

**SECTION 8. AID TO FAMILIES WITH DEPEND-
ENT CHILDREN AND RELATED PROGRAMS
(TITLE IV-A) ***

CONTENTS

- Overview**
- Basic Federal Rules**
- Treatment of Income and Resources**
 - Unearned Income**
 - Earned Income and Disregards**
 - Resources**
 - Accounting Period and Monthly Reporting**
- The AFDC Unemployed Parents Program**
- Interaction Between AFDC and Other Programs**
 - Medicaid**
 - Food Stamps**
 - Earned Income Credit (EIC)**
 - Child Support Enforcement**
 - SSI and Social Security**
 - Other Benefit Programs**
 - Participation in Multiple Means-Tested Programs**
 - Spending for Cash and Noncash Benefits for Persons of Limited Income**
- Job Opportunities and Basic Skills (JOBS) Training Program**
 - Purpose and Administration**
 - Assessment, Employability Plan, Case Management, and Orientation**
 - JOBS Activities**
 - Participation Requirements**
 - Targeting of JOBS Funds**
 - Funding of JOBS and Supportive Services**
 - Indian Tribes and JOBS**
 - Supportive and Transitional Services**
 - Welfare-to-Work Efforts: Some Assessments**
- Title IV-A Emergency Assistance**
- Waivers From Federal AFDC Law—Section 1115 Demonstration Projects**
- Child Care for Families at Risk of AFDC Receipt**
- AFDC Benefit Levels and Trends**
 - Maximum Benefits (State AFDC Guarantees)**
 - Need and Payment Standards**
 - Trends in Benefits**
 - Income Eligibility Limits**

* The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 changed this program; see appendix L for details.

- AFDC Benefits for Special Needs**
- Federal and State Funding of AFDC Benefit Payments and Administrative Costs**
- AFDC Caseload Data**
- Characteristics of AFDC Families**
 - National Data About AFDC Families**
 - State Data About AFDC Families**
- The AFDC Quality Control System**
 - Description of AFDC Quality Control System**
 - Quality Control and JOBS Performance Standards**
 - Recent Quality Control Statistics**
- Welfare Dynamics**
 - Exits and Returns to AFDC**
 - Endings and Beginnings of AFDC Spells**
 - Length of Time on Welfare and Turnover Within the AFDC Caseload**
 - Relationship of Personal Characteristics to Duration of AFDC**
 - Welfare Dependency**
 - Intergenerational Transmission of AFDC Receipt**
- Adolescent and Out-of-Wedlock Childbearing and Use of AFDC**
 - Trends Over Time**
 - First Births to Unmarried Women**
 - Links to AFDC Use**
- Legislative History**
- References**

OVERVIEW

Aid to Dependent Children was established by the Social Security Act of 1935 as a cash grant program to enable States to aid needy children without fathers. Later renamed Aid to Families with Dependent Children (AFDC), the program provides cash welfare payments for needy children who have been deprived of parental support or care because their father or mother is absent from the home continuously, is incapacitated, is deceased or is unemployed. AFDC benefits also are paid to the child's needy caretaker relative (usually the mother) and, in some States, may be paid to another person in the home who is deemed essential to the child's well-being. All 50 States, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands operate an AFDC Program. Although 1988 legislation allowed American Samoa to participate in the AFDC Program, as of April 1996 it had not chosen to do so.

States define "need," set their own benefit levels, establish (with-in Federal limitations) income and resource limits, and administer the program or supervise its administration. States are entitled to unlimited Federal funds for reimbursement of benefit payments, at "matching" rates known as Medicaid matching rates, which are inversely related to State per capita income. States must provide aid to all persons who are in classes eligible under Federal law and whose income and resources are within State-set limits. Thus, an individual's entitlement to AFDC varies from State to State. Federal funds currently pay from 50 to about 78 percent of AFDC ben-

efit costs in a State (55 percent on average) and 50 percent of administrative costs in all States.

As Table 8-1 indicates, AFDC enrollment and benefit outlays in fiscal year 1994 rose to all-time high levels. That year a monthly average of 14.2 million persons (9.6 million children) in 5 million families received benefits totaling \$22.8 billion. However, in fiscal year 1995 enrollment dropped by 0.6 million persons (0.3 million children), average family benefits rose only \$1.00 monthly, and total benefit outlays fell by \$0.8 billion.

Table 8-1 summarizes AFDC enrollment and spending trends from 1970 to 1995. In that quarter-century period, the number of AFDC families more than doubled, from 1.9 million to 4.9 million, but, because family size shrank, the number of recipients rose only 83 percent. The proportion of the U.S. population enrolled in AFDC increased from 3.6 percent in fiscal year 1970 to 5.5 percent in 1993 and 1994, a 53 percent rise. In the same period the share of families with children served by AFDC more than doubled, from 6.6 percent to 14.8 percent. Measured in constant value (1995) dollars, AFDC benefit expenditures increased 35 percent, from \$16.4 billion in 1970 to \$22 billion in 1995. Administrative costs remained almost the same in both years, after adjusting for inflation, at \$3.5 billion. AFDC administrative costs were 22 percent of benefit payments in 1970, when they included some services, and 16 percent in 1995. The average monthly family benefit measured in 1995 dollars, fell from \$713 in 1970 to \$377 in 1995, a 47 percent drop.

BASIC FEDERAL RULES

AFDC is a voluntary program for States, but participating States must submit plans for approval. They must operate the program statewide and apply their need standards uniformly within the State or locality to all families in similar circumstances. States may adopt separate urban and rural benefit schedules and may vary benefits by region, with differences usually reflecting shelter costs. States are at liberty to pay as much in benefits as they choose, or as little, with one exception. Medicaid law forbids them to reduce AFDC payment standards below those of May 1, 1988 (or, if higher, those of July 1, 1987).

Eligibility for AFDC ends on a child's 18th birthday, or at State option upon a child's 19th birthday if the child is a full-time student in a secondary or technical school and may reasonably be expected to complete the program before reaching age 19.

Since October 1, 1990, State AFDC Programs have been required to offer AFDC to children in two-parent families who are needy because of the unemployment of one of their parents (AFDC-UP). Eligibility for AFDC-UP is limited to families whose principal wage earner is unemployed but has a history of work. States that did not have an Unemployed Parent Program as of September 26, 1988 may limit benefits under the AFDC-UP Program to as few as 6 months in any 13-month period.

TABLE 8-1.—SUMMARY OF KEY AFDC PROGRAM ELEMENTS, SELECTED YEARS 1970-95
 [In dollars. ¹ except for caseload numbers and enrollment percentages]

Program element	Year										
	1970	1975	1980	1985	1988	1990	1991	1992	1993	1994	1995
Total AFDC											
Benefit expenditures (millions) ²	4,082	8,153	11,540	14,580	16,663	18,539	20,356	22,240	22,286	22,797	22,032
In 1995 dollars	16,350	23,829	21,839	20,707	21,562	21,809	22,795	24,172	23,513	23,432	22,032
Federal share (millions)	2,187	4,488	6,224	7,817	9,125	10,149	11,165	12,252	12,270	12,511	12,018
In 1995 dollars	8,460	13,117	11,779	11,102	11,808	11,939	12,503	13,316	12,945	12,859	12,018
Administrative cost (millions)	381	1,082	1,479	1,779	2,353	2,661	2,673	2,764	2,956	3,282	3,524
In 1995 dollars	3,529	3,162	2,799	2,527	3,045	3,130	2,993	3,004	3,119	3,373	3,524
Federal share (millions)	³ 572	552	750	890	1,194	1,358	1,373	1,422	1,518	1,670	1,770
In 1995 dollars	2,291	1,613	1,419	1,264	1,545	1,598	1,538	1,546	1,602	1,716	1,770
Average monthly numbers (thousands): ⁴											
Families	1,909	3,269	3,574	3,692	3,748	3,974	4,375	4,769	4,981	5,046	4,869
Recipients	7,429	10,960	10,497	10,813	10,920	11,460	12,595	13,625	14,144	14,226	13,619
Children	5,494	7,821	7,220	7,165	7,326	7,755	8,515	9,225	9,539	9,590	9,275
Average family size	4.0	3.2	3.0	3.0	3.0	2.9	2.9	2.9	2.8	2.8	2.8
Average monthly benefit per family	178	208	269	329	370	389	388	389	373	376	377
In 1995 dollars	713	608	509	467	479	458	434	423	394	386	377
Percent of families with chil- dren enrolled ⁵	6.6	10.9	11.5	11.9	11.7	12.3	13.5	14.6	15.0	14.8	NA
Percent of population enrolled	3.6	5.1	4.6	4.5	4.5	4.6	5.0	5.3	5.5	5.5	5.2
AFDC-Basic and AFDC-UP											
Benefit expenditures (in mil- lions of 1995 dollars):											
AFDC-Basic	15,424	22,771	20,528	18,498	19,725	20,068	20,749	21,869	21,088	20,961	19,820
AFDC-UP	925	1,058	1,312	2,210	1,838	1,741	2,046	2,303	2,425	2,471	2,212

Average monthly number of families (thousands):											
AFDC-Basic	1,831	3,168	3,433	3,431	3,538	3,770	4,107	4,447	4,622	4,683	4,534
AFDC-UP	78	101	141	261	210	204	268	322	359	363	335
Average monthly benefit per family (in 1995 dollars):											
AFDC-Basic	702	599	498	449	465	444	421	410	380	373	364
AFDC-UP	988	873	775	706	729	711	636	596	563	567	550

¹ Current dollars and constant value (1995) dollars. The latter were adjusted for inflation on the basis of the Consumer Price Index for Urban Consumers (CPI-U).

² AFDC benefit expenditures have not been reduced by child support enforcement collections. Data are from table 8-22, but (unlike that table) exclude foster care payments made in 1975 and 1980.

³ Includes expenditures for services.

⁴ AFDC enrollment data are from table 8-25, but (unlike that table) exclude foster care recipients for 1975 and 1980.

⁵ Based on the number of U.S. families with children under age 18.

NA—Not available.

The Family Support Act of 1988 (Public Law 100-485) substantially revised the work and training requirements of the AFDC Program. Since October 1, 1990, States have been required to have a Job Opportunities and Basic Skills Training (JOBS) Program. This program, which replaced the Work Incentive (WIN) and WIN Demonstration Programs, seeks to help needy families avoid long-term welfare use. The JOBS Program must include specified educational activities. States are required to enroll able-bodied persons whose youngest child is at least age 3, provided State resources are available.

Families receiving AFDC are automatically eligible for Medicaid. The Family Support Act also requires that States provide transitional Medicaid benefits of up to 12 months for those who lose AFDC eligibility as a result of increased hours of, or increased income from, employment or as a result of the loss of earnings disregards (special treatment of earned income by which some income is ignored for the purpose of computing AFDC eligibility and benefits).

The Family Support Act requires that States guarantee child care found necessary for an individual's employment or participation in education or training activities approved by the State, and requires that transitional child care of up to 12 months be provided for families who lose AFDC eligibility as a result of increased hours of, or increased income from, employment or as a result of the loss of earnings disregards. The law provides unlimited matching funds for this child care.

In addition, the AFDC statute entitles States to capped matching funds for child care for families that need child care in order to work and that, without child care, would be at risk of becoming eligible for AFDC.

Finally, Federal law requires AFDC mothers (and applicants), as a condition of AFDC eligibility, to assign their child support rights to the State and to cooperate with welfare officials in establishing the paternity of a child and in obtaining support payments from the father.

TREATMENT OF INCOME AND RESOURCES

Federal AFDC law requires that all income received by an AFDC recipient or applicant be counted against the AFDC grant except income explicitly excluded by definition or deduction. Moreover, AFDC law requires that certain persons be considered part of the AFDC assistance unit and that part of the income of certain other persons be counted in determining the AFDC eligibility status and benefit amount.

In 1981, Congress required that a portion of the income of a stepparent be counted in determining AFDC eligibility and benefit amounts. However, in a few States (seven as of April 1996), all stepparents must assume the legal responsibility of a natural or adoptive parent. In these States, all of the stepparent's income must be counted in determining the AFDC eligibility status and/or benefit amount of the children and spouse.

In 1984, a standard definition of the AFDC assistance unit was established for the first time. Under this requirement, the parent(s) of a dependent child and any dependent brothers or sisters who are

in the home are to be included in the AFDC unit, with eligibility and benefits based on the income and circumstances of this family unit. SSI recipients, stepsiblings, and children receiving foster care maintenance payments or adoption assistance are not counted as part of the AFDC unit. In addition, if a minor who is living in the same home as her parents applies for aid as the parent of a needy child, a portion of the income of the minor's parents is to be counted as available to the filing unit.

The law also requires that income from a nonrecurring lump sum payment that exceeds the monthly AFDC need standard be taken into account in determining AFDC eligibility and/or benefit amount. Lump sum payments in excess of the State's need standard—for the given family size—render a family ineligible for AFDC for a period of time equal to the lump sum payment divided by the State's monthly need standard.

UNEARNED INCOME

States are required by Federal law to disregard certain income in determining the eligibility and benefits of families applying for or receiving AFDC. Unearned income not counted by the AFDC Program includes the following: the first \$50 of current monthly child support payments received by the family; any student financial assistance provided under the Higher Education Act; the value of Department of Agriculture donated foods; benefits from child nutrition programs or nutrition programs for the elderly; payments to VISTA workers; some payments to certain Indian tribes; any amounts paid by a State welfare agency from State-only funds to meet the needs of AFDC children if the payments are made under a statutorily-established State program that has been continuously in effect since before January 1, 1979; payments for supporting services or reimbursement of out-of-pocket expenses made to volunteers serving as foster grandparents, senior health aides, or senior companions; and Agent Orange settlement payments.

EARNED INCOME AND DISREGARDS

States are required by Federal law to disregard certain earned income when determining the amount of benefits to which a recipient family is entitled. States must disregard all the earned income of each dependent child receiving AFDC who is a student (full or part time) at a school, college, university, or vocational training course and not a full-time employee. States may disregard all or part of the earned income of a dependent child who is a full-time student and an applicant for AFDC if the child's earnings are excluded in determining the family's total income. States may disregard, for up to 6 months, earnings derived from Job Training Partnership Act (JTPA) Programs by a dependent child applying for or receiving AFDC.

With respect to self-employment, "earned income" is defined by Federal regulations as the "total profit from a business enterprise, farming, etc., resulting from a comparison of the gross receipts with the business expenses, i.e., expenses directly related to producing the goods or services and without which the goods or services could not be produced." However, under AFDC regulations,

items such as depreciation, personal business and entertainment expenses, personal transportation, purchase of capital equipment and payments on the principal of loans for capital assets or durable goods are not considered business expenses.

Before OBRA 1981, in order to provide a financial incentive for recipients to seek and maintain employment, Federal law required the deduction of an initial \$30 in monthly earnings plus one-third of remaining earnings, plus work expenses (child care costs, payroll taxes, transportation, and similar expenses reasonably attributable to the earning of income). Under this rule, a person did not lose AFDC eligibility until monthly gross earnings equaled 150 percent of the AFDC payment standard, plus \$30, plus 150 percent of work expenses. When making an initial determination of eligibility, however, only work expenses were disregarded.

Amendments in OBRA 1981 standardized and limited the disregard for work expenses to \$75 per month, capped the child care disregard at \$160 per child per month, specified that the HHS Secretary could lower these sums for part-time work, and changed the order of disregards. The \$30 plus one-third disregard was limited to a period of 4 consecutive months; recipients who left AFDC and then returned could not again qualify for this disregard for 12 months. States were prohibited from paying AFDC to any family with a *gross* income above 150 percent of the State's standard of need and were required to assume that working AFDC recipients received a monthly earned income credit (EIC), if they appeared eligible for it and regardless of when or if they actually claimed the credit. The standard \$75 expense disregard and child care disregard were applied before the one-third (this lowered the point at which counted earnings ended eligibility). Previously, the EIC was counted only when received; most AFDC recipients did not receive the EIC on a monthly basis. Taken together, these changes substantially reduced the amount of earnings a recipient could have and remain eligible for an AFDC payment.

In 1984, Congress further revised these disregards. The gross income limit was increased to 185 percent from 150 percent of the State standard of need, the work expense disregard of \$75 per month was applied to both full- and part-time workers, and the \$30 disregard—originally a part of \$30 and one-third—was extended for an additional 8 months beyond the 4-month limit. The 1984 legislation also returned to prior law policy with respect to the earned income credit: it was to be counted only when actually received.

