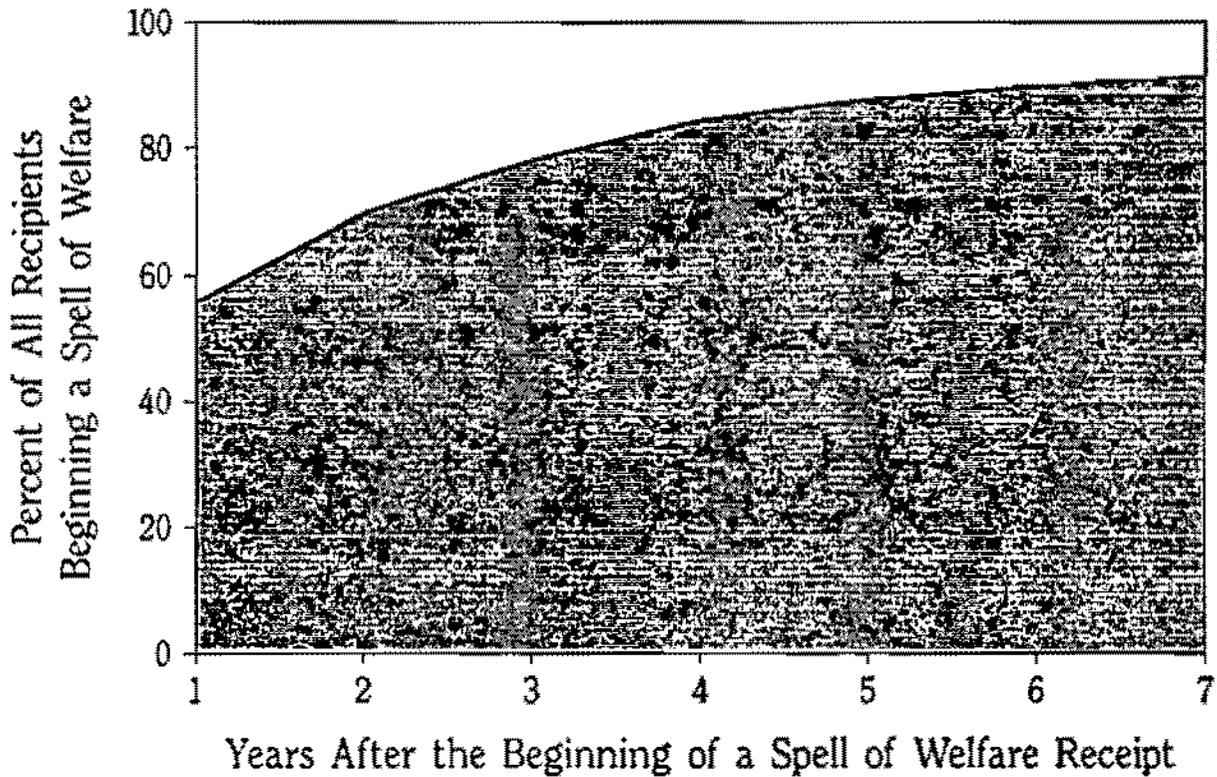
* Recipient estimates assume the same number of AFDC recipients in Guam, Puerto Rico, and the Virgin Islands in 1992 and 1993 as existed in 1991.

NA: Poverty population data is not available for this time period.

Note: In calculating the number of AFDC recipients, data for Guam, Puerto Rico, and the Virgin Islands was subtracted from the total AFDC population. Data for these territories was not available for 1970-76, so an estimate was used based on the ratio in later years (1977-87) of the number of recipients in these areas to the total number of recipients.