The Family Support Act of 1988 further revised the treatment of earned income effective October 1, 1989. The work expense disregard is now \$90 per month, the maximum child care expense allowance is \$175 per month per child (\$200 for children under age 2), and the child care disregard is calculated after other disregard provisions have been applied. Furthermore, States are now required to disregard the earned income credit in determining eligibility for and benefits under the AFDC Program.

Table 8-2 illustrates the impact of the 1981, 1984, and 1988 changes on benefits payable to a mother with 2 children working full time at a low wage. The table also shows how gross earnings limits were reduced by the changes in treatment of earnings. Two AFDC benefit standards are illustrated: \$600 represents the AFDC

payment standard for a family of three in a high benefit State and \$400 is slightly above the payment standard for a three-person family in the median benefit State (January 1996 data).

As the table shows, before the 1981 law, a mother would not work her way totally off AFDC until gross earnings reached \$1,185 per month in the high benefit State (\$600 payment standard) and \$885 per month in the near-median benefit State (\$400 payment standard). The corresponding limits today, after 1 year on a job, are \$790 and \$590, respectively.

The table also shows the growth in the earned income credit (EIC) over this period, from \$32 to \$232 monthly for a worker (with two children) earning \$581. In some States, the rise in the EIC equals the cut in AFDC benefits caused by the less generous treatment of earnings.

Several States use a method of paying AFDC that allows working families to retain a greater portion of their AFDC grant as earnings increase. This method of payment, commonly referred to as "fill-the-gap," provides greater financial incentives for families to work than the standard payment method. Under the standard payment method, the AFDC grant is determined by subtracting countable income (e.g., earnings less disregards) from the State's payment standard. Most States set payment standards below their need standards—the amount the State recognizes as essential for a family's needs. Further, several States have maximum benefits below the payment standard. (To compare State need standards and maximum benefits for a typical AFDC family of three with each other and with payment standards, see tables 8-12 and 8-17, respectively.) Some States having AFDC payment standards below their need standard allow families to fill part or all of the gap between the payment and need standard with earnings, before reducing the AFDC grant. Other States set a maximum payment below the payment standard, allowing families to "fill-the-gap" only up to the payment standard. Most States with AFDC payment standards below their need standard do not use a fill-the-gap policy—they begin to reduce the AFDC grant dollar for dollar for earnings in excess of the standard earnings disregards. In January 1994, 10 States were using some form of "fill-the-gap": Mississippi, Tennessee, Kentucky, North Carolina, Georgia, Utah, South Dakota, Colorado, Wyoming, and Maine. Working mothers in these States have higher net income at equivalent earnings than mothers living in States with similar AFDC payment levels that do not use a "fill-the-gap" payment method (Gabe and Falk, 1995).

TABLE 8-2.—CALCULATION OF MONTHLY AFDC BENEFITS AND ELIGIBILITY LIMITS FOR A WORKER WITH LOW EARNINGS UNDER PRE-OBRA, OBRA, DEFRA, AND CURRENT LAW

	Pre-OBRA (1979)		OBRA (1981)		DEFRA (1984)		Current AFDC	
	First 4 months	After 4 months	First 4 months	After 4 months	First 4 months	After 4 months	First 4 months	After 12 months
Income:								
Gross earnings	581	581	581	581	581	581	581	581
Earned income credit ¹	32	32	32	41	41	41	232	232
Gross income	613	613	613	622	622	622	813	813
Disregards: ²								
Initial disregards ³	-30	-105	-75	-105	-105	-75	-120	-90
One-third of rest	-184	(4)	(4)	(4)	(4)	(4)	-154	(4)
Child care	-100	-100	-100	-100	-100	-100	-100	-100
One-third of rest	(4)	-136	(4)	-125	(4)	(4)	(4)	(4)
Other expenses	5-70	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Earned income credit ⁶	-32	(4)	(4)	-41	-41	-41	-232	-232
Total disregards	-416	-341	-175	-371	-246	-216	-606	-422
Net countable income	197	272	438	251	376	406	207	391
AFDC benefits:								
\$600 payment standard	403	328	162	349	224	194	393	209
\$400 payment standard ⁷	203	128	0	149	24	0	193	80
Eligibility limits ⁹ (in earnings):								
\$600 payment standard	1,185	¹⁰ 1,105	¹⁰ 775	1,105	805	775	1,170	790
\$400 payment standard	885	¹⁰ 805	¹⁰ 575	805	605	575	870	590

Note.—OBRA = Omnibus Budget Reconciliation Act of 1985; DEFRA = Deficit Reduction Act of 1984.

¹ Earned income credit amounts reflect credit rates in effect for a tax filer with two children in 1979, 1981, 1984, and 1996 (current law). Until 1991, the rate was the same for one or more children.

² Initial disregards, one-third disregards, child care and other expense disregards are based on gross earnings and subtracted from them. In 1981 column only, gross earnings include the EIC.

³ Pre-OBRA: \$30 disregard. OBRA: Standard work expense deduction of \$75 plus \$30 in first 4 months. DEFRA: Standard work expense deduction of \$75 plus \$30 disregard in first 12 months. FSA: Standard work expense deduction of \$90 plus \$30 disregard in first 12 months.

⁴ Not applicable. Note: In columns 2 and 4 (1st 4 months, OBRA and DEFRA) there is a one-third residual disregard, but not until after deduction of child care costs (as shown).

⁵ Itemized work expenses (including payroll deductions and transportation) are assumed to be \$70.

⁶ EIC disregard applied in all years shown except 1981.

⁷ Slightly above the payment standard for a family of three in the median State, January 1996.

⁸ To receive an AFDC check, the benefit amount must equal at least \$10. (Here the calculated benefit would be \$9.)

⁹ Except in 1979, earnings limits for payment of an actual benefit would be lower than shown (\$15 less monthly, first 4 months of a job, and \$10 less monthly thereafter) because of the rule enacted in 1981 against paying a benefit amount below \$10.

¹⁰ Including EIC, treated as counted earnings in 1981.

Source: Table prepared by the Congressional Research Service.

RESOURCES

Allowable resources are limited, by Public Law 97-35, to \$1,000 (or a lower amount set by the State) in equity value (i.e., market value minus any encumbrances) per family, excluding the home and one automobile if the family member's ownership interest does not exceed a limit chosen by the Secretary of Health and Human Services. In addition, States must disregard from countable resources burial plots and (up to \$1,500) funeral agreements for each member of the assistance unit. Also, for a limited time, States must exclude real property the family is making a "good faith" effort to sell, but only if the family agrees to repay benefits. HHS regulations set \$1,500 as the outer limit (in equity value) for an automobile (Indiana and Louisiana have lower limits) and permit States to exclude from countable resources "basic items essential to day to day living," such as clothing and furniture. Previous regulations permitted States to adopt a counted resource limit as high as \$2,000 per family member, and to treat the home and auto as counted resources.

Neither law nor Federal regulations mention capital equipment as being exempt from the resource requirement, but the compilation of State AFDC plans indicates that about half of the States exclude from countable resources farm machinery, livestock, and tools and equipment essential to employment, livelihood, or income.

ACCOUNTING PERIOD AND MONTHLY REPORTING

AFDC eligibility and benefits are determined monthly. Public Law 97-35 required States to determine *eligibility* on the basis of the family's circumstances in the current month. *Payment amounts* were to be determined "retrospectively"—on the basis of the family's countable income and resources in the preceding month (or, at the discretion of the Secretary of Health and Human Services, in the second preceding month). In addition, States were to require recipients to provide monthly reports on income, family composition, and resources. However, a State could adopt less frequent reporting for specified categories of families if it demonstrated that this would be cost-beneficial.

In 1984, Public Law 98-369 revised these rules. Retrospective budgeting was made mandatory only for families that file a monthly report. Monthly reporting was required for families with earned income or a recent work history and whenever cost effective.

The Omnibus Budget Reconciliation Act of 1990 gave States the option of specifying which categories of AFDC families, if any, must file monthly (or less frequent) reports and permitted them to apply retrospective budgeting to those required to file periodic reports. Effective in fiscal year 1994, Public Law 103-432 gave States the option to apply retrospective budgeting to categories of their choice. Regulations require States that specify retrospective budgeting to provide a monthly reporting form plus a stamped, self-addressed envelope, to recipients who have earnings.

THE AFDC UNEMPLOYED PARENTS PROGRAM

The original Social Security Act permitted States to give AFDC only to needy children in one-parent homes unless the second par-

ent was incapacitated. Then, as now, most AFDC children lived in fatherless homes. For the first 25 years of the program, if a father lost his job and his family became needy, State AFDC Programs were forbidden to help the family so long as the father lived at home. In 1961, as an antirecession measure, the law was changed so that families with jobless fathers at home could qualify for AFDC. Since May of that year States were permitted to give AFDC to needy children of unemployed parents. This program is known as AFDC for Unemployed Parents—AFDC-UP.

In 1988, the Family Support Act required all States, effective October 1, 1990, to provide AFDC to two-parent families who are needy because of the unemployment of the principal wage earner. (As a result of a 1994 amendment (Public Law 103-432), the requirement does not take effect for American Samoa, Puerto Rico, Guam, and the Virgin Islands until funding ceilings for AFDC benefits in these areas are removed.) The two-parent program reverts to optional status for all States after September 30, 1998.

The 29 jurisdictions (including Guam and Washington, DC) that had an AFDC-UP Program as of September 26, 1988, were required to continue operating the program without any time limit on eligibility. Other States have the option to impose a time limit. In exercising this option, a State may not deny AFDC to a family unless the family has received AFDC under the Unemployed Parents Program in at least 6 of the preceding 12 months. As of February 1996, the following 12 States have time limits on eligibility: Arizona, Arkansas, Colorado, Florida, Georgia, Nevada, North Dakota, South Dakota, Texas, Utah, Virginia, and Wyoming.

AFDC-UP families, like other AFDC families, are automatically eligible for Medicaid. The Family Support Act of 1988 requires States that time-limit AFDC-UP benefits to provide Medicaid to all members of the family without any time limitation.

When AFDC-UP began, States were allowed to define "unemployment." Some States included in the program families in which the principal wage earner worked as many as 35 hours a week. Since 1971, Federal regulations have specified that an AFDC parent must work fewer than 100 hours in a month to be classified as unemployed, unless hours are of a temporary nature for intermittent work and the individual met the 100-hour rule in the two preceding months and is expected to meet it the following month. The Family Support Act of 1988 required the DHHS Secretary to enter into agreements with up to eight States for demonstrations to test a definition of unemployment less restrictive than the present 100-hour rule and authorized projects with no limitation on hours worked. Resulting projects in California, Wisconsin, and Utah set no limit on hours worked by AFDC-UP recipients and based eligibility on income alone. As of February 1996, evaluations of these demonstrations were not completed.

However, additional experiments with AFDC-UP rules are underway. As of late 1995, 22 States had received Federal waivers, and another 6 had applications pending, to test elimination of the 100-hour rule. Some of these end the hour limit for applicants as well as AFDC-UP recipients.

Attachment to the labor force is one condition of eligibility for AFDC-UP. The principal earner must: (1) have 6 or more quarters

of work in any 13-calendar-quarter period ending within 1 year before application for assistance; or (2) have received or been eligible to receive unemployment compensation within 1 year before application. A quarter of work is a quarter in which an individual earns at least \$50 or participated in the JOBS Program. At State option, attendance in elementary or secondary school, vocational or technical training, or participation in JTPA, may be substituted for up to 4 of the 6 required quarters of work. Some States have waivers to test ending the work history rule, as well as the 100-hour rule.

INTERACTION BETWEEN AFDC AND OTHER PROGRAMS

MEDICAID

States must provide Medicaid to families receiving cash assistance under AFDC. Beginning in 1986, Congress extended Medicaid coverage, at regular Federal matching rates, to groups of women and children not enrolled in AFDC. The most important of these groups include (1) pregnant women, and children up to age 6, with family incomes up to 133 percent of the poverty level; (2) children born on or after October 1, 1983, with family incomes below the Federal poverty level (this provision is phased in to cover all children up to age 19 by the year 2002); and (3) certain persons whose family income and resources are below the AFDC standards but who fail to qualify for AFDC for other reasons, such as family structure (these include first-time pregnant women). In addition, States have the option to provide coverage to pregnant women and infants under age 1 with incomes that do not exceed 185 percent of the Federal poverty level.

When families lose AFDC eligibility, Medicaid eligibility also frequently ends, except under income circumstances outlined above, or if the family qualifies for transitional Medicaid benefits established under the Family Support Act of 1988. This act requires States to extend Medicaid coverage for 12 months to families who lose AFDC eligibility because of earnings. During the first 6 months of coverage, the States must provide each family the same Medicaid coverage that the family had while receiving AFDC. States are not permitted to impose premiums for this coverage, but States do have a Medicaid "wraparound" option. Under this option, States may use Medicaid funds to pay a family's expenses for premiums, deductibles and coinsurance for any health care coverage offered by the employer of the caretaker relative. The employer coverage would then be treated by the Medicaid Program as a third party liability.

During the second 6 months of coverage, the States have a number of options. First, they may limit the scope of the Medicaid coverage to acute care benefits, dropping nursing home coverage and other nonacute benefits. Second, States may impose a monthly premium on families with incomes, less necessary child care expenses, in excess of 100 percent of the Federal poverty level. The monthly premium on these families could not exceed 3 percent of gross income. Premiums would be determined on the basis of quarterly reports from families on earnings and child care costs. Third, States have the option of offering families the choice of (1) basic Medicaid coverage (either the same as offered to cash assistance beneficiaries

or the more limited acute care package) or (2) one or more types of alternative coverage. These alternative coverages could include enrollment in an employer group health plan, a State employee plan, a State health plan for the uninsured, or a health maintenance organization. Families would always have a choice of staying with their basic Medicaid coverage, although they could not elect both the basic Medicaid and one of the alternative coverages. With respect to the basic Medicaid coverage, States would have the same "Medicaid wraparound" option as during the first 6-month period. In general, transitional coverage would terminate if a family no longer had a child, failed to report earnings on a quarterly basis, failed to pay any required premium, or fraudulently obtained cash assistance benefits.

States are required to provide full Medicaid coverage to all members of AFDC-UP families even in months when cash benefits are not paid because of a State-established time limit (described above).

In the mid-1980s, some States sought to cover more pregnant women and children under the Medicaid Program. However, they did not want to raise AFDC income eligibility levels in order to cover them under both programs. Congress gave States the option of extending Medicaid to pregnant women and children with incomes below the poverty lines but above AFDC limits. Congress later made this coverage mandatory. To prevent States from reducing AFDC benefits (because the targeted populations would receive Medicaid irrespective of the AFDC Program), Public Law 100-360 prohibited the Secretary of Health and Human Services from approving a State's Medicaid plan if the State reduced its AFDC payment levels below those in effect on May 1, 1988 and prohibited reimbursement for Medicaid to certain pregnant women and children if a State reduced AFDC payment levels below those in effect on July 1, 1987.

FOOD STAMPS

Most AFDC families are also eligible for and participate in the Food Stamp Program, which provides an important in-kind supplement to the cash assistance paid under AFDC. Although the law permits State AFDC Programs to count as income the value of a family's food stamps to the extent that this duplicates the amount for food in the State's maximum payment schedule, no State does so. However, the Food Stamp Program does consider AFDC payments to be countable income and it reduces the food stamp benefit by about 30 cents for each extra AFDC dollar. At the same time, when AFDC payments decline, food stamps are increased by about 30 cents per lost AFDC dollar. Thus, if an AFDC recipient is penalized by one dollar for violating a program rule, food stamps reduce the net loss to 70 cents. The interaction between AFDC and the Food Stamp Program has important financial implications for a State that desires to increase the income of its AFDC recipients. The State must increase AFDC by \$1.43 to obtain an effective \$1 increase in the recipient's total income ($\$1.00/0.7 = \1.43).

EARNED INCOME CREDIT (EIC)

Parents with modest earnings, including AFDC parents who leave welfare because of work, are eligible for a cash supplement from the U.S. Treasury in the form of an earned income credit (EIC). For tax year 1996, the maximum credit for a tax filer with one child is \$2,152, received for earnings between \$6,330 and \$11,610. For two or more children the maximum credit is \$3,556, received for earnings between \$8,890 and \$11,610. At higher levels credits are phased out, and they end at adjusted gross income of \$25,078 (one child) and \$28,495 (two or more children). EIC is a refundable credit; persons with income below the taxation threshold receive the credit as a direct payment from the U.S. Treasury. In fact, about 85 percent of the \$25 billion the Federal Government expects to spend on the EIC in 1996 will be refunded.

Federal law requires that EIC be ignored as income in determining eligibility and benefit amount in the programs of AFDC, food stamps, Medicaid, Supplemental Security Income (SSI) or some housing programs. (Lump sum EIC payments must be ignored as assets for 1 year by food stamps and for 2 months by the other programs.)

Table 8-3 and chart 8-1 illustrate the interaction of AFDC with food stamps, Medicaid, and the earned income credit (EIC) for a mother with two children at various earning levels. The example assumes the family lives in Pennsylvania. Calculations are made after the mother has been working for 4 months and has lost the disregard of one-third of "residual" earnings (those remaining after subtraction of a \$120 standard allowance).

CHILD SUPPORT ENFORCEMENT

As a condition of eligibility for aid, Federal law requires AFDC families (and applicants) to assign their support rights to the State and to cooperate with the State in establishing the paternity of a child born outside of marriage and in obtaining support payments. Families receiving AFDC benefits automatically qualify (free of charge) for CSE services, and their cases are referred to the State child support agency. The provision requiring the AFDC applicant or recipient to assign to the State her rights to support covers both current support amounts and any accrued arrears, and lasts as long as the family receives AFDC. When the family no longer receives AFDC, the mother or caretaker relative regains her right to collect support, but if there are arrears, the State may claim those arrears up to the amount paid out as AFDC benefits.

Child support payments made on behalf of a child receiving AFDC are paid to the child support agency rather than directly to the family. If the child support collection is insufficient to disqualify the family from receiving AFDC payments, the family receives its full monthly AFDC grant plus, pursuant to the 1984 Deficit Reduction Act, the first \$50 of the child support payment made in the child's behalf for that month. This \$50 is disregarded in AFDC benefit calculations. In several States where the need standard exceeds the maximum payment, additional amounts of child support are disregarded (see below). The remainder of the monthly child support payment is distributed to reimburse the State and

Federal Governments in proportion to their assistance to the family.

TABLE 8-3.—EARNINGS AND BENEFITS FOR A MOTHER WITH TWO CHILDREN WITH DAY CARE EXPENSES AFTER 4 MONTHS ON JOB, JANUARY 1996—(PENNSYLVANIA)

Earnings	EIC	AFDC ¹	Food stamps ²	Medicaid	Taxes			Work ex-penses ⁴	“Dispos-able” in-come
					Social Secu-rity	Fed-eral in-come ³	State income		
\$0	\$0	\$5,052	\$2,722	Yes	\$0	\$0	\$0	\$0	⁵ \$7,774
2,000	800	4,892	2,410	Yes	153	0	0	600	⁵ 9,349
4,000	1,600	3,292	2,530	Yes	306	0	0	1,200	⁵ 9,916
5,000	2,000	2,492	2,590	Yes	383	0	0	1,500	⁵ 10,199
6,000	2,400	1,692	2,650	Yes	459	0	0	1,800	⁵ 10,483
7,000	2,800	892	2,710	Yes	536	0	0	2,100	⁵ 10,766
8,000	3,200	0	2,798	Yes ⁶	612	0	0	2,400	⁵ 10,986
9,000	3,556	0	2,618	Yes ⁷	689	0	0	2,700	⁵ 11,785
10,000	3,556	0	2,438	No ⁷	765	0	0	3,000	12,229
15,000	2,842	0	1,538	No ⁸	1,148	0	420	4,200	13,612
20,000	1,789	0	0	No	1,530	0	560	5,200	14,499
30,000	0	0	0	No	2,295	1,628	840	5,400	19,837
50,000	0	0	0	No	3,825	5,187	1,400	5,400	34,188

¹ Assumes these deductions: \$120 monthly standard allowance (which would drop to \$90 after 1 year on the job) and child care costs equal to 20 percent of earnings, up to maximum of \$350 for two children.

² Assumes these deductions: 20 percent of earnings, \$134 monthly standard deduction and child care costs equal to 20 percent of wages, up to maximum of \$320 for two children.

³ Head of household rates in effect for 1996. The dependent care tax credit reduces tax liability at earnings of \$15,000 and above.

⁴ Assumed to equal 10 percent of earnings up to maximum of \$100 monthly, plus child care costs equal to 20 percent of earnings up to a maximum of \$350 for two children.

⁵ In addition, the benefits from Medicaid could be added, but are not, since the extent to which they increase disposable income is uncertain.

⁶ Family would qualify for Medicaid because the mother, by law, would be deemed still an AFDC recipient, even though no AFDC would be paid; her calculated benefit would be below the minimum amount (\$10 monthly) payable.

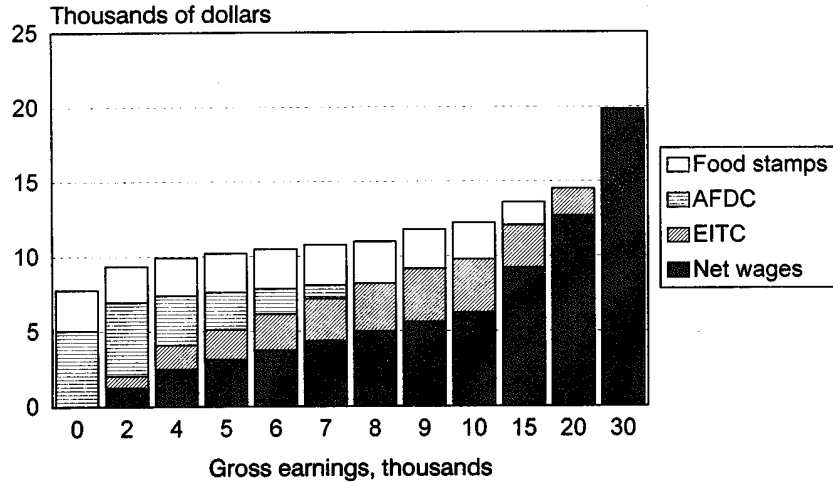
⁷ Family would qualify for Medicaid for 12 months after leaving AFDC under the 1988 Family Support Act. State must offer Medicaid to all children up to age 6 whose family income is not above 133 percent of the Federal poverty guideline (ceiling of \$17,290 for a family of three in 1996) and to children over age 6 born after September 30, 1983 (up to age 10¹/₃ in January 1996), whose family income is below the poverty guideline (\$12,600 for a family of three).

⁸ After losing her Medicaid transitional benefits, to regain eligibility, mother must spend down on medical expenses to State's medically needy income limit (\$5,604 in August 1995).

Source: Congressional Research Service.

If the family's income, including the child support payment, is sufficient to make the family ineligible for AFDC payments, the family's AFDC benefits are ended, and future child support payments are paid from the noncustodial parent to the family, usually through an intermediary such as the local child support agency or office of the court clerk.

CHART 8-1. DISPOSABLE INCOME AT VARIOUS WAGE LEVELS, MOTHER OF THREE,
PENNSYLVANIA (1996)



Note.—Net wages equal earnings minus taxes and assumed work expenses other than child care costs. Food stamps, AFDC, and the dependent care tax credit take account of child care costs.

Source: Congressional Research Service.

Before 1975, when the new child support law requiring child support payments to be made to the child support agency rather than the AFDC family took effect, AFDC families in States with fill-the-gap policies (discussed above) were permitted to use some or all of their child support or other income to fill the gap between the State's payment standard and need standard. Section 402(a)(28) of the Social Security Act requires States that had a fill-the-gap policy in 1975 and that currently have such a policy to add to the AFDC benefit all or part of the child support collection (the amount which would have caused no reduction in the AFDC benefit if it had been paid directly to the family).

Information obtained from HHS indicates that eight States that had fill-the-gap policies in July 1975 still had them in February 1996 and thus must follow the benefit calculation rules of section 402(a)(28). They are: Alaska, Georgia, Maine, Mississippi, South Carolina, Tennessee, Virginia, and Wyoming. Another 12 jurisdictions which had fill-the-gap policies in July 1975, no longer have them.

SSI AND SOCIAL SECURITY

In AFDC, Social Security benefits are treated as unearned income and thus AFDC benefits are reduced by \$1 for each \$1 of Social Security benefits. Under 1984 law, Social Security survivor benefits received by one AFDC child are counted as income available to other members of the family. Supplemental Security Income

benefits received by a member of the family are treated differently. The Supplemental Security Income recipient (whether a child or an adult) is not regarded as a part of the AFDC unit. Thus, his needs are not taken into account in determining the AFDC benefit level. At the same time, all income and resources of the Supplemental Security Income recipient are ignored in determining the AFDC benefit.

OTHER BENEFIT PROGRAMS

AFDC enrollment qualifies children for free school meals (if their school has a meal program). Mothers enrolled in AFDC automatically meet income standards for benefits from the Special Supplemental Nutrition Program for Women, Infants and Children (WIC). AFDC recipients also are eligible for help from the Job Training Partnership Act (JTPA). States may grant automatic eligibility for the Low-Income Home Energy Assistance Program (LIHEAP) to AFDC families. Not all AFDC families receive benefits from these programs (see tables 16-1, 16-2, and 16-3).

Some AFDC families receive housing subsidies (which reduce the family's rent to 30 percent of countable income). Thus, if a family's AFDC benefit rises (or falls), its public housing or section 8 housing subsidy generally declines (or rises) by 30 cents per dollar of the AFDC change. Although the law permits AFDC State Programs to count a family's housing subsidy as income to the extent that it duplicates the amount for housing in the AFDC maximum payment schedule, all but four States ignore housing subsidies (October 1990 data). If the AFDC grant includes a sum designated for actual housing costs, the family in subsidized housing must pay that amount as rent even if it exceeds 30 percent of countable income.

PARTICIPATION IN MULTIPLE MEANS-TESTED PROGRAMS

In 1994, according to the Census Bureau (U.S. Bureau of the Census, 1995), 4.819 million households included a member who received AFDC (or State/local General Assistance (GA)). These cash welfare benefits averaged \$3,995 per household (\$333 monthly). Noncash need-tested benefits received by members of some of these households were:

- Food stamps, average household value \$2,251 (received by 84.5 percent of AFDC households);
- Free or reduced-price school lunches, average value \$622 (53.8 percent of the households);
- Housing assistance, average value \$2,645 (29.7 percent of the households);
- Supplemental Security Income (SSI) cash aid, average household value \$4,983, (16.7 percent of the households); and
- Medicaid, average "fungible" value \$1,886 (97.5 percent of the households). The Census Bureau calculates the fungible value of Medicaid by counting Medicaid benefits to the extent that they free up resources that could have been spent on medical care.

The Census Bureau also reports that in 1994, 67.5 million persons, 25.8 percent of the population, lived in households in which a member received means-tested cash aid (excluding EIC pay-

ments) or noncash aid. By form of aid, they numbered: cash welfare (AFDC, GA, or Supplemental Security Income) 27 million persons, 10.3 percent of the population; food stamps, 29.2 million persons, 11.2 percent; Medicaid, 42.9 million persons, 16.4 percent; public or subsidized housing, 11.7 million persons, 4.5 percent.

CRS calculations (Burke, 1995) of Census data indicate that 7.5 million families with children were poor in 1993 before receiving cash aid from AFDC, general assistance, or the earned income credit (EIC)—4.6 million with a female householder and 2.9 million with a male householder (these numbers include unrelated sub-families). Some means-tested aid went to all but 5 percent of the female-headed families and 8 percent of the male-present families. For male-present families, EIC was the dominant form of aid. In all, 67 percent of male-present families who were poor before transfers received the EIC; for 27 percent it was the only aid. Among female-headed families who were poor before transfers, 38 percent received the EIC; for 9 percent it was the only aid. A combination of AFDC or GA cash, food stamps, and Medicaid went to 24 percent of female-headed families and 11 percent of male-present families.

SPENDING FOR CASH AND NONCASH BENEFITS FOR PERSONS OF LIMITED INCOME

More than 80 benefit programs provide cash and noncash aid that is directed primarily to persons who meet a test of low income. In fiscal year 1994 they cost almost \$345 billion, of which Federal funds paid \$246 billion. Section 18 lists these programs and shows how spending for them has grown since fiscal year 1968, in both current and inflation-adjusted dollars. It displays Federal and State-local expenditures separately and by form of benefit (medical aid, cash, food, housing, etc.). The section also shows changes over the last quarter century in the share of the Federal budget used for each form of income-tested aid. Again, not all families on AFDC receive benefits from these other means-tested programs.

JOB OPPORTUNITIES AND BASIC SKILLS (JOBS) TRAINING PROGRAM

The Family Support Act of 1988 established a new employment, education and training program for recipients of AFDC. This new program, called the Job Opportunities and Basic Skills (JOBS) Training Program, replaced the Work Incentive (WIN) Program.

PURPOSE AND ADMINISTRATION

The purpose of the JOBS Program is to assure that needy families with children obtain the education, training and employment that will help them avoid long-term welfare dependence. Each State is required to have a JOBS Program, under a State plan approved by the Secretary of the Department of Health and Human Services (HHS). States were required to implement the program no later than October 1, 1990. No later than October 1, 1992, the program had to be available in every subdivision of the State where it was feasible to operate the program. According to the DHHS publication, "Characteristics of State Plans for the Job Opportunities and Basic Skills [JOBS] Training Program: 1995-96 Edition,"

12 States have found it infeasible to operate JOBS in all political subdivisions. Nine of these States (Alaska, Colorado, Florida, Kansas, Kentucky, Louisiana, Montana, Nevada, and West Virginia) meet a regulatory standard by offering a complete JOBS Program in all Metropolitan Statistical Areas and in political subdivisions with 75 percent of AFDC adults and a minimal program in areas where 95 percent of adults live. The other three States without a statewide program are Idaho, New Mexico, and Texas, which make JOBS available in certain counties and political subdivisions described in their plans.

The JOBS Program is administered at the Federal level by the Assistant Secretary for Children and Families in HHS, and at the State level by the State welfare agency. The State welfare agency may offer services and activities directly, through Job Training Partnership Act (JTPA) administrative entities, through State and local educational agencies, and through other public agencies or private organizations (including community-based organizations).

ASSESSMENT, EMPLOYABILITY PLAN, CASE MANAGEMENT, AND ORIENTATION

The State must make an initial assessment of the education, child care and other supportive service needs as well as the skills, prior work experience, and employability of each JOBS participant. On the basis of this assessment, the State must develop an employability plan for the participant. The State agency may require the participant to enter into an agreement with the State that specifies the participant's obligations under the program and the activities and services to be provided by the State. Table 8-4, based on JOBS State plans, shows that six States chose to require such an agreement (January 1994 data).

The State agency may assign a case manager to each participant and the participant's family. The case manager must be responsible for assisting the family to obtain needed services to ensure effective participation in the JOBS Program. Table 8-4 shows that only two States—Iowa and Oklahoma—chose not to assign a case manager.

Information about the JOBS Program and supportive services must be provided to applicants and recipients by the State agency. For example, the agency must inform AFDC applicants and recipients of the opportunities for which they are eligible, the obligations of the State agency, and the rights, responsibilities and obligations of participants. The agency must also provide detailed information about day care services and must inform applicants and recipients of all other supportive services, including transitional health care benefits (see below).