Cumulative Percentage of Women Leaving Welfare

Women Who Entered Welfare Under Age 30

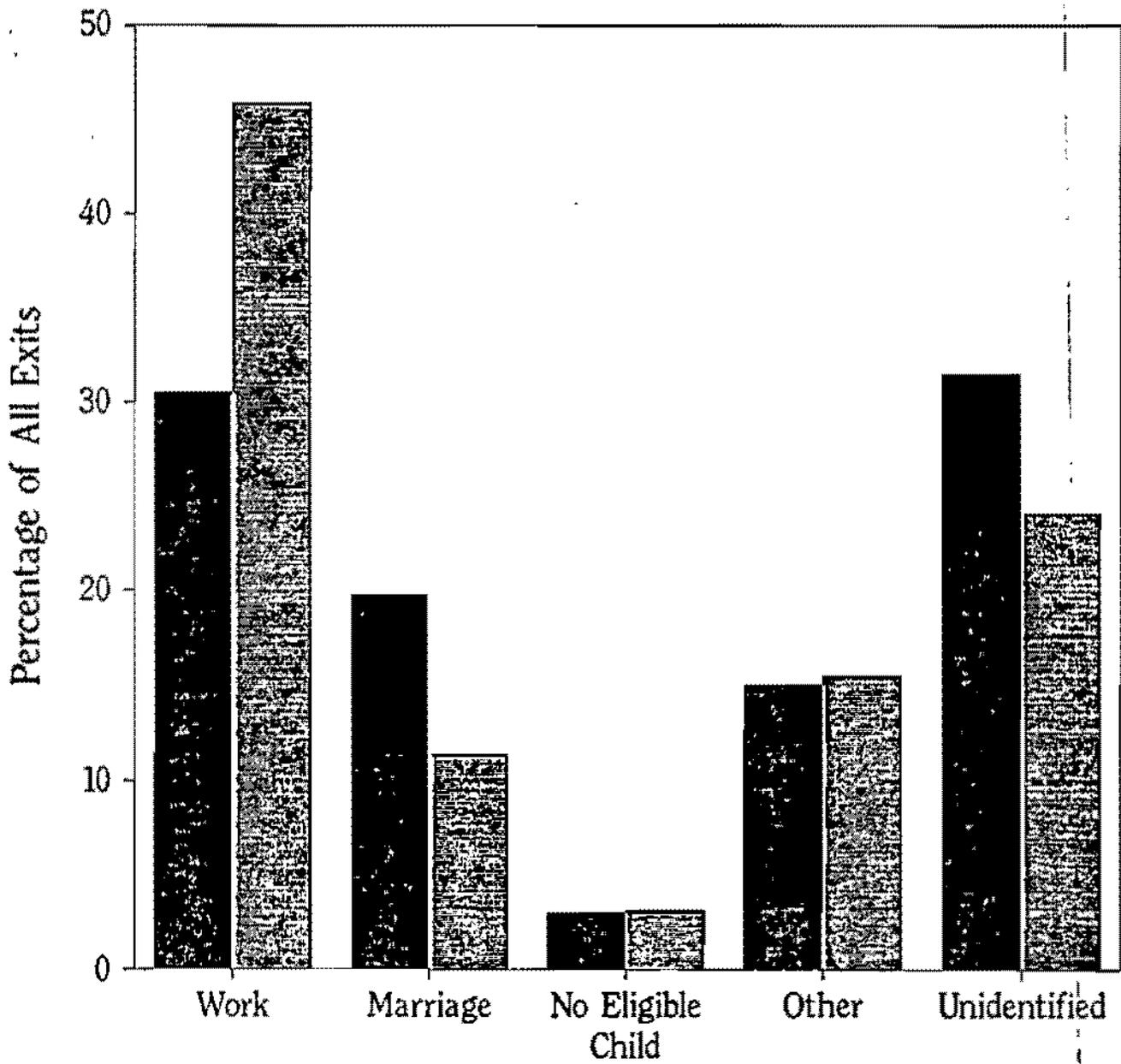


Exit Probabilities and Cumulative Percentages of Women Exiting Welfare by Duration of Receipt

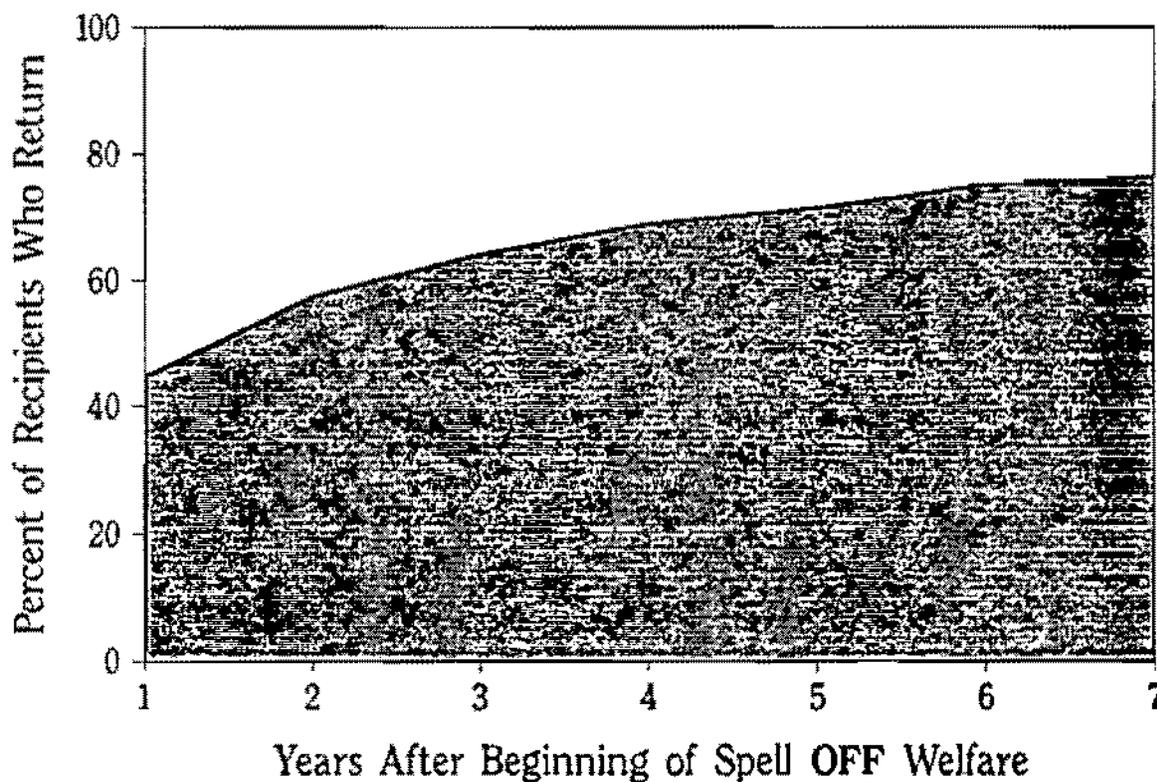
Duration (Months)	Exit Probability	Cumulative % of Women Exiting
1-12	55.9	55.9
13-24	32.1	70.0
25-36	27.4	78.2
37-48	29.1	84.5
49-60	20.9	87.8
61-72	16.5	89.8
73-84	20.5	91.9

Reasons for Leaving Welfare

Women Who Entered Welfare Under Age 30
Using Annual and Monthly Data



Cumulative Percentage of Women Returning to Welfare



Rates of Return to Welfare by Time Off Welfare

Time Off Welfare (Months)	Rate of Return	Cumulative % of Returning
1-12	44.9	44.9
13-24	23.0	57.6
25-36	15.5	64.2
37-48	13.8	69.1
49-60	7.8	71.5
61-72	13.0	75.2
73-84	6.6	76.9

**Percentage Distribution of the Expected
Total Time on AFDC for First-Time Female
AFDC Recipients and for All Women
Receiving AFDC at a Point in Time**
(Annual PSID Data)

Expected Total Time on AFDC	Women Beginning a First Spell of AFDC	Women Receiving AFDC at Any Point in Time
1 Year	20.9	3.4
2 Years	15.6	5.1
3 Years	10.0	4.8
4 Years	8.6	5.6
5 Years	6.2	5.0
6 Years	5.5	5.3
7 Years	4.3	4.8
8 Years	3.7	4.8
9 Years	3.2	4.6
10 or more Years	22.1	56.6
Total	100.0	100.0
Average Years of Receipt	6.2	12.0

Selected Characteristics by Type of Welfare Use for Women Who First Receive Welfare Before Age 24

Characteristic	(Percent of Total in Group)			
	Short-term Transitional Use (≤ 24 months)	Episodic Use (25-54 months)	Continuous Use (55-60 months)	All New Recipients
High School Diploma	41.0	36.4	29.8	36.8
GED	4.0	5.2	4.2	4.5
No Recent Work Experience	36.6	45.6	57.0	44.5
Basic Skills (AFQT Score; measured in standard deviations from the mean)				
-3.00 to -1.50	8.2	17.6	23.7	15.1
-1.49 to -0.50	30.0	39.2	42.2	36.0
-0.49 to +0.50	36.6	36.4	26.0	34.0
+0.51 to +1.50	22.0	6.8	7.2	13.3
+1.51 to +2.00	3.2	0.0	1.0	1.6
Youngest Child Age One or Younger	77.8	76.4	85.6	79.2
Never Married	52.3	63.4	81.9	63.2
Age at First Welfare Receipt				
15-17	11.3	10.9	20.5	13.4
18-20	55.4	52.6	56.1	54.7
21-23	33.3	36.4	23.4	31.9
Race/Ethnicity				
African-American	29.4	41.7	57.5	40.3
Hispanic	6.5	8.8	6.9	7.4
White	64.1	49.5	35.6	52.3
Lives in Public or Subsidized Housing	9.1	16.6	21.9	14.7
Percent of All New Recipients	42.5	33.3	24.3	100.0
Average Months on Welfare Within Five Years	11.8	39.6	59.1	32.5
Percent of Welfare Use	15.4	40.5	44.1	100.0

All characteristics are measured at the beginning of the first spell of welfare receipt. The AFQT score is standardized by age group based on the scores of all women in the NLSY who took the AFQT test in 1980.

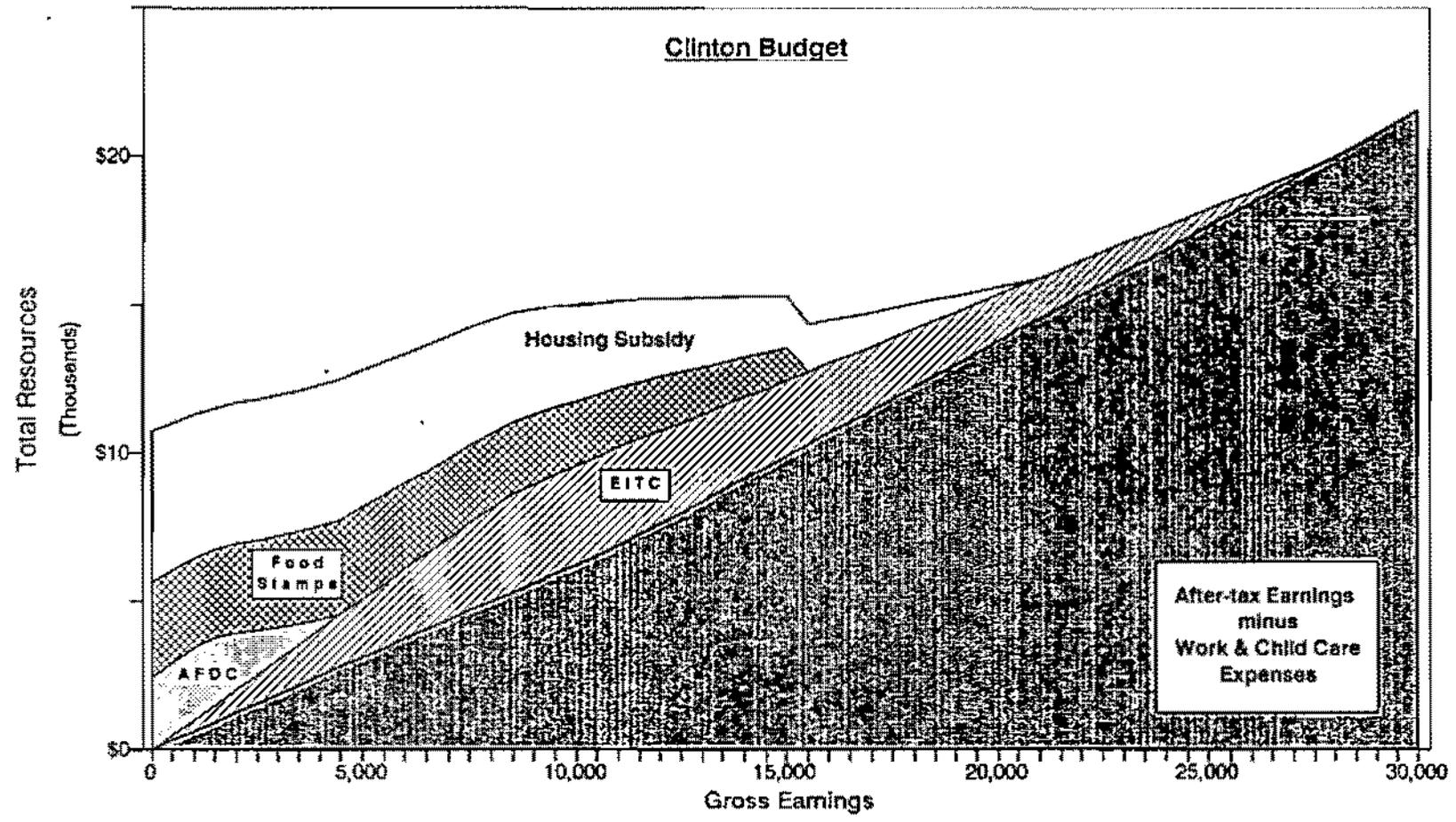
- Bruce Katz
 [Emily Alexander, Ellen Haas]
 how to asset based??

- Asset Building, Ending Dependency
- Time limits, work requirements for all subsidy programs
- make work pay