TABLE 8-4.—SUMMARY OF JOBS PROGRAMS FROM STATE PLANS, JANUARY 1994¹

State	Name of program	Optional components	Exemption from participation if child under age— ²	Allow postsecondary education? Any limits?	Assign case manager?	Require agency participant contract?
Alabama	JOBS	OJT, alt. work exp., JS, other ed. & training.	.....	Yes; 2 year limit	Yes	No
Alaska	JOBS	OJT, alt. work exp., JS, other ed. & training.	.....	Yes; 30 consecutive months limit.	Yes	No
Arizona	JOBS	Alt. work exp., OJT, CWEP, JS, other ed. & training.	1	Yes; 2 year limit	Yes	No
Arkansas	Project Success	Alt. work exp., JS, OJT	1	Yes; 2 year limit	Yes	No
California	GAIN	OJT, work supp., CWEP, JS, alt. work exp.	.....	Yes; 2 year limit	Yes	Yes
Colorado	New Directions	OJT, work supp., CWEP, JS.	1	Yes; 24 month limit	Yes	No
Connecticut	JOBS	OJT, JS, alt. work exp.	2	Yes; 2 years; 3 years for certified programs.	Yes	No
Delaware	First Step	OJT, CWEP, JS	.....	Yes	Yes	No
District of Columbia	ARC	OJT, alt. work exp., JS, other ed. & training.	.....	Yes; 2 year limit	Yes	No
Florida	Project Independence	OJT, work supp., CWEP, alt. work exp., JS.	.....	Yes; 4 year limit	Yes	No
Georgia	PEACH	OJT, CWEP, alt. work exp., JS, work supp.	.....	Yes; 28 month limit	Yes	No
Guam	JOBS	OJT, CWEP, JS	.....	Yes	Yes	No
Hawaii	JOBS	OJT, CWEP, JS, other ed. & training.	.....	Yes	Yes	No

Idaho	JOB	OJT, alt. work exp., JS, other ed. & training.	Yes; 4 year limit	Yes	No
Illinois	Project Chance	OJT, work supp., CWEP, alt. work exp., JS, other ed. & training.	Yes; no limits	Yes	No
Indiana	IMPACT: JOBS	OJT, work supp., alt. work exp., CWEP, JS, other ed. & training.	Yes; 24 months	Yes	No
Iowa	Promise JOBS	OJT, alt. work exp., JS, other training.	Yes; 30 month limit for 2 year degree program; 40 month limit for 3 or 4 year programs.	No	No
Kansas	Kan Work in 23 counties; minimal JOBS in balance of State.	OJT, CWEP, JS, alt. work exp..	Yes; up to BA/BS	Yes	No
Kentucky	JOB	OJT, CWEP, alt. work exp., JS.	Yes; limited to 6 semesters for 2 and 3 year programs; 8 semesters for 4 year programs.	Yes	No
Louisiana	Project Independence	OJT, CWEP, JS	Yes; 4 year limit	Yes	No
Maine	ASPIRE/JOBS	OJT, CWEP, JS, other ed. & training, other training..	Yes; limited to 6 semesters for AA degree, 12 semesters for BA degree.	Yes	Yes
Maryland	Project Independence	OJT, alt. work exp., JS, work supp., other ed. & training.	Yes	Yes	No

TABLE 8-4.—SUMMARY OF JOBS PROGRAMS FROM STATE PLANS, JANUARY 1994¹—Continued

State	Name of program	Optional components	Exemption from participation if child under age— ²	Allow postsecondary education? Any limits?	Assign case manager?	Require agency participant contract?
Massachusetts	Mass JOBS	OJT, work supp., JS, alt. work exp.		Yes: limited to 3 years for 2-year degree, voc-tech programs; 6 years for 4-year programs.	Yes	No
Michigan	MOST	OJT, work supp, CWEP, JS, other ed.	1	No	Yes	No
Minnesota	Project STRIDE	OJT, work supp, CWEP alt. work exp., JS, other training.		Yes	Yes	No
Mississippi	JOBS	Alt. work exp., JS		Yes: 5 year limit, 3 year vocational.	Yes	No
Missouri	FUTURES	OJT, CWEP, JS, work supp., alt. work exp.		Yes	Yes	No
Montana	JOBS	OJT, work supp., JS, CWEP, alt. work exp.		Yes	Yes	Yes
Nebraska	JOBS	OJT, CWEP, alt. work exp., JS.	1	Yes	Yes	No
Nevada	JOBS	OJT, CWEP, JS, alt. work exp.		No	Yes	No
New Hampshire	JOBS	OJT, CWEP, JS		Yes	Yes	No
New Jersey	REACH	OJT, work supp, CWEP, JS, other ed. & training.	2	Yes	Yes	No

New Mexico	Project Forward	OJT, CWEP, alt. work exp., JS, other ed. & training.	Yes	Yes	No
New York	JOBS	OJT, work supp., CWEP, JS, other ed. & training.	Yes, 2 year limit	Yes	No
North Carolina	JOBS	OJT, CWEP, JS	Yes	Yes	No
North Dakota	JOBS	OJT, CWEP, JS, work supp., alt. work exp.	Yes; 45 months	Yes	No
Ohio	JOBS	OJT, work supp., CWEP, alt. work exp., JS.	Yes; 2 year limit	Yes	No
Oklahoma	Education, Training and Employment	OJT, work supp., alt. work exp., JS, other ed. & training.	Yes; 5 year limit	No	No
Oregon	JOBS	OJT, work supp., CWEP, alt. work exp., JS, other training.	No	Yes	No
Pennsylvania	New Directions	OJT, CWEP, alt. work exp., JS, other ed. & training.	Yes	Yes	No
Puerto Rico	PASOS	OJT, alt. work exp., work supp., JS, other ed. & training.	Yes; 2 years	Yes	No
Rhode Island	Pathways to Independence	CWEP, work supp., OJT, JS, alt. work exp.	Yes; 24 month limit	Yes	No
South Carolina	Work Support Program	OJT, alt. work exp., JS, other ed. & training.	Yes; 4 year limit	Yes	No
South Dakota	FIND	OJT, JS, alt. work exp.	Yes; 4 year limit	Yes	No
Tennessee	JOBS/WORK	OJT, alt. work exp., JS	Yes; 4 year limit	Yes	No
Texas	JOBS	OJT, alt. work exp., JS	Yes; 2 year limit	Yes	No
Utah	JOBS	OJT, alt. work exp. (WEAT), JS.	Yes; with limits	Yes	Yes

TABLE 8-4.—SUMMARY OF JOBS PROGRAMS FROM STATE PLANS, JANUARY 1994¹—Continued

State	Name of program	Optional components	Exemption from participation if child under age— ²	Allow postsecondary education? Any limits?	Assign case manager?	Require agency participant contract?
Vermont	Reach Up	OJT, work supp., CWEP, JS.	.....	Yes; 3 year limit for AA certificate, 5 years for BA degree.	Yes	No
Virgin Islands	JOBS/HOPE	OJT, CWEP, work supp., JS.	2	Yes; with limits	Yes	Yes
Virginia	JOBS	OJT, work supp., alt. work exp., JS, other ed. & training.	.....	Yes; 2 year limit	Yes	No
Washington	JOBS/FIP	OJT, alt. work exp., CWEP, work supp., JS.	.....	Yes; with limits (BA/BS)	Yes	No
West Virginia	JOBS	CWEP, OJT, JS, alt. work exp..	.....	Yes; 2 year limit	Yes	No
Wisconsin	JOBS	CWEP, OJT, work supp., JS, alt. work exp..	2	Yes; 2 year limit	Yes	No
Wyoming	Wyoming Opportunities for Work (WOW) Program.	OJT, alt. work exp., JS	1	Yes; 4 year limit for AA & vocational; 6 year limit for BA.	Yes	Yes

¹ Information based on State JOBS Plan, filed for the biennium beginning October 1, 1994.

² Unless otherwise noted, State follows basic statutory approach and exempts the parent of a child under age 3.

Note.—Optional components can include Job Search (JS), Alternative Work Experience, On-the-Job Training (OJT), Community Work Experience Program (CWEP), Work Supplementation, Other Education, and other activities.

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

JOBS ACTIVITIES

A range of services and activities must be offered by each State under the JOBS Program; however, States are not required to operate the JOBS Program uniformly throughout the State. The four mandatory services a State must offer are: (1) education activities, including high school or equivalent education, basic and remedial education to achieve a basic literacy level, and education for individuals with limited English proficiency; (2) job skills training; (3) job readiness activities; and (4) job development and job placement. Supportive services also are required.

In addition to these required activities, States must offer two of the following four optional activities: (1) group and individual job search; (2) on-the-job training; (3) work supplementation; and (4) community work experience (CWEP) or any other work experience program approved by the Secretary. In addition, States may offer postsecondary education to JOBS participants and other State-determined education, employment, and training activities approved by the Secretary. All jurisdictions but three (Michigan, Nevada, and Oregon) offer postsecondary education under JOBS. Table 8-4 shows which activities the individual States are offering, as of January 1994.

A complete JOBS Program contains the four mandatory components above and at least two of the four optional components. A minimal program includes high school or equivalent education, one of the optional components, and information and referral to available non-JOBS employment services.

When a parent aged 20 or over who lacks a high school diploma (or equivalent) is required to participate in JOBS, the State agency must include education services in her employability plan unless the individual demonstrates a basic literacy level or the plan identifies a long-term employment goal that does not require a high school diploma.

Following is a more detailed discussion of the Federal requirements for job search, CWEP, and work supplementation programs.

Job search

States may require AFDC applicants and recipients to participate in a job search program beginning at the time of application. States may require up to 8 weeks of job search for applicants and up to 8 weeks of job search for AFDC recipients each year. Thus, in the first year, up to 16 weeks of job search may be required; up to 8 weeks per year may be required thereafter. A person may not be required to undertake additional job search activities unless job search is used in combination with some other education, training or employment activity that is designed to improve the individual's prospects for employment. In no event may a State require a person to participate in more than 3 weeks of job search before it conducts an employability assessment for that individual. Finally, job search cannot be treated for any purpose as a JOBS activity if a person has participated in job search for 4 out of the preceding 12 months.

Community work experience

The purpose of a CWEP Program is to provide experience and training for individuals not otherwise able to obtain employment. CWEP Programs must be designed to improve the employability of participants through actual work experience and training and to enable CWEP participants to move into regular employment. CWEP Programs must be limited to projects that serve a useful, public purpose in fields such as health, social service, environmental protection, education, urban and rural development and re-development, welfare, recreation, public facilities, public safety or day care.

A State electing to operate a CWEP Program must ensure that a CWEP participant is not required to work more hours than the number derived by dividing the total AFDC benefit by the Federal minimum wage (or, if greater, the State minimum wage). Any AFDC benefit amount for which the State receives reimbursement through child support collection cannot be taken into account in making this calculation.

After 9 months in a CWEP position, an individual cannot be required to continue in that assignment unless the maximum number of hours of required work is calculated on the basis of the rate of pay for individuals employed in the same or similar occupations by the same employer at the same site.

At the conclusion of each CWEP assignment, but, in any event, after each 6 months of CWEP participation, the State agency must provide a reassessment, and revision, as appropriate, of the individual's employability plan.

Work supplementation

A work supplementation program permits a State to "divert" all or part of a family's AFDC grant to an employer to cover all or part of wages paid to the recipient. Recipients may be placed in jobs offered by private as well as nonprofit employers. Under JOBS, States may make work supplementation either mandatory or voluntary, and States are required to provide Medicaid to work supplementation participants.

States operating a work supplementation program may adjust the level of their AFDC standard of need in order to carry out the program, and need standards may vary among areas of the State. Need standards may also vary among recipient categories, to the extent that the State determines the variation to be appropriate on the basis of the ability of the recipient to participate in the work supplementation program. States are able to make further adjustments to amounts paid to different categories of work supplementation participants in order to offset increases in benefits from non-AFDC means-tested programs.

States also are permitted to reduce or eliminate the amount of earned income disregards for work supplementation families. On the other hand, States may offer them the \$30 plus one-third earned income disregard for up to 9 months, 5 months longer than is allowed for other AFDC earners.

Federal funding under the program is limited for each participant to the aggregate of 9 months' worth of the maximum AFDC grant that the participant family would have received if it had no

income and were not participating in the work supplementation program.

PARTICIPATION REQUIREMENTS

Exemptions

To the extent resources are available, a State must require non-exempt AFDC recipients to participate in the JOBS Program. Exempt applicants and recipients may participate on a voluntary basis. Exempt are persons who are: (1) ill, incapacitated, or of advanced age; (2) needed in the home because of the illness or incapacity of another family member (who need not be a member of the AFDC unit); (3) the parent or other relative of a child under age 3 who is personally providing care for the child (or, if provided in the State plan, any age that is less than 3 but not less than 1); (4) employed 30 or more hours a week; (5) a child under age 16 or attending, full time, an elementary, secondary or vocational school; (6) a woman who is in at least the second trimester of pregnancy; or (7) residing in an area where the program is not available. Table 8-4 shows that 40 jurisdictions exempt the parents of a child under 3; four lower the age threshold to age 2 (Connecticut, New Jersey, the Virgin Islands, and Wisconsin); and ten lower the threshold to age 1 (Arizona, Arkansas, Colorado, Louisiana, Michigan, Nebraska, Oklahoma, Oregon, South Dakota, and Wyoming). In fiscal year 1994, 40.5 percent of AFDC families had a child below age 3, and 12.6 percent had a child below age 1 (including 1.8 percent who were unborn).

Special provisions

The 1988 law conditions some participation rules on provision of child care. In general, the parent of a child under age 6 (but older than the age for an exemption) who is personally providing care for the child may be required to participate only if child care is guaranteed and required participation is limited to a maximum of 20 hours per week. In the case of an AFDC-UP family, the exemption relating to age of child applies to only one parent, unless child care is guaranteed.

JOBS imposes a special educational requirement for high school dropouts. To the extent the JOBS Program is available and State resources permit, a State must require a custodial parent under age 20 who has not completed high school (or the equivalent) to participate in an educational activity. Even though such a parent is providing care for a child under 6 years of age, the State agency may require her to participate in the educational activity on a full-time basis, if the State guarantees child care. Alternative work or training activities may be provided if the parent fails to make progress in an educational activity, or if an educational assessment determines that participation in an educational activity is inappropriate. Participation in alternative activities is limited to 20 hours per week.

If an individual is attending school or a course of vocational training at least half time at the time she would otherwise begin to participate in the JOBS Program, and if she is making satisfactory progress, the attendance may meet her JOBS participation re-

quirement, but the costs of the school or training are not eligible for Federal reimbursement.

The law forbids a State to require a JOBS participant to accept a job that would result in a net loss of cash income unless the State makes a supplementary payment. Only one jurisdiction, the Virgin Islands, has chosen to make supplementary AFDC payments to those who otherwise would lose income by taking a job.

Minimum participation standards

Certain minimum participation standards were established for fiscal years 1990–95 for the overall AFDC caseload (and for fiscal years 1994–98 for the unemployed-parent caseload). The minimum participation rates for the overall caseload were 7 percent (of the nonexempt caseload) in fiscal years 1990–91, 11 percent in fiscal years 1992–93, 15 percent in fiscal year 1994, and 20 percent in fiscal year 1995 (none thereafter).

Special participation rules apply to the unemployed-parent caseload. At least one parent in each AFDC–UP family must participate at least 16 hours a week in a work activity. However, in low-benefit States, fewer than 16 hours of weekly CWEP participation are required since work hours calculated at the minimum wage cannot exceed the number needed to yield the family's AFDC benefit. Participation must be in work supplementation, community work experience or other work experience program, on-the-job training, or a State-designed work program approved by the Secretary. Except for Florida, Georgia, Nebraska, and the Virgin Islands (which has not implemented AFDC–UP), all State JOBS plans treat unsubsidized employment as a countable activity for AFDC–UP families. The percentage of AFDC–UP families required to meet this work rule was 40 percent in fiscal year 1994, 50 percent in fiscal year 1995, and 60 percent in fiscal year 1996, and is scheduled to rise to 75 percent in fiscal year 1997 and fiscal year 1998 and to end thereafter. A State may substitute participation in an educational program in the case of an AFDC–UP parent under age 25 who has not completed high school.

The prescribed penalty for failing to meet the general participation rate is a reduction in the Federal matching rate, but the penalty can be waived under certain conditions and, to date, always has been.

Definition of JOBS participant

The law does not define “participant,” but Federal regulations require that JOBS participation rates be measured by a 20-hour-per-week standard. The welfare agency is to count as participants the largest number of persons whose combined and averaged hours in specified JOBS activities equal or exceed 20 per week. Creditable activities include any component of the State's JOBS plan except job development and job placement. Persons who enter a job are counted as participants only if they engaged in a JOBS activity (or received job development and placement services) during the month of job entry or the preceding month.

TARGETING OF JOBS FUNDS

As described in detail later, Federal matching for JOBS Program costs is available as a capped entitlement. The JOBS Program includes incentives for States to target funds toward certain populations. States face a reduced Federal match unless 55 percent of JOBS funds is spent on the following populations: (1) families in which the custodial parent is under age 24 and has not completed high school or has little or no work experience in the preceding year; (2) families in which the youngest child is within 2 years of being ineligible for assistance because of age; (3) families that have received assistance for 36 or more months during the preceding 60-month period; and (4) applicants who have received AFDC for any 36 of the 60 months immediately preceding application. Wyoming targets an alternate group—households in which a member has received AFDC in 24–35 of the last 60 months. Volunteers must be given first consideration within target groups.