File:
 WR-Modelling

EARNINGS & BENEFIT LEVELS: 1993

Mother with two Children in Arkansas

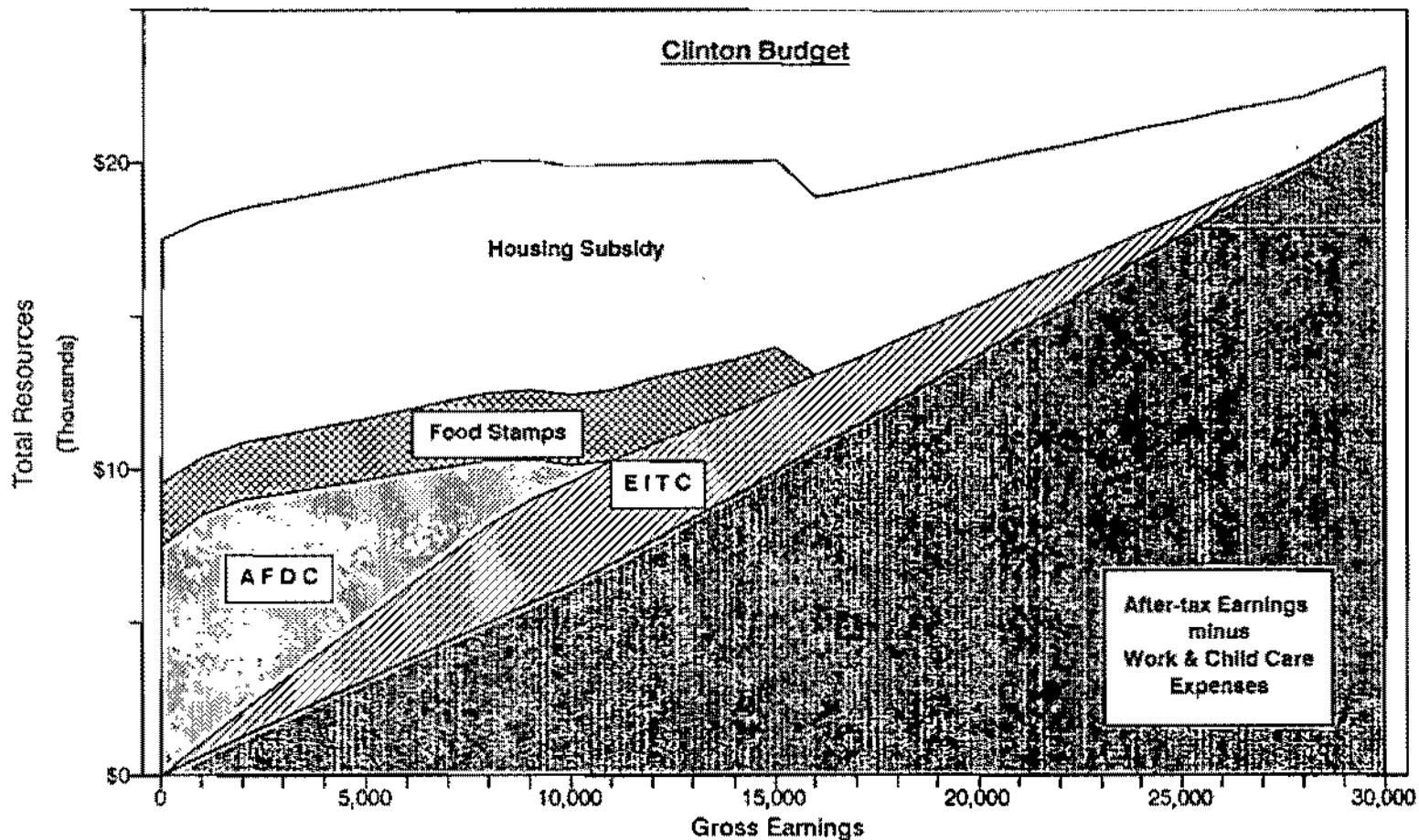


Note: Assumes child care expense equal to 20% of earned income to an annual maximum of \$2,500, work expense equal to 10% of earned income to a monthly maximum of \$88, EITC is fully implemented, and a \$464 monthly cost of housing.

Source: ASPE staff computations.

EARNINGS & BENEFIT LEVELS: 1993

Mother with two Children in California

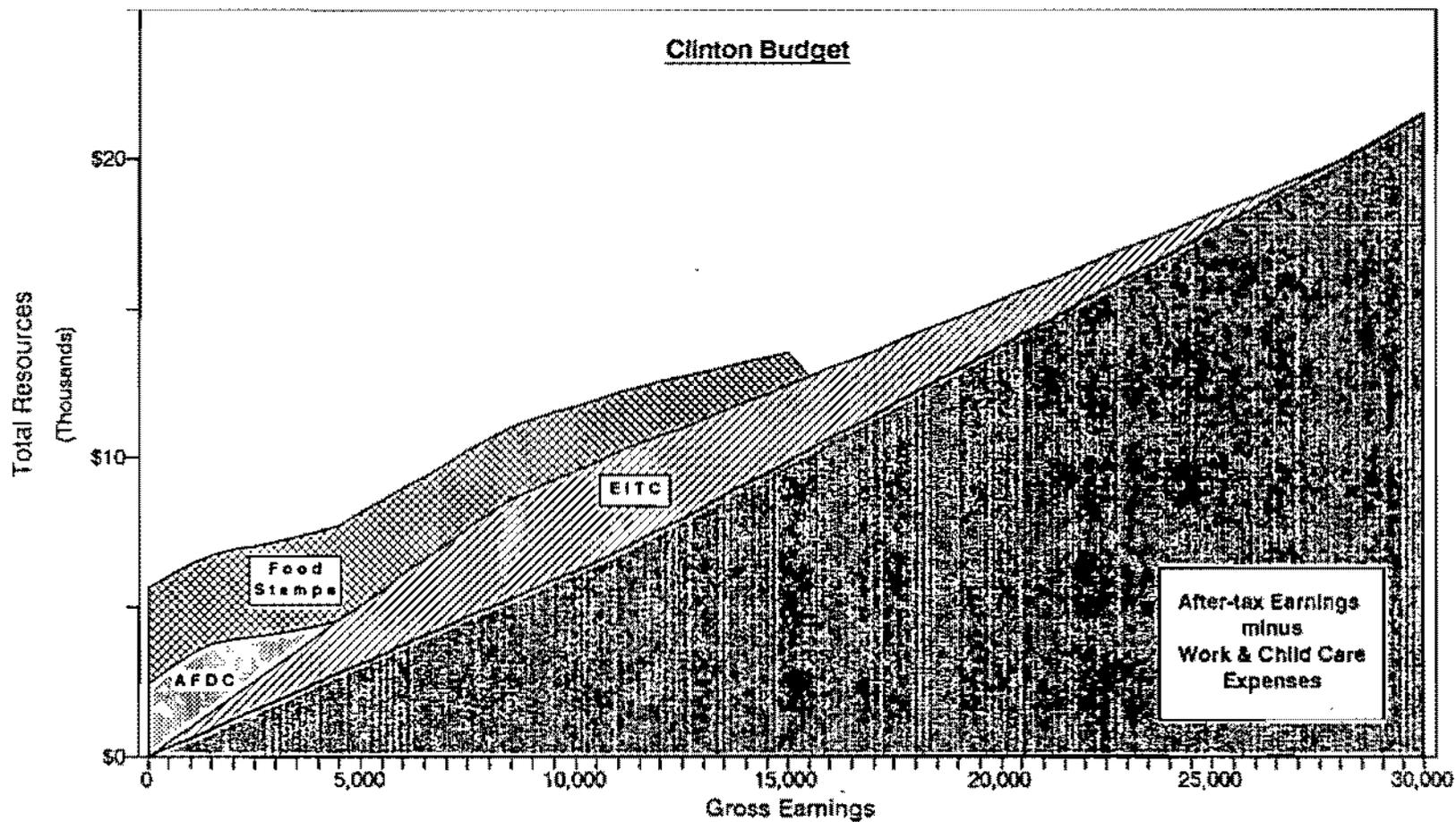


Note: Assumes child care expense equal to 20% of earned income to an annual maximum of \$2,500, work expense equal to 10% of earned income to a monthly maximum of \$88, EITC is fully implemented, and a \$829 monthly cost of housing.