FUNDING OF JOBS AND SUPPORTIVE SERVICES

Federal matching for JOBS Program costs is available as a capped entitlement limited to \$1 billion annually in fiscal year 1996 and thereafter. (Authorized for previous years were these sums: \$600 million in fiscal year 1989, \$800 million in fiscal year 1990, \$1 billion in fiscal year 1991, 1992 and 1993, \$1.1 billion in fiscal year 1994, and \$1.3 billion in fiscal year 1995.) The Federal match is 90 percent for expenditures up to the amount allotted to the States for the WIN Program in fiscal year 1987. Of additional amounts, the Federal match is at the Medicaid rate (between roughly 50 and 78 percent), but with a minimum Federal match of 60 percent for nonadministrative costs and for personnel costs for full-time staff working on the JOBS Program. The match for other administrative costs is 50 percent. The law provides for a reduction in the JOBS Federal match rate to 50 percent unless (1) 55 percent of funds are spent on target populations listed above, and (2) the States meet participation rate requirements. The entitlement cap for JOBS is allocated as follows: States receive an amount equal to their WIN allotment for fiscal year 1987 (\$126 million across all States) and the remainder is allocated on the basis of each State's relative number of adult AFDC recipients. Federal program funds may not be used to supplant non-Federal funds for existing services and activities, and States must spend on JOBS, from State/local funds, at least as much as they did for comparable activities in fiscal year 1986.

Child care during participation in JOBS and for employment is reimbursed as a separate, open-ended entitlement at the Medicaid matching rate. Transportation and other work-related expenses are reimbursed at a rate of 50 percent and are among expenditures subject to the JOBS entitlement cap.

Table 8–5 provides information on fiscal year 1995 Federal allocations to the States for the JOBS Program, along with information on the amount of these funds States have expended and obligated. Authorized for JOBS was \$1.3 billion; the Federal share of JOBS expenditures claimed by States as of March 29, 1996, however, was \$875 million (only two-thirds of available Federal funds). Thirteen

jurisdictions claimed all JOBS funds allocated to them after deduction of amounts set aside for Indians: (Alaska, Delaware, Hawaii, Idaho, Iowa, Kansas, Louisiana, New Jersey, North Carolina, Oregon, South Dakota, Virgin Islands, and Wisconsin). As of March 29, 1996, States had obligated another \$137 million in fiscal year 1995 Federal JOBS funds; they have until September 30, 1996 to claim these funds for actual expenditures. The table also includes information on federally reimbursed expenditures for child care. For AFDC/JOBS and transitional child care, States claimed Federal reimbursement of \$700 million in fiscal year 1994, and \$893 million in fiscal year 1995.

INDIAN TRIBES AND JOBS

More than 80 Indian tribes and Alaska Native Organizations in 24 States conduct their own JOBS Programs. These programs, which are 100 percent federally funded, need not meet participation rules of the regular JOBS Program. Allocation of JOBS funds for Indian tribes and Alaska Native Organizations is based on the percentage of AFDC adult recipients within the State who live in their service area, and their grants are subtracted from the State's allocation. In fiscal year 1995, 0.7 percent of authorized JOBS funds (\$9.3 million) was set aside for them. (The list of tribal JOBS grantees is now closed; the deadline for tribes to conduct their own programs was 6 months after enactment of the JOBS Program in 1988.)

SUPPORTIVE AND TRANSITIONAL SERVICES

State agencies must guarantee child care for a recipient if the care is necessary for the individual to work. In addition, the State must guarantee child care for education and training activities, including participation in the JOBS Program, if the State approves the activity and determines that the individual is participating satisfactorily. The State agency must also guarantee child care that is needed for an individual's employment in any case in which a family has ceased to receive AFDC assistance as a result of increased hours of, or increased income from, employment or as a result of the loss of earnings disregards. Transitional child care is limited to a period of 12 months after the last month for which the family actually received AFDC assistance. Unlimited Federal matching funds, at Medicaid matching rates, are provided for AFDC/JOBS child care and transitional child care. (AFDC child care assistance programs are described in more detail in section 10.)

The State must provide payment or reimbursement for necessary transportation and other work-related expenses, including other work-related supportive services that the State determines are necessary to enable an individual to participate in JOBS. Federal matching is 50 percent, subject to the overall JOBS funding cap (see "Funding" above). There is no Federal limit on reimbursable expenses for an individual.

TABLE 8-5.—FEDERAL ALLOCATIONS AND EXPENDITURES FOR THE JOBS PROGRAM BY STATE, 1993-95

[By fiscal year; in millions of dollars]

States	JOBS total authoriz. 1995 ¹	Indian set-aside 1995 ²	Awarded to States 1995 ³	Total obligated		Total expended 1995 ⁴	Title IV-A Child Care:	
				1995 ⁵	1994 ⁵		1995 ⁶	1994 ⁶
Alabama	10.4	0.0	10.1	10.1	9.5	9.3	12.0	11.8
Alaska	4.0	1.4	2.5	4.0	3.3	1.8	2.7	1.9
American Samoa	0.1	0.0	0.0	0.0	0.0	.....	0.0	0.0
Arizona	17.3	2.6	12.7	15.3	11.2	5.8	15.1	11.0
Arkansas	5.8	0.0	5.8	5.8	5.1	5.0	2.4	1.5
California	228.9	0.7	137.7	138.4	133.2	96.8	44.7	30.3
Colorado	12.2	0.0	10.8	10.8	8.0	6.7	6.0	5.7
Connecticut	15.7	0.0	10.1	10.1	7.6	6.1	15.3	10.6
Delaware	2.7	0.0	2.7	2.7	2.3	2.1	4.4	3.4
District of Columbia	7.0	0.0	5.5	5.5	4.7	4.7	4.0	3.2
Florida	54.3	0.0	18.9	18.9	17.5	15.9	29.0	22.0
Georgia	32.2	0.0	32.2	32.2	20.7	10.3	36.3	33.9
Guam	0.7	0.0	0.3	0.3	0.3	0.2	0.0	0.0
Hawaii	6.0	0.0	6.0	6.0	4.7	4.1	3.6	1.7
Idaho	3.0	(⁶)	2.9	3.0	2.6	2.3	1.3	1.4
Illinois	63.6	0.0	44.0	44.0	30.9	25.9	43.4	22.0
Indiana	19.6	0.0	15.1	15.1	11.2	8.1	21.1	15.1
Iowa	11.2	0.0	11.2	11.2	8.7	5.9	5.4	3.4
Kansas	8.0	(⁶)	8.0	8.0	6.8	6.4	6.2	6.8
Kentucky	19.3	0.0	16.4	16.4	15.3	13.7	12.5	12.6
Louisiana	18.3	0.0	18.3	18.3	16.6	16.5	11.7	10.7
Maine	6.8	(⁶)	4.0	4.0	3.1	3.7	1.7	1.3
Maryland	20.4	0.0	13.7	13.7	16.0	14.1	17.7	17.5

TABLE 8-5.—FEDERAL ALLOCATIONS AND EXPENDITURES FOR THE JOBS PROGRAM BY STATE, 1993-95—Continued

[By fiscal year; in millions of dollars]

States	JOBS total authoriz. 1995 ¹	Indian set-aside 1995 ²	Awarded to States 1995 ³	Total obligated		Total expended 1995 ⁴	Title IV-A Child Care:	
				1995 ⁵	1994 ⁵		1995 ⁶	1994 ⁶
Massachusetts	32.0	0.0	21.7	21.7	20.5	23.0	38.7	31.8
Michigan	66.6	0.2	66.4	66.6	59.4	50.3	21.2	9.0
Minnesota	18.5	1.1	14.1	15.2	14.7	15.1	18.0	16.6
Mississippi	11.9	(⁶)	11.8	11.9	11.0	11.6	5.1	3.9
Missouri	23.8	0.0	14.3	14.3	11.6	15.2	18.8	15.0
Montana	3.7	0.5	2.5	3.1	2.6	2.9	2.4	2.2
Nebraska	4.1	0.1	3.7	3.8	2.5	2.8	7.9	8.7
Nevada	3.2	(⁶)	1.6	1.6	1.4	1.4	1.2	1.0
New Hampshire	3.0	0.0	2.9	2.9	2.5	3.0	3.3	3.1
New Jersey	32.1	0.0	30.4	30.4	26.6	32.1	18.0	10.6
New Mexico	9.6	0.1	2.0	2.1	1.8	2.1	3.3	6.2
New York	122.8	(⁶)	119.7	119.8	98.5	93.6	82.3	44.1
North Carolina	29.7	0.1	27.7	27.8	20.7	27.7	62.2	53.4
North Dakota	1.8	0.5	1.4	1.9	1.8	0.8	1.5	1.8
Ohio	65.2	0.0	62.8	62.8	52.0	53.1	52.9	44.6
Oklahoma	11.2	0.2	8.3	8.5	7.6	7.1	21.2	17.8
Oregon	13.2	0.1	13.1	13.2	11.9	13.1	16.0	14.9
Pennsylvania	57.1	0.0	56.5	56.5	48.0	43.1	42.9	32.8
Puerto Rico	15.6	0.0	13.0	13.0	11.1	11.0	0.0	0.0
Rhode Island	6.2	0.0	5.3	5.3	5.1	4.3	5.6	4.9
South Carolina	10.4	0.0	5.8	5.8	5.0	6.8	5.4	3.3
South Dakota	1.9	0.5	1.3	1.9	1.8	1.3	1.1	1.2

Tennessee	25.7	0.0	10.7	10.7	5.8	7.8	12.5	35.3	30.2
Texas	62.9	0.0	41.7	41.7	35.6	37.2	35.9	42.6	40.1
Utah	5.3	0.0	5.1	5.1	4.8	4.5	5.0	9.6	9.8
Vermont	3.6	0.0	3.6	3.6	3.3	2.9	3.3	2.6	3.3
Virgin Islands	0.4	0.0	0.3	0.3	0.3	0.3	0.3	0.0	0.0
Virginia	17.1	0.0	11.4	11.4	10.8	9.1	11.1	13.7	11.5
Washington	31.6	0.6	16.4	17.0	18.2	23.9	21.8	35.8	30.4
West Virginia	12.5	0.0	8.5	8.5	9.0	9.8	8.6	7.0	5.3
Wisconsin	28.2	0.4	27.8	28.2	26.1	20.4	27.8	18.7	12.1
Wyoming	1.7	0.1	1.5	1.6	1.6	1.5	0.9	2.0	2.1
Totals	1,300.0	9.3	1,002.4	1,011.8	873.0	738.8	875.0	892.9	699.7

¹ JOBS—total authorization: Total Federal funds available for the JOBS Program for fiscal year 1995.
² Indian set-aside: Ratio of adult recipients in a tribal service area to the State's total of adult recipients multiplied by the State's total allocation.
³ Excludes the Indian set-aside.
⁴ Federal share of expenditures claimed by States for the JOBS Program.
⁵ Total obligated: The amount of funds obligated by the State by September 30, 1995, 1994 and 1993. For example, if a contract is signed by the State to provide services based on a set fee, the amount owed for those services is an obligation. That obligation becomes an expenditure only when the invoice for the services is actually paid.
⁶ Federal share of expenditures claimed by States for AFDC and Transitional Child Care.

Note.—Data as of March 29, 1996 and based on best available data reported by States.
 Source: Administration for Children and Families, U.S. Department of Health and Human Services.

Table 8-6 displays the percentage of JOBS allocations, after Indian set-asides, claimed by each jurisdiction in fiscal years 1989-94. In fiscal years 1991-92, 10 jurisdictions used all available JOBS funds; in fiscal years 1993-94, 20 jurisdictions did so. Florida, New Mexico, and Tennessee used less than 50 percent of their fiscal year 1994 allocations.

TABLE 8-6.—JOBS GRANT AS A PERCENT OF JOBS CEILING BY STATE, FISCAL YEARS 1989-94

State	Fiscal year—					
	1989	1990	1991	1992	1993	1994
Alabama	0.00	12.86	47.28	80.35	100.00	100.00
Alaska	0.00	0.00	99.96	91.92	100.00	100.00
Arizona	0.00	0.00	78.37	53.38	63.17	70.88
Arkansas	88.97	92.64	100.00	100.00	100.00	99.99
California	100.00	93.34	72.34	64.70	87.22	75.01
Colorado	0.00	40.68	57.31	58.47	73.94	73.35
Connecticut	100.00	99.03	96.56	71.33	59.68	58.20
Delaware	0.00	98.79	98.50	100.00	96.91	100.00
District of Columbia	0.00	49.15	71.06	71.49	91.46	85.18
Florida	0.00	84.91	49.67	46.95	44.64	36.05
Georgia	40.28	70.55	53.07	48.07	65.84	74.22
Guam	0.00	0.00	100.00	83.63	88.12	70.33
Hawaii	0.00	0.00	91.06	88.97	100.00	100.00
Idaho	0.00	0.00	100.00	100.00	100.00	100.00
Illinois	0.00	33.29	45.94	39.96	52.76	59.43
Indiana	0.00	0.00	72.13	48.71	67.19	67.11
Iowa	77.36	79.76	71.21	61.24	71.48	100.00
Kansas	0.00	84.21	61.81	73.15	100.00	96.32
Kentucky	0.00	0.00	90.47	76.92	83.94	84.19
Louisiana	0.00	0.00	86.60	75.96	100.00	100.00
Maine	0.00	0.00	86.58	48.48	66.75	51.00
Maryland	100.00	91.27	99.47	100.00	84.34	91.59
Massachusetts	100.00	99.11	85.67	80.63	84.04	71.01
Michigan	76.35	73.59	45.00	45.58	100.00	100.00
Minnesota	100.00	89.66	76.52	66.09	86.57	88.74
Mississippi	0.00	0.00	46.97	27.88	100.00	100.00
Missouri	0.00	24.87	34.44	31.60	53.22	55.69
Montana	0.00	16.29	83.53	99.99	100.00	78.92
Nebraska	0.00	99.33	57.73	99.25	95.45	67.78
Nevada	18.86	74.60	29.78	58.06	68.16	51.22
New Hampshire	0.00	87.11	100.00	100.00	100.00	100.00
New Jersey	100.00	99.05	100.00	89.23	100.00	93.99
New Mexico	0.00	38.45	49.84	23.82	23.64	25.76
New York	0.00	0.00	77.83	92.06	100.00	100.00
North Carolina	0.00	0.00	77.02	76.10	84.82	81.51
North Dakota	0.00	35.07	100.00	100.00	96.43	100.00
Ohio	82.51	90.63	74.06	82.64	79.56	88.31
Oklahoma	50.26	84.30	83.58	65.27	100.00	75.41
Oregon	0.00	0.00	100.00	100.00	100.00	100.00
Pennsylvania	0.00	71.15	65.80	82.25	94.11	100.00
Puerto Rico	0.00	0.00	28.63	59.16	88.83	81.53
Rhode Island	100.00	99.10	98.09	84.22	88.15	98.63
South Carolina	0.00	75.12	67.08	40.72	56.18	52.45
South Dakota	0.00	86.97	67.93	97.19	100.00	100.00
Tennessee	0.00	0.00	20.34	38.54	27.23	27.24

TABLE 8-6.—JOBS GRANT AS A PERCENT OF JOBS CEILING BY STATE, FISCAL YEARS 1989-94—Continued

State	Fiscal year—					
	1989	1990	1991	1992	1993	1994
Texas	0.00	0.00	57.22	55.55	81.80	67.86
Utah	0.00	98.11	75.59	82.39	100.00	100.00
Vermont	0.00	0.00	84.48	60.79	100.00	100.00
Virgin Islands	0.00	48.98	100.00	100.00	100.00	100.00
Virginia	0.00	0.00	82.43	73.28	59.36	73.59
Washington	0.00	0.00	43.88	60.54	83.36	66.94
West Virginia	0.00	56.95	68.62	82.39	92.63	79.97
Wisconsin	100.00	98.89	100.00	100.00	100.00	100.00
Wyoming	0.00	23.86	100.00	100.00	96.80	100.00
States at the JOBS Cap	8	0	10	10	20	20

Source: Table prepared by Congressional Research Service based on data from the U.S. Department of Health and Human Services (DHHS). JOBS data are as of May 19, 1995.

Table 8-7 shows the average monthly number of JOBS participants reported by each State during fiscal year 1994 and their percentage distribution by program component. Overall, a monthly average of 579,213 persons were active JOBS participants, but about one-fourth were not "countable" for purposes of calculating official participation rates (see table 8-9). The U.S. distribution:

- Educational activities—42.7 percent of participants (23.9 percent in high school, GED, remedial education, or English as a second language; 18.8 percent in higher education).
- Training—15.8 percent (8 percent in vocational training; 7.8 percent in job skills training).
- Assessment and employability plan—12.5 percent.
- Job entry (in survey month or preceding month)—10.6 percent.
- Job search—5.5 percent.
- Job readiness—5.2 percent.
- Community Work Experience Program (CWEP), work supplementation, and on-the-job training—4.3 percent.
- Job development—0.8 percent.
- Other—2.7 percent.

Compared with fiscal year 1992, the percentages of JOBS participants engaged in education and job entry rose significantly while those in job search declined appreciably. State variations were large. For instance, the share of participants in higher education ranged from 3.7 percent in Oregon to 44.4 percent in New Hampshire. Those in job entry ranged from 1 percent in the District of Columbia and Oklahoma to above 30 percent in Utah, Massachusetts, and Oregon. Although 21 States placed no one in CWEP, more than 15 percent of JOBS participants in Hawaii and West Virginia were in CWEP.

TABLE 8-7.—AVERAGE MONTHLY PERCENTAGE OF JOBS PARTICIPANTS BY STATE AND COMPONENT, FISCAL YEAR 1994

State	Total participants	Job entry	High school and other ⁴	As-signed higher ed.	Self init. higher ed.	Vocational training	Job skills training	Job readiness	Job development	As-sess emp. plan	Job search	OJT	Work supp.	CWEP	Other
Alabama	6,848	7.7	40.3	10.7	8.5	0.0	8.8	1.3	0.1	12.4	6.6	0.2	0.0	0.0	3.3
Alaska ¹															
Arizona	3,318	12.3	26.5	4.0	9.2	2.5	5.8	3.5	0.2	14.5	11.4	0.2	0.0	9.0	0.9
Arkansas	7,827	5.6	28.3	6.7	5.0	1.0	0.7	9.3	0.0	29.1	7.7	0.0	0.0	0.0	6.6
California	70,529	9.9	35.1	7.5	5.5	5.0	2.9	8.0	0.6	16.6	2.8	1.0	0.0	4.6	0.5
Colorado	5,342	8.9	21.6	12.5	10.2	0.0	12.0	4.3	0.1	12.6	7.5	0.2	1.9	8.2	0.0
Connecticut	5,700	4.7	33.4	12.2	12.5	15.1	5.5	3.3	2.6	2.7	4.3	2.7	0.0	1.0	0.0
Delaware	997	6.1	20.5	0.4	13.5	1.9	6.1	0.1	0.4	33.3	5.0	0.1	0.0	7.2	5.2
District of Columbia	1,344	1.0	53.8	9.1	17.8	0.7	0.0	9.2	8.3	0.0	0.0	0.2	0.0	0.0	0.0
Florida	21,173	21.6	28.4	0.4	0.0	29.1	2.1	17.9	0.0	0.0	0.1	0.4	0.0	0.0	0.0
Georgia	13,396	21.3	30.9	14.0	8.0	0.8	1.7	4.8	0.2	8.0	0.9	4.3	0.0	0.0	5.3
Guam ²															
Hawaii	1,339	7.9	22.1	31.0	3.2	0.4	3.1	8.4	0.0	2.6	1.8	0.1	0.0	18.2	1.2
Idaho	998	12.5	19.4	3.6	9.5	7.7	10.8	7.7	0.0	9.6	6.8	0.1	0.0	11.9	0.1
Illinois	25,946	3.1	18.7	20.2	0.5	0.5	12.6	5.8	0.0	6.5	12.4	0.4	0.0	1.2	18.2
Indiana	7,589	8.4	23.4	19.5	11.8	7.3	4.2	5.7	0.3	8.5	4.1	0.1	0.6	6.0	0.0
Iowa	9,276	23.8	11.4	17.1	3.4	1.4	2.0	2.9	0.0	32.6	2.8	0.0	0.0	0.0	2.5
Kansas	7,168	12.6	18.0	27.4	12.1	2.1	2.5	2.5	1.9	7.4	4.1	1.0	0.0	6.5	1.8
Kentucky ³															
Louisiana	8,190	8.9	40.3	2.5	4.1	9.2	15.0	2.7	0.0	10.0	3.6	0.1	0.0	3.5	0.0
Maine	3,457	15.7	19.5	13.2	3.2	1.0	6.1	8.8	0.3	8.6	16.8	0.9	0.0	0.0	5.8
Maryland	8,436	7.4	14.9	4.3	7.8	1.6	14.7	12.6	6.0	16.5	3.9	0.2	0.5	0.0	9.6
Massachusetts	16,752	35.9	13.5	6.1	5.8	9.3	13.8	2.9	0.1	1.1	11.5	0.0	0.0	0.0	0.0
Michigan	48,774	10.2	19.1	0.1	16.1	11.7	2.4	2.8	2.2	27.3	5.3	0.2	0.0	2.7	0.0
Minnesota	6,003	9.1	16.1	20.8	0.0	0.0	33.6	4.0	0.0	0.9	11.3	0.2	0.3	3.8	0.0
Mississippi	4,241	2.7	43.6	17.9	2.1	2.9	10.3	2.2	0.3	4.8	3.6	0.3	0.1	1.9	7.2
Missouri	5,813	4.0	18.9	7.2	22.1	0.0	18.2	0.0	0.0	12.9	3.5	0.0	0.1	11.7	1.4
Montana	4,478	28.7	9.3	16.7	6.7	0.0	5.3	6.4	0.0	1.5	11.1	0.2	0.0	0.0	14.2
Nebraska	5,685	0.8	28.0	18.9	0.0	0.0	5.5	9.5	0.0	9.5	22.5	0.1	0.0	0.5	4.7
Nevada	738	13.8	25.5	3.1	4.5	11.4	4.2	5.8	1.2	13.6	11.7	0.1	0.0	5.3	0.0

New Hampshire	1,688	2.0	23.3	42.4	2.0	0.5	3.7	12.9	0.0	1.7	7.8	0.2	0.0	0.0	3.3
New Jersey	12,660	9.0	40.4	17.3	0.0	18.3	5.0	6.0	0.1	0.4	3.6	0.0	0.0	0.0	0.0
New Mexico	7,623	5.6	21.7	34.4	3.9	3.3	0.0	0.0	0.0	12.1	11.6	0.1	0.0	0.2	7.0
New York	45,924	3.0	25.5	4.5	16.0	35.3	3.3	3.5	0.7	0.9	2.5	0.1	0.9	3.9	0.0
North Carolina	10,623	6.1	25.1	0.0	20.8	0.0	20.1	8.2	0.0	16.0	1.3	0.3	0.0	2.1	0.0
North Dakota	1,599	17.1	9.1	13.6	17.3	6.5	10.4	16.6	0.0	4.1	2.2	0.4	0.1	2.0	0.6
Ohio	48,808	8.3	18.0	18.8	5.8	0.0	2.2	0.7	1.2	24.0	3.5	0.0	0.1	13.4	4.0
Oklahoma	4,706	1.1	31.6	18.3	17.0	4.7	1.9	4.4	0.4	0.2	10.3	0.7	0.0	0.6	8.9
Oregon	2,264	31.0	13.3	0.1	3.6	0.1	6.9	7.4	0.0	10.2	22.4	0.1	0.1	0.0	4.8
Pennsylvania	36,495	5.4	12.6	3.2	9.1	10.4	42.0	6.3	0.0	3.4	2.3	0.2	0.0	4.1	1.0
Puerto Rico	6,919	9.5	21.23	14.6	9.7	4.7	26.6	0.4	0.1	7.9	3.0	0.3	0.0	0.0	2.1
Rhode Island ³															
South Carolina	7,423	13.4	25.2	6.8	2.2	0.6	8.7	1.5	5.8	8.8	20.2	0.0	0.0	0.0	6.8
South Dakota	1,361	22.3	10.6	5.0	32.7	0.0	1.0	0.6	0.0	9.5	11.0	2.1	0.0	0.0	5.1
Tennessee	6,106	3.9	30.7	23.0	8.9	1.5	6.5	4.7	0.4	11.0	1.2	0.1	0.0	0.3	7.9
Texas	22,376	13.0	24.2	6.7	7.4	6.4	1.6	7.1	0.0	25.6	7.8	0.3	0.0	0.0	0.0
Utah	7,117	38.7	8.4	10.4	1.2	0.0	9.5	2.3	0.0	15.0	10.4	0.0	0.0	0.0	3.9
Vermont	2,143	8.6	10.0	29.4	1.1	0.0	6.3	3.8	0.0	5.7	21.2	0.2	0.1	13.4	0.0
Virgin Islands ¹															
Virginia	7,260	7.4	23.9	19.0	4.1	1.3	7.8	3.6	6.5	6.5	10.0	0.4	0.3	0.0	9.2
Washington	20,687	6.4	26.7	27.8	10.1	0.0	0.0	6.9	0.2	19.2	2.1	0.1	0.0	0.0	1.1
West Virginia	9,422	20.5	32.0	9.6	1.2	12.6	0.0	2.9	0.4	3.2	0.2	0.1	0.0	17.2	0.0
Wisconsin	13,578	15.1	14.6	8.1	17.6	0.0	3.7	3.5	1.8	8.2	15.8	0.5	2.3	4.9	3.7
Wyoming	1,074	6.9	36.2	3.5	0.0	6.7	5.1	12.3	0.1	0.0	0.0	29.0	0.0	0.0	0.0
U.S. total	579,213	10.6	23.9	10.6	8.2	8.0	7.8	5.2	0.8	12.5	5.5	0.5	0.2	3.6	2.7

¹ Reported sample data did not meet sampling requirements for ACF-108.

² Data not reported.

³ Data reported in prior year format.

⁴ Includes high school, GED, remedial education, and English as a second language.

Source: U.S. Department of Health and Human Services

Table 8-8 summarizes State reports on JOBS expenditures, by program component/activity. It indicates that \$74.2 million (Federal and State funds) was spent monthly, on average, on program components. (This total excludes supportive services, administrative costs, and expenses that cannot be attributed to a component activity.) Educational activities, consisting of high school and related education, postsecondary education, and self-initiated education, accounted for 33.1 percent of the total (\$24.6 million); assessment/employability plans, 23 percent (\$17.1 million); job skills training, plus on-the-job training and self-initiated training, 14.9 percent (\$11.1 million); job readiness, 9.3 percent (\$6.9 million); job search, 7.8 percent (\$5.8 million); job placement/development, 4.5 percent (\$3.3 million); CWEP, 2.9 percent (\$2.2 million); work supplementation, 0.4 percent (\$0.3 million); and other, 4 percent (\$3 million). There was wide variation among States in the distribution of reported JOBS expenditures by program component.

Table 8-9 examines States' effort in fiscal year 1994 regarding JOBS participation. It shows that nationwide, 44 percent of AFDC adult recipients were classified as required to participate in JOBS (nonexempt from JOBS). Among the States the percentage of mandatory participants ranged from 19 percent in Arizona to 71 percent in Colorado.

As noted above, the 1994 minimum JOBS participation standard was 15 percent of nonexempt adults (roughly equivalent to 7 percent of all adults that year). Column 6 of the table gives a rough approximation of participation rates achieved by States in 1994; official calculations are more exacting. The table indicates a U.S. participation rate of 21.6 percent, but shows wide variations among States. To date, although some States have failed to meet participation standards, none has been penalized by a reduced matching rate. The HHS Secretary has waived this penalty, as permitted by law if a State has made a good faith effort to meet the standard and has submitted a plan for improvement.

A May 1993 report by the General Accounting Office (Welfare to Work. JOBS Participation Rate Data Unreliable for Assessing States' Performance, GAO/HRD No. 93-73) concluded that JOBS participation rates, calculated on the basis of data provided by States, were not accurate or comparably derived across States. The report recommended that HHS review reporting requirements with the aim of making them less complex and burdensome and increase oversight of States' development of participation rate data. In November 1993, the Department issued new guidelines on JOBS participant data collection that it said were intended "to standardize the collection of data about sampled JOBS participants and their families and to support uniformity in reporting this data."

TABLE 8-8.—PERCENTAGE DISTRIBUTION OF JOBS COMPONENT/ACTIVITY EXPENDITURES (STATE AND FEDERAL),¹ FISCAL YEAR 1994

State	Assess./ employ. plan	Edu- cation	Job skills	Job readi- ness	Post sec- ondary	Job search	OJT	Work supp.	CWEP	Other	Job dynamt/ placement	Self-initi- ated edu- cation	Self-ini- tiated training	Total compo- nent expendi- tures
Alabama	26.0	38.5	8.8	4.8	3.6	6.7	0.2	0.0	0.0	6.7	1.2	1.9	1.7	\$1,049,290
Alaska	6.7	11.5	3.0	33.1	5.6	7.9	0.1	0.0	0.0	26.9	0.1	3.8	1.3	174,035
Arizona	4.2	77.2	14.3	0.0	0.0	4.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	212,948
Arkansas	31.4	25.1	1.7	9.6	1.0	7.4	0.0	0.0	0.0	21.0	0.0	1.8	1.0	607,658
California	27.0	27.7	11.2	10.9	0.0	10.4	0.3	0.2	4.8	0.0	7.4	0.0	0.0	11,182,176
Colorado	24.7	13.8	7.6	5.6	19.9	8.6	3.3	1.8	8.2	0.0	3.8	2.6	0.3	857,419
Connecticut	71.1	6.3	0.0	0.0	1.3	0.0	21.3	0.0	0.0	0.0	0.0	0.0	0.0	574,151
Delaware	23.2	32.7	5.1	0.0	5.2	16.7	0.0	0.0	5.0	1.3	0.0	8.2	2.5	229,800
District of Columbia	12.6	38.3	10.4	0.0	0.0	7.7	0.1	0.0	0.0	15.8	8.1	1.2	5.8	330,992
Florida	40.0	28.5	3.0	9.7	2.7	8.7	0.3	0.0	0.1	1.1	5.2	0.5	0.2	738,500
Georgia	33.3	25.4	1.2	8.5	3.9	6.8	0.0	0.0	0.0	13.7	3.9	0.8	2.5	897,580
Hawaii	12.4	14.8	3.7	5.7	51.8	1.1	0.7	0.8	7.9	0.8	0.0	0.3	0.0	109,896
Idaho	50.7	15.1	0.3	13.6	0.2	9.0	1.0	0.0	0.0	8.8	0.7	0.6	0.0	300,753
Illinois	9.0	27.0	15.5	4.1	29.6	4.2	0.0	0.3	1.3	8.4	0.0	0.7	0.0	3,483,504
Indiana	27.0	14.9	21.5	7.1	7.7	3.7	0.3	0.0	0.9	14.9	2.0	0.0	0.0	458,493
Iowa	32.0	8.7	16.0	2.0	21.8	3.2	0.0	0.0	0.3	5.2	6.5	2.5	1.7	1,152,507
Kansas	35.4	64.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	132,672
Kentucky	22.9	48.5	3.4	5.8	1.5	2.4	0.4	0.0	9.9	3.0	0.0	2.3	0.0	644,905
Louisiana	13.3	50.5	15.5	5.1	1.4	3.6	0.1	0.0	1.7	7.1	1.8	0.0	0.0	1,290,690
Maine	50.8	3.1	5.0	6.0	2.9	14.0	1.1	0.0	1.0	2.0	12.0	1.1	1.0	328,683
Maryland	30.7	19.4	15.6	13.4	1.7	3.2	0.3	0.0	0.0	12.3	3.4	0.0	0.0	1,386,015
Massachusetts	40.4	21.5	25.0	3.1	3.1	6.7	0.0	0.1	0.0	0.0	0.0	0.0	0.0	2,874,212
Michigan	7.3	0.0	74.1	6.3	0.0	1.8	1.2	0.0	0.0	0.0	9.3	0.0	0.0	1,261,919
Minnesota	13.2	20.0	24.3	7.4	16.5	16.1	0.8	0.0	1.6	0.0	0.0	0.0	0.0	1,202,183
Mississippi	17.7	46.9	5.2	3.5	7.5	3.1	3.7	10.0	0.0	1.8	0.0	0.4	0.0	1,269,152
Missouri	50.5	6.3	14.5	6.4	1.3	5.4	0.1	0.0	5.2	2.1	3.1	3.1	2.0	838,400
Montana	23.1	10.8	6.5	14.7	7.3	20.1	1.0	0.0	12.3	0.0	0.0	0.0	4.2	209,253
Nebraska	11.2	20.4	2.3	21.4	8.7	23.1	0.0	0.0	0.1	11.7	0.0	1.1	0.0	293,947
Nevada	26.7	24.8	10.9	5.0	0.0	9.9	0.8	0.0	15.7	0.0	0.0	0.8	5.4	139,739
New Hampshire	1.7	14.3	5.2	28.7	28.7	10.9	0.2	0.0	0.0	6.2	4.0	0.1	0.0	255,090
New Jersey	11.0	35.8	24.4	12.6	0.0	9.2	0.2	0.9	1.3	1.4	3.2	0.0	0.0	1,775,151
New Mexico	6.4	27.8	15.0	6.4	18.9	11.1	0.0	0.0	0.1	7.0	0.0	3.7	3.5	149,881
New York	27.5	31.1	10.1	7.6	5.7	2.1	0.8	0.5	3.2	0.0	7.8	1.2	2.3	9,335,314