Source: ASPE staff computations.

EARNINGS & BENEFIT LEVELS: 1993

Mother with two Children in Arkansas

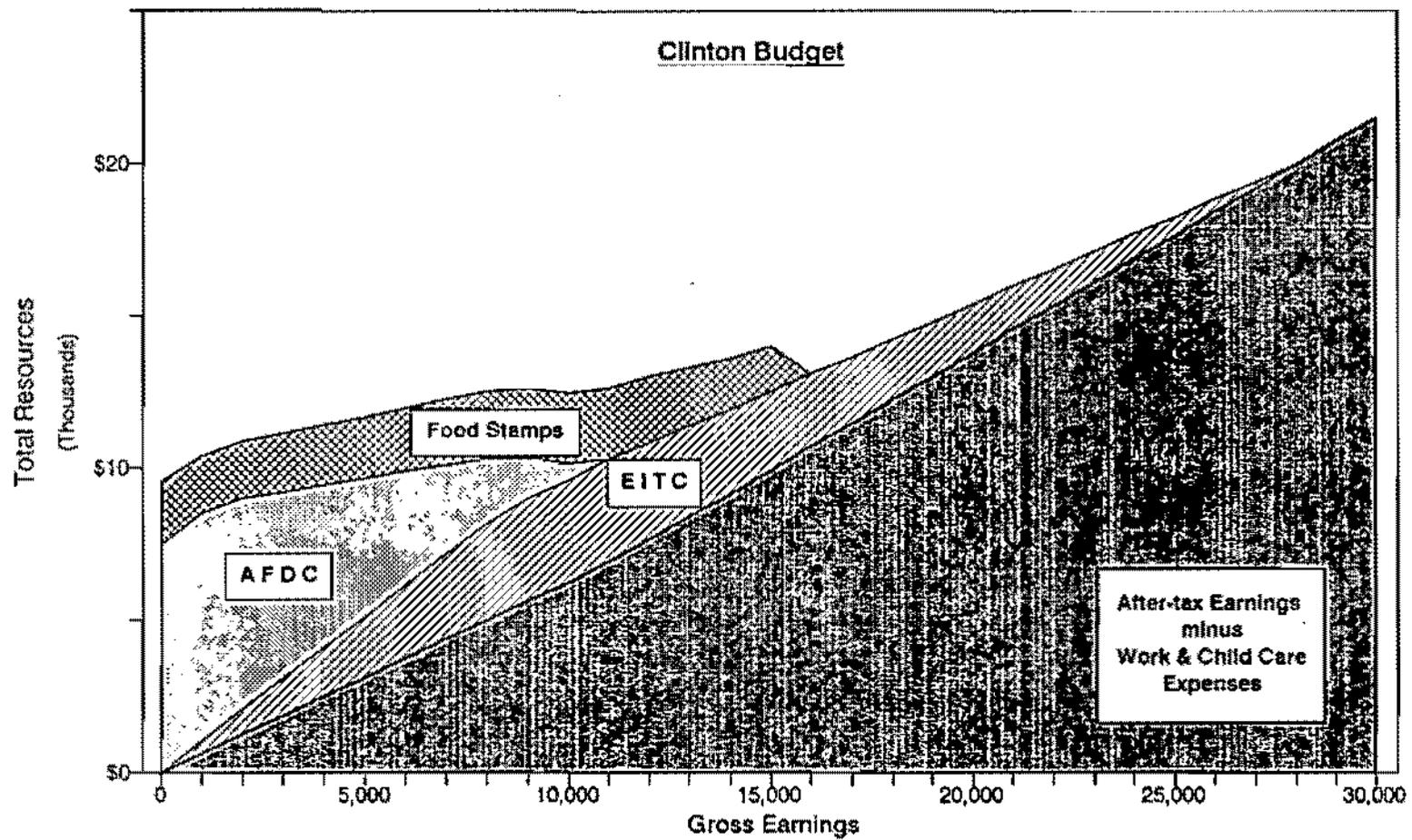


Note: Assumes child care expense equal to 20% of earned income to an annual maximum of \$2,500, work expense equal to 10% of earned income to a monthly maximum of \$88, and EITC is fully implemented.

Source: ASPE staff computations.

EARNINGS & BENEFIT LEVELS: 1993

Mother with two Children in California



Note: Assumes child care expense equal to 20% of earned income to an annual maximum of \$2,500, work expense equal to 10% of earned income to a monthly maximum of \$88, and EITC is fully implemented.

Source: ASPE staff computations.

TO: HHS Steering Committee
FROM: Don Oellerich, Issue Group Leader

This is an outline of some of our data analysis efforts (either proposed or in progress).

DATA ANALYSIS GROUP:

HHS:

Don Oellerich	Bill Prosser
Donna Pavetti	Gil Crouse
Stella Koutroumanes	Denise Smith
Reuben Snipper	Karen Armstrong
Steve Bartolomei-Hill	Lisa Bernhardt
Sheila Dacey	Michael Dubinsky
Manny Helzner	Gaile Maller
Canta Pian	Joyce Pitts
Wendell Primus	Steve Sandell
Lenny Sternbeck	Dan Williams
Alan Yaffe	

Kevin Berner, CEA
David Cutter, CEA
Debbie Lucas, CEA
Sara Walters, OMB
Alana Landey, Agriculture
Robert Gillingham, Treasury
Robert Gray, HUD
Joe Riley, HUD
Heather Ross, NEC

Welfare Dynamics Work

in-house

- synthesis of research literature on welfare dynamics
- analysis of PSID monthly data on welfare spells
- analysis of NLS, NLSY data on welfare spells
- analysis of SIPP and earnings match data(UI/SSA), if available
- dynamic modeling of welfare participation

Contractors:

MDRC -- analysis of SWIM, GAIN and JOBS

Administrative data -- ui, earnings records and afdc records from SWIM, GAIN and 1980's welfare employment studies.