TABLE 8-8.—PERCENTAGE DISTRIBUTION OF JOBS COMPONENT/ACTIVITY EXPENDITURES (STATE AND FEDERAL),¹ FISCAL YEAR 1994—Continued

State	Assess./ employ. plan	Edu- cation	Job skills	Job readi- ness	Post sec- ondary	Job search	OJT	Work supp.	CWEP	Other	Job dypmt/ placement	Self-initi- ated edu- cation	Self-initi- ated training	Total compo- nent expendi- tures
North Carolina	7.8	30.6	22.2	11.3	9.8	1.5	0.6	0.0	3.1	0.0	4.2	3.7	5.0	2,117,021
North Dakota	19.1	5.0	7.1	21.6	8.9	20.5	1.4	0.0	2.5	1.1	0.0	12.7	0.0	75,450
Ohio	17.8	12.4	5.6	11.2	7.7	16.1	0.2	0.3	7.6	14.9	5.0	1.3	0.0	7,113,369
Oklahoma	8.8	16.7	6.7	2.1	5.6	6.0	2.2	0.0	0.0	34.7	11.6	4.2	1.5	132,376
Oregon	7.9	25.7	6.4	23.1	0.0	26.2	0.6	0.0	2.2	7.7	0.0	0.0	0.4	991,675
Pennsylvania	6.7	24.6	34.5	12.0	9.6	2.1	0.2	0.0	2.7	0.5	7.1	0.0	0.0	4,400,002
Rhode Island	6.7	28.7	20.8	7.0	19.5	13.5	0.0	3.3	0.5	0.0	0.0	0.0	0.0	530,792
South Carolina	18.5	32.5	8.7	5.8	3.6	10.4	0.0	0.0	0.0	12.1	6.6	1.4	0.4	626,942
South Dakota	63.6	2.8	1.4	2.1	4.0	14.9	4.3	0.0	5.2	0.0	0.0	1.7	0.0	86,474
Tennessee	13.1	37.1	5.9	4.2	20.9	1.0	0.7	0.0	0.6	0.6	0.5	6.2	9.3	603,282
Texas	19.8	30.1	1.5	12.2	6.1	7.6	0.1	0.0	0.0	3.7	6.9	5.6	6.6	4,617,137
Utah	26.1	10.5	12.7	11.6	5.7	25.2	0.1	0.0	0.0	6.8	1.4	0.0	0.0	443,930
Vermont	0.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11,111
Virginia	19.9	27.3	10.9	8.5	10.0	9.5	0.4	0.9	0.0	11.3	0.0	1.1	0.0	1,230,827
Washington	32.6	16.5	6.7	12.3	14.7	7.5	1.0	0.0	0.2	1.4	1.5	3.7	1.9	1,535,242
West Virginia	25.7	33.0	2.1	23.9	3.4	1.2	1.1	0.0	8.0	0.0	1.5	0.0	0.0	846,072
Wisconsin	30.9	12.1	7.7	9.1	7.7	16.4	1.7	1.9	5.8	2.1	3.2	1.5	0.1	2,352,236
Wyoming	2.1	13.2	8.0	3.4	14.5	17.5	0.2	0.0	0.0	24.5	0.0	14.9	1.8	190,262
Guam	82.7	6.4	3.3	2.5	3.9	0.0	0.4	0.0	0.8	0.0	0.0	0.0	0.0	20,854
Puerto Rico	93.9	0.0	0.0	6.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	514,973
Virgin Islands	78.1	2.2	1.6	18.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16,891
United States	23.0	24.9	13.0	9.3	6.9	7.8	0.7	0.4	2.9	4.0	4.5	1.3	1.2	74,172,451

¹ These expenditures include: (1) actual administrative expenditures associated with program components/activities and supportive services (excluding child care) and (2) actual program costs (excluding supportive services program costs).

Source: Office of Family Assistance, U.S. Department of Health and Human Services.

TABLE 8-9.—JOBS PARTICIPATION BY STATE, FISCAL YEAR 1994
 [Data based on monthly averages from October 1993 to September 1994]

State	Total adult recipients		Total JOBS participants		Percent of AFDC adults mandatory for JOBS (5)	Countable JOBS participants, as a percent of mandatory (6)
	AFDC (1)	JOBS mandatory (2)	Active ¹ (3)	Countable (4)		
Alabama	36,268	9,109	6,848	5,663	25.1	62.2
Alaska	13,937	3,772	NA	890	27.1	23.6
Arizona	64,872	12,205	3,318	2,105	18.8	17.3
Arkansas	19,851	4,603	7,827	904	23.2	19.6
California ²	835,137	355,476	70,529	67,389	42.6	19.0
Colorado	38,692	27,306	5,342	4,158	70.6	15.2
Connecticut	54,565	30,532	5,700	6,308	56.0	20.7
Delaware	8,939	3,515	997	676	39.3	19.2
District of Columbia	23,140	11,084	1,344	1,094	47.9	9.9
Florida	206,855	40,346	21,173	12,476	19.5	30.9
Georgia	119,004	49,463	13,396	10,899	41.6	22.0
Guam	2,186	563	NR	13	25.7	2.3
Hawaii	20,918	7,799	1,339	1,186	37.3	15.2
Idaho	7,587	1,884	998	735	24.8	39.0
Illinois	226,450	125,136	25,946	24,940	55.3	19.9
Indiana	70,941	28,532	7,578	6,498	40.2	22.8
Iowa	38,734	15,017	9,276	2,398	38.8	16.0
Kansas	27,949	16,524	7,168	5,971	59.1	36.1
Kentucky	71,343	41,946	9,359	8,441	58.8	20.1
Louisiana	68,466	27,471	8,190	6,313	40.1	23.0
Maine	24,231	13,441	3,464	3,117	55.5	23.2
Maryland	71,165	28,476	8,387	5,172	40.0	18.2
Massachusetts	109,769	55,044	16,752	9,205	50.1	16.7

TABLE 8-9.—JOBS PARTICIPATION BY STATE, FISCAL YEAR 1994—Continued
 [Data based on monthly averages from October 1993 to September 1994]

State	Total adult recipients		Total JOBS participants		Percent of AFDC adults mandatory for JOBS (5)	Countable JOBS participants, as a percent of mandatories (6)
	AFDC (1)	JOBS mandatories (2)	Active ¹ (3)	Countable (4)		
Michigan	227,013	144,657	48,774	30,253	63.7	20.9
Minnesota	62,959	22,291	6,003	4,274	35.4	19.2
Mississippi	43,027	20,872	4,241	3,726	48.5	17.9
Missouri	87,066	33,345	5,813	5,803	38.3	17.4
Montana	12,132	6,322	4,478	1,790	52.1	28.3
Nebraska	14,310	6,441	5,685	4,928	45.0	76.5
Nevada	11,317	4,156	738	722	36.7	17.4
New Hampshire	10,986	4,459	1,688	1,847	40.6	41.4
New Jersey	107,878	66,134	12,660	11,761	61.3	17.8
New Mexico	35,951	11,792	7,623	3,268	32.8	27.7
New York	441,745	201,818	45,970	39,240	45.7	19.4
North Carolina	109,976	45,209	10,661	9,018	41.1	19.9
North Dakota	5,632	2,023	1,599	579	35.9	28.6
Ohio	229,644	104,796	48,808	30,112	45.6	28.7
Oklahoma	41,042	18,038	4,706	1,551	44.0	8.6
Oregon	38,103	21,579	2,264	6,489	56.6	30.1
Pennsylvania	202,799	98,880	36,495	18,865	48.8	19.1
Puerto Rico	58,415	24,465	6,919	3,314	41.9	13.5
Rhode Island	21,452	15,017	3,863	2,474	70.0	16.5
South Carolina	37,513	9,826	7,417	2,858	26.2	29.1
South Dakota	5,475	2,759	1,361	1,577	50.4	57.2
Tennessee	96,471	21,497	6,106	5,071	22.3	23.6
Texas	238,039	79,055	22,376	13,644	33.2	17.3

Utah	16,743	11,516	7,117	5,825	68.8	50.6
Vermont	10,624	5,338	2,143	804	50.2	15.1
Virginia	60,539	23,223	7,260	4,529	38.4	19.5
Virgin Islands	1,006	597	667	138	59.4	23.0
Washington	104,810	37,263	20,687	13,899	35.6	37.3
West Virginia	42,481	20,596	9,422	5,804	48.5	28.2
Wisconsin	95,863	38,983	13,588	12,364	40.7	31.7
Wyoming	5,275	2,735	1,074	1,419	51.8	51.9
Total	4,637,281	2,014,924	593,137	434,492	43.5	21.6

¹ Totals represent the average number of monthly participants in the sample universe.

² State received approval to use a sample to estimate the number of AFDC recipients required to participate in JOBS for fiscal year 1993.

NA—Data is not available.

NR—Data not reported.

Note.—Table is based on the best available data reported by States.

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

WELFARE-TO-WORK EFFORTS: SOME ASSESSMENTS

JOBS Programs differ. The Manpower Demonstration Research Corporation (MDRC) has identified and analyzed two basic approaches: the labor force attachment approach (LFA) and the human capital development (HCD) approach. The LFA approach used job search, short-term education or training and other services to move parents quickly into jobs, and the HCD approach encouraged people to postpone work so as to build skills. Among 2-year findings of impacts at three sites: The LFA approach increased the number employed by 24 percent, reduced the number still on AFDC by 16 percent, and increased earnings by 26 percent. Even so, 57 percent of the LFA treatment group remained on AFDC, and the group's earnings averaged only \$285 monthly. Of the LFA control group, 68 percent remained on AFDC, and the group's earnings averaged \$226. MDRC said the HCD approach failed to produce consistent gains in earnings or employment, but achieved AFDC savings of 14 percent (Freedman & Friedlander, 1995). However, MDRC also said that the 2-year followup period was not long enough to capture full effects of lengthy basic education or training activities.

A survey made by the General Accounting Office (GAO) concluded that county JOBS Programs nationwide lack a strong employment focus. GAO surveyed a nationally representative random sample of 453 county JOBS administrators and visited programs in four States. Most of the administrators reported that fewer than one-half of their job-ready participants had become employed and that little use was made of subsidized jobs or work experience programs (U.S. General Accounting Office, 1995).

Another study of JOBS implementation concluded that the program holds promise for further development of "meaningful welfare employment programs" across the country and that it would best be served by incremental changes, not dramatic reform. The study urged more funding for services, including child care (Hagen and Lurie, 1994).

A Congressional Research Service (CRS) report examined the types of jobs likely to be available to welfare recipients and concluded that some AFDC recipients who found work might still be poor (especially if the job were part time), even with supplementation of the EIC. For AFDC recipients to be able to compete for higher paying jobs, their productivity would have to be raised. However, experience with the Job Training Partnership Act Title II-A Training Program suggests that training alone might not be sufficient to enable the mothers to earn their way out of poverty (Levine, 1994).

TITLE IV-A EMERGENCY ASSISTANCE

The Social Security Act offers States 50 percent Federal matching funds for emergency assistance (EA) to families with children if the aid is needed to avoid destitution of a child or to provide living arrangements in a home for him. The law makes unlimited EA funds available, but only for aid furnished for a period not in excess of 30 days in any 12-month period. From the program's beginning in fiscal year 1969, regulations have interpreted this to allow

funding for EA that is authorized by the State during one period of 30 consecutive days in any 12 consecutive months. The rules explicitly allow funding to meet needs that arose before the 30-day authorization period, such as past-due rent, or needs that extend beyond it.

State EA plans must specify eligibility conditions, which may be more liberal than those for AFDC, and must specify which emergency conditions they will meet and what services they will provide. The law allows EA for migrant families and for those excluded from AFDC because they live with both parents and neither is disabled or unemployed. In the mid-1970s, court suits challenged States' rights to restrict the kinds of emergencies for which EA could be paid, and some States dropped the program; but on June 6, 1978, the U.S. Supreme Court (*Quern v. Mandley*, 436 U.S. 725) held that States could limit EA eligibility more narrowly than the outer bounds set in the Social Security Act.

Before 1980, fewer than half the States operated EA Programs and total expenditures averaged only about \$50 million annually. In the 1980s the number of State programs rose to about 27, and expenditures averaged \$170 million yearly. By 1990, 32 jurisdictions offered EA; by 1995, the total was 51 (all but Alaska, which dropped the program in 1975, and Mississippi and Guam, which never offered it). In the 1990s EA spending exploded, soaring from \$378 million in 1990 to \$1.6 billion in 1994 and (preliminary figure based on State claims) \$3.2 billion in 1995. In 1995, as shown in table 8-10, almost two-thirds of all EA expenditures were made by three States: New York, 39 percent of the total; California, 15 percent; and Pennsylvania, 12 percent. Table 8-11 presents the growth in total EA expenditures for selected fiscal years 1970-95. It shows that in the last 10 years, EA spending multiplied 20 times.

EA funds have been used to aid families affected by natural disasters, such as floods, fires, and storms, and other crises threatening family or living arrangements. Other qualifying causes for EA specified by various States include: eviction, potential eviction, or foreclosure; homelessness; utility shutoff or loss of heating energy supply or equipment; civil disorders or crimes of violence; child or spousal abuse; loss of employment or strike; health hazards/risks to health and safety; emergency medical needs; and illness, accident, or injury. Beginning around 1993, some States began using EA funds for child protection, family preservation, juvenile justice, and mental health.

The recent surge in EA spending occurred after more States joined the program and some started using EA funds for the new, nontraditional purposes stated above. Services provided under these new categories include: prevention of child abuse, family reunification, counseling and referral, parenting education, case management, in-home family services, homemaker support, legal referrals, crisis intervention, and employment counseling (Solomon-Fears, 1995).

On September 12, 1995, HHS gave notice to States that, effective January 1, 1996, it would rescind earlier approval of State plans that defined emergencies to include children in the juvenile justice system. The Department said a number of States had defined

emergency situations to include children who were removed from home as a result of delinquent behavior or who were otherwise determined to be in need of State supervision because of their behavior. It said these States were using State or county-operated correctional facilities or group homes and claiming Federal matching for benefits and services such as room and board, counseling, and psychiatric evaluations. HHS said States covering these services must delete them from their State plans, effective January 1, 1996, stating: "We believe that costs for services provided to children in the juvenile justice system . . . bear no . . . 'valid relationship' to the context or purpose of the EA Program and, therefore, do not qualify for Federal matching under it."