Recipient survey data -- GAIN

Background characteristics data -- JOBS

Data on recipients' attitudes and perceptions -- JOBS GAIN

- Patterns of welfare exits, duration and recidivism within time limit
- who leaves and who stays on welfare within the time limits: analysis of demographic characteristics, attitudes and situational problems.
- Employment dynamics: job seeking, job taking and job leaving within time limits

Urban -- analysis of FIP and Massachusetts ET

- Analysis of household characteristics which would identify both employability and those likely to be exempt from the time limit. Data employment and earnings histories, welfare receipt and household characteristics.
- Analysis of time on welfare -- total time and continuous time (length of spell) -- separate analysis for new entrants and ongoing recipients.

MPR

- Modeling dynamics of welfare and impacts of welfare reform
 synthetic SIPP
 design simulation model
 identify potential behavioral effects analysis

Participation in Education and Training during the time limit

MDRC -- analysis of SWIM, GAIN and JOBS

- Compilation of selected previously published participation tables and figures
- Duration of participation in selected activities for selected subgroups
- Overall rate and duration of deferrals from participation mandates
- Who gets deferred, why and for how long?
- Duration of participation in activities within welfare spells of specified duration
- Recipient preferences and barriers to participation or employment

Urban -- analysis of FIP and ET

- Examine the extent of participation in education, training, and job-related components of ET.
- Examine the type of jobs that recipients get based on small sample survey of FIP and ET.
- Examine the types of occupations recipients entered

CROSSCUTTING ANALYSES:

MPR

Lessons from teen parent demo
extend data base from NJ and IL
examine rewards and sanctions

Lessons from supported work and welfare programs

Evidence on job creation and monitoring

Urban

TRIM2 - marginal tax rate analysis and module
development of labor supply module

In-house -

Cost estimation model
hypothetical family benefit calculator model

CHILD SUPPORT:

In-house -- PSID analysis of noncustodial dads
SIPP - SSA/IRS match data analysis

Urban -- child support, noncustodial dads and ability to pay
trim2 enhancements

MISC. ISSUES:

Abt Associates analyses of New York CAP, state reform demos,
JTPA, FNS child support project -- meeting set for
July 7th.

Child Trends analyses of NLSY, SIPP, NSFH, JOBS Child and
Family Substudy

MDRC public use data proposal

Dave Betson -- consulting on modeling
David Greenberg -- consulting on modeling

W.R. - Modelling

Information and Analytical Needs of Noncustodial Parents Issue Group

- I. Information needs on persons 16 - 64 who are and are not in family households
 - A. fertility history,
 - B. relationship to household head,
 - C. marital history,
 - D. marital history of current spouse/partner
 - E. fertility history of current spouse/partner
 - F. presence of own/other children,
 - G. age of own/other children,
 - H. household composition,
 - I. living arrangements history (when became household head, lived with parents, other relatives, co-habitation)
 - J. labor force status,
 - K. years of school completed
 - L. graduation from high school, college
 - M. enrollment status,
 - N. earnings,
 - O. weeks worked,
 - P. program participation (e.g., AFDC, SSI, food stamps),
 - Q. participation in training programs
 - R. enrollment status of children,
 - S. existence of child support awards,
 - T. amount of child support awards,
 - U. payment/receipt of child support awards
 - V. arrears status and history
 - W. employment history (spells of unemployment, non-labor force participation, duration of spells)
 - X. earnings history
 - Y. criminal justice experience
 - Z. military service experience
 - AA. mobility history (e.g., residence in another state)
 - AB. race and ethnicity.
 - AC. conflicts involving visitation, access
 - AD. payment of child support without award
 - AE. non-cash and in-kind contributions of support (e.g., child care)
 - AF. visitation or non-custodial parent's involvement w/ children
 - AG. multiple orders for same children in different states
 - AH. custodial parent's knowledge of non-custodial parents identify and location;
 - AI. reasons why custodial parents do not know location of non-custodial parents (e.g., moved, elapsed time since birth, deliberately lost contact because of conflict)

II. Analysis of financial incentive and cost issues:

A. How to increase child support payments:

1. Noncustodial parent's ability to pay child support and government cost of minimum assured benefit under alternative assumptions about:
 - a. Amount of minimum assured benefit per child
 - b. Existence of self support or (new) family maintenance limitation on non-custodial parent's child support contribution.
2. Affects on child support payments of employment instability, earnings, employment and training program participation, schooling, other dependents, incarceration, military experience, and mobility, non-cash or in-kind supports, multiple orders, and custodial parent's marital status, household composition/living arrangements.

B. Affects of payment of support and arrears:

1. On non-custodial parent's (and current household members') employment status, hours worked, poverty status, enrollment status, participation in means tested programs, participation in employment and training programs, mobility, marital status, household composition/or living arrangements, and fertility.
2. Cost of providing child support payment disregard to non-custodial parents participating in means tested programs AFDC, Food Stamps, Medicaid, SSI).
3. Analysis of tax issues:
 - a. Cost of providing EITC or dependent credits to non-custodial parents who pay child support and predicted effects of such credits on the poverty status of non-custodial parent and current household.
 - b. Cost of treating child support payments like alimony (always or depending on comparison of incomes in custodial and non-custodial parent's households).
 - c. Effects of tax treatment of child support payments on poverty status of non-custodial parents and current households in the bottom tails of the income distribution.

III. Services Information

- A. Availability, content, and impact of male teenage pregnancy prevention, parental responsibility, and parenting services for unwed, expectant fathers, young men responsibility.
- B. Availability, content, and impact of conflict resolution services for non-custodial parents (divorced, separated and non-married).

IV. Analysis of service issues:

- A. Review of parental responsibility programs/services and if possible affects on paternity establishment and payment of child support.
- B. Affect on support payments of custody, visitation, and other sources of conflict and of conflict resolution/mediation services.
- C. Reasons for underutilization of conflict resolution/mediation services.

Child Care

I. Characteristics

- a. Number and age of children in child care
- b. Number in types of child care (center-based, family-based, relatives)
- c. Cost of child care
- d. Quality of child care
- e. Average weekly hours of child care by family type
- f. Percentage of family income spent on child care
- g. Primary child care arrangements used by the different family types
- h. Average weekly hours of child care by type of family
- i. Child care arrangements for grade-school children
- j. Number of children in HeadStart
- k. Supply of child care (by region and type of care)

II. Key Questions

The following are key questions on child care which need to be addressed.

What would we like to know about child care?

- a. Will the provision of more adequate child care enable welfare-dependent mothers to find and maintain employment? If child care were less expensive, how many more mothers not now employed would enter the work force? Among those currently employed, would some increase their hours?
- b. What are the child care needs of part-time, full-time and shift workers?
- c. Relationship between employment and child care decisions (center-based, family-based, etc...) among family types (single-headed household, married, etc...)
- d. Are parents able to obtain their choice of child care? What are the potential barriers preventing them to do so? How important is quality?
- e. Is the supply of child care and early childhood education programs related to the stringency of state regulations?
Do more restrictive requirements discourage center care providers or family day care providers from entering the market?
Do they affect the cost of providing care and the fees that are charged? Do they affect the location of child care facilities?

- f. What are the effects of alternative financing mechanisms on the supply and demand for child care? Do particular types of financing (eg., direct provider subsidies, tax benefits to consumers) foster the development of different types of programs? Do they cause parents to prefer or select one type of care or another?
- g. What is the stability of child care arrangements? What are the exogenous (child care arrangement breaks down) causes versus the endogenous (changed parental preferences) causes? What are the consequences of unstable child care arrangements? to children? to parents and employment?
- h. Has the growth of school-based programs diminished the demand for center-based or family day care? Has it affected the costs or quality of care?
- i. What is the supply and demand for infant care?
- j. What are the effects and effectiveness of policies to improve the qualifications and wages of child care workers?
Do investments in education and training lead to increases in the supply and quality of child care workers?
What effects do wage subsidies have on the quality of staff and retention rates?
- k. There is little research on family day care. What are the specific features of family day care?
- l. Relationship between percentage of income spent on child care and family type

CHILD SUPPORT QUESTION:

Paternity:

What are the program participation patterns of women with children born out-of-wedlock? Are there substantial numbers who could be reached prenatally to encourage paternity establishment?

What is the unduplicated participation in such programs as AFDC and Medicaid where participation in child support is mandatory and other government assistance programs such as food stamps, WIC, public housing, maternal and child health prenatal, etc.

What proportion of out-of-wedlock births have the fathers name on the birth certificate?

What proportion of fathers are living with their children born out-of-wedlock?

Enforcement:

What is the noncustodial parent's ability to pay -- income?

What is the potential gain (loss) from review and adjustment of child support awards?

How many noncustodial parents have earned income which could be subjected to wage withholding and how many do not?

How many noncustodial parents have assets which could be attached for enforcement purposes and identified through the 1099 process?

What is the percentage increase in payments we can expect from the various enforcement tools -- e.g. wage withholding, 1099 process, irs full collections?

Child Support Assurance:

What is the administrative cost of income/means testing the assured benefit?

Where does the assured benefit go -- distribution of benefits by income class and current marital status?

What is the expected response of custodial and noncustodial parents to an assured benefit regarding cooperation, compliance in securing paternity, awards, review and modification and payment?

BENEFIT, COST, AND DISTRIBUTIONAL QUESTIONS
Make Work Pay

We anticipate increasing the EITC and Minimum Wage, making EITC available more frequently to more people, ensuring child care for working families, and reducing welfare barriers to employment.

The modeling and data analysis needs are outlined below in terms of benefits, costs, distributional, and descriptive data. The data will be used for understanding the nature of the problem, policy analyses and policy advocacy.

Benefits

o Individuals

How many more people will be newly employed, working more hours?

How many families, children affected?

What are the net increases in take home income?

How many people, children, families brought above the poverty line?

How much do various options reduce the poverty gap?

How many (what percent) more eligible people use entitlement programs and tax provisions?

What have we done to marginal tax rates? How many workers are better off due to lower rates? What about "mechanical" increased eligibility from lower marginal tax rates? How many families will have how much more additional income in either case?

o Government

How much more, if any, new income and FICA tax funds will be generated?

Have Make Work Pay options changed welfare entry/exit rates to reduce welfare participation? What are welfare savings?

What are the net administrative savings from combining/cashing out benefits?

o Societal

How much have we improved the target efficiency of government benefit programs and tax expenditures? How much new income will be going families below the poverty line?

How much new employment, more work hours, and employment

income generated? (Is the economy likely to generate that many new jobs?)

How many working families and children brought above the poverty line?

How many more eligible working families will take advantage of their program and tax benefits?

Have we reduced family splitting or increased family formation?

What notches/kinks and perverse income disincentives have we removed?

What are the benefits of a Work Support Administration?

Costs:

What are the costs to individuals, Federal and State governments, society, and employers of changes to:

o EITC

Net costs from

- changed rates?
- new workers?
- workers previously not reporting income to IRS?
- from over-claiming/tax fraud?

Are there any negative family formation/splitting effects from the size of the new EITC benefits?

What are the reduced labor hours and labor force participation effects from the increased marginal tax rates in some income ranges?

o Minimum wage increases

- How much will this cost employers? (Which kind of employers are most likely to be affected?)
- How many workers are expected to be laid off, if any? How many new jobs lost or not created (job growth slowed)?

o How much does the increase in TJTC (and other credits?) cost?

o Child care

How much will child care for new workers (increased work hours) cost?

- How are these costs split among private payments,

government subsidies, and tax expenditures from Child Care Tax Credit?

- o Do we expect significant displacement of currently employed or unemployed individuals? (What are displacement effects?)
- o What are the cumulative marginal tax rates for families earning more income? How many families are likely to encounter notches?
- o Does cashing out the food stamps and making it and EITC available monthly increase utilization and associated costs?

Administrative Costs:

How much will it cost employers/government to make EITC available more frequently? Are there likely to be more compliance problems?

What are the net costs of combining Food Stamps and EITC benefits for working families? Is this likely to "cost" the Food Stamps program political support?

What are the costs of a Work Support Administration?

Distributional:

Winners

- o How many and which kind of families have we raised above the poverty line?
- o What proportion of new government transfers have gone to raise families above the poverty line?
- o How much and what proportion of benefits have gone to non-poor families, e.g., above 1.5 * Poverty?
- o Which States and regions have benefited the most?
- o What about central city ghettos? Rural areas?
- o How many workers have gone from part-time to full time work?

Losers

- o How many and which types of working poor families are still left behind (below poverty)?
- o Have we made any working families worse off? Dropped below

poverty?

Descriptive

What does baseline look like, given Health Reform? What if we consider the EITC changes to be in baseline? How are macro-economic projections likely to affect our estimates of baseline and proposals?

What do the income dynamics look like for important hypothetical families? (Which hypotheticals are most important?)

What data analyses are we likely to be able to show at a state level?

Who are the working poor? How many and what kind of families/children live in working poor families? [E.g., age of head, age of youngest child, number of children, education level(s) of parent(s), disability status, level of work by one or more family members, location (state, urban/rural, ghetto), extent of poverty, marital status, etc.] Why are they poor? What are the important differences between two and one parent families?

What do we know, that is useful, about why people don't work? Race? Space? Skills mismatch? Culture? Others? (Is this useful for either policy analyses or policy advocacy?)

What are the trends of labor force participation for mothers? What seems to be socially acceptable? How are these trends likely to change? How are they related to age of youngest child?

Is there any evidence that young male unemployment is a significant factor in out-of-wedlock teen birth rate? Are our proposals likely to significantly affect teen pregnancy rates?

How many are eligible for or participate in (affected by) current minimum wage, EITC, Food Stamps, child care subsidies, child care tax credit?

How many families would use the EITC advanced payment provision, if it were better packaged and promoted?

What are the income dynamics of working poor families? For example, how many would be expected to stay employed and rise above the poverty line in one, two, or more years? How many are likely to leave employment voluntarily, forced? (Policy Question: How long to does one have to work before she/he shouldn't be poor?)

How many and what kind of people are working at or near current and proposed minimum wages?

What are the work barriers to people on welfare? How much mixing

of work and welfare is there? What are the patterns? Does having to have a work history to be eligible for AFDC-UP make sense? Is the 100 hours rule a problem for AFDC-UP families? How many families do these provisions affect? Are there provisions of Food Stamps, Housing, other government programs which pose major work barriers? For example, are assets provisions a problem?

What are the benefit packages available if on welfare? What are the likely benefit packages available, if work? Is there any evidence that high marginal tax rates or notches are major concerns to low income workers?

How many, and which, low income workers are covered by Unemployment Insurance, if they lose their job? Could we improve coverage? Would this improve make-work strategy?

What are the likely functions of a Work Support Administration? What are the additional costs to implement it?

What are the likely interactions between Make Work Pay and the Child Support and Transitional Welfare proposals? What about Program Simplification proposals?

Prepared by Bill Prosser
6/11/93

TRANSITIONAL SUPPORT GROUP DRAFT--NOT FOR DISTRIBUTION

Thoughts on Modeling Needs for Transitional Support

Intro: Need a dynamic model that can track caseload, benefit payments, administrative costs and service costs over time and can accommodate: 1) different treatments (i.e., time limits, exemptions, E&T participation, services utilization, sanctions); 2) different impacts of such treatments; and 3) different patterns of welfare receipt for different categories of individuals and families. The different types of individuals and families would include:

incoming recipients (first-time applicants and returnees)
vs. current caseload
two-parent, one-parent, and no-parent cases
teen parents
cases by # and age of children beginning <6 mos., <1 year
disability of recipients and others in the house
education levels
work experience
pregnancies and repeat pregnancies
sex

Goal: to be able to measure the effects of the changes from the current system to a transitional one in terms of cash assistance paid each year, expenditures on administration and services, the number on welfare at end of "two years", and the number on welfare for more than "two years" when repeat spells are considered.

I. For initial assumptions would propose a short-term (ST) (e.g., 4-mo) voluntary period followed by a medium-term (MT) transitional program (either 24-mo. or 24-mo. minus ST period) which could incorporate any of the following participation assumptions:

participation at current participation rates
full participation
intermediate level of participation (such as doubling of current)

Subsequent iterations would accommodate different assumptions about treatments (including different time rules), impacts and costs for the entire caseload and different subgroups.

II. To compute these items, need information or assumptions in the following areas:

unit costs of activities
expected participation patterns

TRANSITIONAL SUPPORT GROUP DRAFT--NOT FOR DISTRIBUTION

current E&T utilization info (what activities, how long, how funded)

child care costs and utilization, by age of child

impacts expected from participation, time limits

current welfare dynamics for different groups

availability of outside E&T for different groups

support services costs/utilization

Following are some more specific examples of data which might be needed

- o Participation in employment, education, training activities over time, by characteristics (sex, age, number and ages of children, work experience, education)
- o Employment experience (e.g., worked at least six of last twelve months, at least 12 of last 24 months, no work experience in past year, two years, five years)
- o Educational levels, by characteristics (age, head of case, dependent)
- o Number of recipients and number of JOBS participants who attend regular or alternative high school programs
- o Number of recipients and number of JOBS participants who attend two or four year college academic degree programs
- o Number of recipients and number of JOBS participants who attend ABE, GED, ESL classes
- o Number of recipients and number of JOBS participants receiving educational tuition assistance
- o Number of recipients currently claiming EITC, either at end of year and on regular schedule through the year
- o Number of recipients and number of JOBS participants in JTPA-funded programs, by type of program and characteristics of recipient
- o Number of teenagers receiving AFDC by status (heads of case, parent/pregnant but not head of case, teenage dependent non-parenting)
- o Number of pregnant recipients at any point in time
- o Disability rates among recipients (low: learning disability or temporary medical disability; medium: physical or mental handicap; high: should be none)

TRANSITIONAL SUPPORT GROUP DRAFT--NOT FOR DISTRIBUTION

NOTE: These data focus on potential AFDC impacts. The model could develop a broader focus and encompass other assistance and benefit programs, including EITC, FS, SSI.

TRANSITIONAL SUPPORT GROUP DRAFT--NOT FOR DISTRIBUTION

Other subject areas for which data would be needed

I. AFDC Simplification

What do we know about the costs and benefits of the existing AFDC system of monthly calculations and recalculations?

How much instability is there in AFDC cases in terms of income fluctuations, child support collections, and other factors?

How much is spent on AFDC administration--including MR/MB and QC? Are there any State studies on MR/RB payoff?

How much recomputation is done? How much do benefit computations change? How much is recouped?

How would the answers to the above questions change if Food Stamp benefits were brought into the picture? Is there comparable, separate FS information? Is there any information about the costs associated with administering a dual system? Do we know anything about cash-out savings, effects?

II. Infant Exemption

What do we know about parental bonding and the effects of parental work or separation on small children?

III. Disability

How many AFDC recipients and applicants (adults and children) would be considered disabled under different definitions? How many are disabled enough to qualify for SSI? How much would it cost to provide appropriate therapies (such as drug treatment) and participation opportunities for them? To develop appropriate work sites? How many can be reasonably accommodated, and how many cannot?

How many AFDC families live in households where there is a disabled individual needing care?

IV. Fall-out

For the following programs, what could be the effects on benefits and Federal expenditures if AFDC payments are cut?

housing, Food Stamps, foster care, SSI