As noted before, the law places a 30-day limit on furnishing EA, but regulations allow EA that is authorized during a 30-day period. As of July 1995, according to HHS, 25 jurisdictions authorize EA payments for 12 months. Another 14 States authorize payments for longer than 1 month. Concerns over use of EA funds for placement of homeless families in "welfare hotels," sometimes for many months, led HHS in September 1987 to issue a proposed rule (*Federal Register*, December 14, 1987, p. 47420) to establish an "unambiguous" time limit on use of EA funds. The proposal would have allowed EA matching funds only for aid furnished for one period of 30 consecutive days, or less, in 12 consecutive months "to meet the actual expenses of needs in existence during that period which arose from an emergency or unusual crisis situation, and which continue to exist until aid is furnished." It also proposed to forbid States from varying shelter allowances in the AFDC need standard, either as a basic or special need, according to the type of living accommodation occupied (for example: apartment or house versus hotel/motel, temporary shelter, permanent housing aid). However, Congress in December 1987 placed a moratorium on implementation of these regulations until October 1, 1988 and subsequently extended the moratorium three times, until October 1, 1991. After expiration of the moratorium, HHS Secretary Sullivan in February 1992 submitted draft legislation to revise EA. It would have authorized use of Federal EA funds to meet needs for one 30-day period within 12 months, plus payment for up to 3 months' arrearages for shelter and utilities to prevent eviction or utility cutoffs, or, if the family were homeless, for the first month's shelter cost and security deposit for permanent housing. Congress took no action on this proposal.

TABLE 8-10.—CASELOAD AND TOTAL EXPENDITURES IN THE EMERGENCY ASSISTANCE PROGRAM, FISCAL YEARS 1993-95

State	Caseload			Total fiscal year expenditures ² (dollars in thousands)			Average monthly payment/ family		
	1993	1994	1995 ¹	1993	1994	1995 ³	1994	1995	1995
Alabama	0	0	0	0	\$7,525	\$14,871	0	0	0
Alaska	0	0	0	0	0	0	0	0	0
Arizona	191	114	150	\$3,675	13,541	23,396	\$9,870	\$12,998	
Arkansas	0	0	0	2,557	3,103	6,167	0	0	0
California	0	9,116	13,898	0	292,035	486,231	2,670	2,915	2,915
Colorado	0	0	1,505	24	25,799	65,500	0	3,627	3,627
Connecticut	0	0	0	0	19,076	117,689	0	0	0
Delaware	112	141	134	419	555	21,602	328	13,434	13,434
District of Columbia	1,499	805	358	21,276	16,085	8,912	1,665	2,074	2,074
Florida	921	1,860	2,967	3,884	11,300	58,329	506	1,638	1,638
Georgia	1,454	1,436	732	9,529	14,784	17,195	858	1,958	1,958
Guam	0	0	0	0	0	0	0	0	0
Hawaii	25	0	0	371	723	6,446	0	0	0
Idaho	0	0	0	0	4,647	7,695	0	0	0
Illinois	1,177	1,263	4,380	4,152	23,378	111,147	1,543	2,115	2,115
Indiana	0	0	0	0	60,115	33,021	0	0	0
Iowa	435	421	415	1,759	1,758	16,506	348	3,314	3,314
Kansas	218	177	331	637	12,122	23,782	5,713	5,987	5,987
Kentucky	0	0	0	0	0	2,231	0	0	0
Louisiana	0	0	0	0	0	6,260	0	0	0
Maine	347	326	344	749	738	1,689	188	409	409
Maryland	2,169	2,141	2,063	7,156	10,194	17,425	397	704	704
Massachusetts	4,058	2,025	1,765	45,676	48,524	44,464	1,997	2,099	2,099
Michigan	1,490	1,135	1,100	23,767	18,313	22,697	1,344	1,719	1,719
Minnesota	1,913	1,883	1,927	11,268	15,229	25,037	674	1,083	1,083

TABLE 8-10.—CASELOAD AND TOTAL EXPENDITURES IN THE EMERGENCY ASSISTANCE PROGRAM, FISCAL YEARS 1993-95—Continued

State	Caseload			Total fiscal year expenditures ² (dollars in thousands)			Average monthly payment/ family		
	1993	1994	1995 ¹	1993	1994	1995 ³	1994	1995	
Mississippi	0	0	0	0	0	0	0	0	
Missouri	0	0	1,687	2,418	15,085	31,634	0	1,563	
Montana	39	33	19	227	386	3,331	980	14,610	
Nebraska	172	151	154	1,396	912	20,203	505	10,932	
Nevada	19	174	1,597	117	675	16,060	323	838	
New Hampshire	329	389	189	1,214	1,568	2,247	336	991	
New Jersey	8,678	7,909	6,225	53,268	41,230	66,242	434	887	
New Mexico	0	0	0	0	2	1,386	0	0	
New York	14,750	15,911	12,526	542,806	837,710	1,232,551	4,387	8,200	
North Carolina	2,293	3,211	5,407	5,464	7,977	79,481	207	1,225	
North Dakota	445	549	1,028	1,335	3,004	9,906	456	803	
Ohio	3,921	3,641	2,715	8,600	7,709	16,174	176	496	
Oklahoma	2,205	574	2	3,591	1,027	4,729	149	197,042	
Oregon	1,567	1,583	1,527	4,763	9,007	19,340	474	1,055	
Pennsylvania	702	801	622	5,157	5,749	390,088	598	52,263	
Puerto Rico	489	491	190	192	171	246	29	108	
Rhode Island	0	0	269	0	2,011	15,763	0	4,883	
South Carolina	0	0	0	545	774	9,204	0	0	
South Dakota	63	227	199	359	1,803	2,965	662	1,242	
Tennessee	0	0	0	8,424	1,913	43,850	0	0	
Texas	0	0	10,937	0	3,529	17,170	0	131	
Utah	120	120	182	320	506	13,541	351	6,200	
Vermont	298	267	184	1,450	963	3,828	301	1,734	
Virgin Islands	0	0	0	0	0	0	0	0	
Virginia	43	39	34	42	72	56	155	137	

Washington	610	594	533	3,087	5,816	34,998	815	5,472
West Virginia	1,194	1,160	1,079	1,819	5,545	4,607	398	356
Wisconsin	818	778	418	3,174	3,356	3,366	359	671
Wyoming	217	231	242	2,001	5,216	4,249	1,886	1,463
Total	54,979	61,675	80,034	788,668	1,563,262	3,185,510	2,112	3,386

¹ Preliminary data.

² Represents total expenditures claimed by States and may include prior year claims; may also include amounts deferred or under the ACF.

³ Revised data as of July 12, 1996.

Note.—Based on best available data reported by States.

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

TABLE 8-11.—TOTAL FEDERAL AND STATE EXPENDITURES UNDER THE EMERGENCY ASSISTANCE PROGRAM, SELECTED FISCAL YEARS 1970-95 ¹

[In millions]

Fiscal year	Amount
1970	\$14
1975	70
1980	109
1985	157
1986	175
1987	203
1988	256
1989	310
1990	378
1991	306
1992	627
1993	789
1994	1,563
1995	3,252

¹Represents total expenditures claimed by States and may include prior year claims. May also include amounts deferred or under review by the Administration for Children and Families.

Source: Administration of Children and Families, U.S. Department of Health and Human Services.

WAIVERS FROM FEDERAL AFDC LAW—SECTION 1115 DEMONSTRATION PROJECTS

Since 1962, Section 1115 of the Social Security Act has authorized the Secretary of HHS (and the predecessor Secretary of Health, Education, and Welfare) to waive specified requirements of the Act in order to enable a State to carry out any experimental, pilot, or demonstration project that the Secretary judges likely to assist in promoting the objectives of AFDC. The Reagan, Bush, and Clinton administrations all adopted a liberal policy of granting waivers for State reforms. President Reagan created an interagency group (the Low Income Opportunity Advisory Board) to facilitate action on waiver requests; President Bush stressed State innovations in his welfare reform strategy and required that demonstrations not increase annual Federal costs and that they provide for rigorous evaluation. President Clinton accelerated the waiver process and relaxed the cost neutrality rule by applying it over the life of the demonstration instead of each year. Between January 1, 1992, and August 15, 1995, 35 States received 53 waivers to test AFDC changes (Neisner, 1995). By May, 1996, the Clinton administration had approved 61 waivers in 38 States. However, several waivers had been disapproved and other waivers had been modified at administration request. Most waiver requests reflect one or more of these assumptions about present AFDC rules: that they discourage work and encourage long-term enrollment; that they discourage marriage and encourage out-of-wedlock births; and that they fail to promote personal responsibility.

According to an HHS compilation, by mid-February 1996, all but 10 States (Alaska, Idaho, Kansas, Kentucky, Maine, Nevada, New Hampshire, New Mexico, Rhode Island, Tennessee), the District of

Columbia, Guam, Puerto Rico, and the Virgin Islands had approval to test departures from specified provisions of AFDC. Many projects have required multiple waivers. Some States have received approval to operate some or all demonstration components state-wide; but many waivers are limited to selected areas. AFDC waiver projects can be classified broadly as restricting or liberalizing some elements of the program. Examples of the former include:

- Place time limit on benefit duration (24 States);
- Tighten work requirements (31 States);
- Link benefits to school attendance/performance (26 States);
- Limit benefits for additional children (14 States);
- Reduce benefits based on relocation (2 States);
- Require fingerprinting as a condition of eligibility (1 State).

Major waiver provisions that liberalize some terms of the program include:

- Treat earnings more generously (30 States);
- Expand eligibility for 2-parent (unemployed) families (25 States);
- Increase resource limit (28 States);
- Increase vehicle asset limit (25 States);
- Expand transitional medical and child care benefits (21 States).

CHILD CARE FOR FAMILIES AT RISK OF AFDC RECEIPT

The Omnibus Budget Reconciliation Act of 1990 established a new matching grant child care program, known as the "At-Risk" Program, for services to low-income, non-AFDC families that (1) need such care in order to work and (2) would otherwise be at risk of becoming eligible for AFDC.

The law authorizes \$300 million annually in entitlement funding for this program, allocated to States on the basis of their share of the child population. Rules relating to Federal matching rates, reimbursement, standards and fee schedules are the same as the rules for child care for AFDC families, except that all child care providers that receive at-risk funds must be licensed, regulated, or registered.

The At-Risk Program is described in more detail in section 10.

AFDC BENEFIT LEVELS AND TRENDS

Each State establishes a "need standard" (the income the State decides is essential for basic consumption items) and a "payment standard," which in most States is below the need standard. Benefits generally are computed by subtracting countable ("net") income from the State's payment standard. In a dozen States, actual maximum benefits are below payment standards.

MAXIMUM BENEFITS (STATE AFDC GUARANTEES)

Maximum payments are made to those with no countable income. They vary sharply among the States, as shown by tables 8-12 and 8-13. In January 1996, maximum benefits for AFDC families of three within the 48 contiguous States ranged from \$120 in Mississippi to \$703 in Suffolk County, New York. Under the assumptions of table 8-12, the Mississippi family would qualify for

\$313 in food stamps (maximum allotment) and the Suffolk County, New York family for \$232 in food stamps. Resulting combined benefits of \$433 in Mississippi and \$935 in New York equaled 40 percent and 86 percent respectively, of the 1996 poverty guidelines. (Poverty guidelines and food stamp allotments and allowable deductions are uniform in the contiguous States, but higher in Alaska and Hawaii). In the median State, ranked by AFDC benefit levels, maximum combined benefits were \$699 (\$389 in AFDC cash and \$310 in food stamps), 65 percent of the poverty guidelines.

The food stamp benefits shown in table 8-12 were calculated by deducting from the family's AFDC benefits (its only cash income) a standard allowance and an allowance for excess shelter costs. If the family qualified only for the standard deduction, its monthly food stamp benefits would be cut by about \$74 (\$128 in Alaska and \$105 in Hawaii). Food Stamp Program data show that most AFDC families do qualify for a deduction of some shelter costs in calculating their countable income.

Table 8-13 shows how maximum AFDC benefits rise with family size, by State. In the median State, benefits increase from \$215 for a one-person family to \$389 for three persons (average size) and to \$578 for six. One-person units are expectant mothers in the last trimester of pregnancy (about two-thirds of the States make them eligible) and children living with a nonneedy relative or otherwise ineligible relative. The incremental benefit rise for a second child (going from two-person to three-person family) is \$77 monthly in the median State.

NEED AND PAYMENT STANDARDS

To receive AFDC payments, a family must pass two income tests: first, a gross income test, and second, a counted ("net") income test. The gross income test is 185 percent of the State's need standard for the relevant family size; and it applies to both applicants and enrollees. This test was increased by Congress from 150 percent of the need standard by Public Law 98-369 in 1984. No one with gross income that *exceeds* 185 percent of the need standard can receive AFDC. For applicants, the net income test is 100 percent of the need standard and determines whether the family is deemed to be in "need" (see table 8-12).

However, to be eligible for an actual payment, the family's net income also must be below the State's payment standard, which in 30 jurisdictions is below the need standard. For example, New Hampshire's need standard for a family of three is \$2,034 monthly, but its payment standard is \$550. Further, a \$10 minimum payment rule imposed by Public Law 97-35 requires that counted income be at least \$10 below the payment standard for an actual payment to be made. Finally, in a dozen States actual maximum benefits are below payment standards. (Payment standards are presented later in table 8-17).

TABLE 8-12.—GROSS INCOME LIMIT, NEED STANDARD, AND MAXIMUM MONTHLY POTENTIAL BENEFITS, AFDC AND FOOD STAMPS, ONE-PARENT FAMILY OF THREE PERSONS, ¹ JANUARY 1996

State	Gross income limit (185 percent of need standard)	100 percent of "need"	Maximum AFDC grant ²	Food stamp benefit ³	Combined benefits	Combined benefits as a percent of 1996 poverty guidelines ⁴	AFDC benefits as a percent of 1996 poverty guidelines ⁴
Alabama	\$1,245	\$673	\$164	\$313	\$477	44	15
Alaska	1,902	1,028	923	321	1,244	92	68
Arizona	1,783	964	347	313	660	61	32
Arkansas	1,304	705	204	313	517	48	19
California	1,351	730	607	245	852	79	56
Colorado	779	421	421	301	722	67	39
Connecticut	1,613	872	636	236	872	81	59
Delaware	625	338	338	313	651	60	31
District of Columbia	1,317	712	420	301	721	67	39
Florida	1,943	1,050	303	313	616	57	28
Georgia	784	424	280	313	593	55	26
Guam	611	330	330	461	791	73	31
Hawaii	2,109	1,140	712	471	1,183	95	57
Idaho	1,833	991	317	313	630	58	29
Illinois	1,782	963	⁵ 377	313	690	64	35
Indiana	592	320	288	313	601	56	27
Iowa	1,571	849	426	299	725	67	39
Kansas	794	429	⁵ 429	313	742	69	40
Kentucky	973	526	262	313	575	53	24
Louisiana	1,217	658	190	313	503	47	18
Maine	1,023	553	418	301	719	66	39
Maryland	956	517	⁵ 373	313	686	63	34
Massachusetts	1,045	565	565	257	822	76	52
Michigan:							
(Washtenaw Co.)	1,086	587	489	280	769	71	45
(Wayne Co.)	1,019	551	459	289	748	69	42
Minnesota	984	532	532	267	799	74	49
Mississippi	681	368	120	313	433	40	11
Missouri	1,565	846	292	313	605	56	27
Montana	1,001	541	425	299	724	67	39
Nebraska	673	364	364	313	677	63	34
Nevada	1,293	699	348	313	661	61	32
New Hampshire	3,763	2,034	550	262	812	75	51
New Jersey	1,822	985	⁵ 424	307	731	68	39
New Mexico	720	389	389	310	699	65	36
New York:							
(New York City)	1,067	577	⁵ 577	270	847	78	53
(Suffolk Co.)	1,301	703	⁵ 703	232	935	86	65
North Carolina	1,006	544	272	313	585	54	25
North Dakota	797	431	431	298	729	67	40
Ohio	1,709	924	⁵ 341	313	654	60	32
Oklahoma	1,193	645	307	313	620	57	28
Oregon	851	460	⁵ 460	313	773	71	43
Pennsylvania	1,136	614	421	301	722	67	39
Puerto Rico	666	360	180	NA	180	NA	17

TABLE 8-12.—GROSS INCOME LIMIT, NEED STANDARD, AND MAXIMUM MONTHLY POTENTIAL BENEFITS, AFDC AND FOOD STAMPS, ONE-PARENT FAMILY OF THREE PERSONS, ¹ JANUARY 1996—Continued

State	Gross income limit (185 percent of need standard)	100 percent of "need"	Maximum AFDC grant ²	Food stamp benefit ³	Combined benefits	Combined benefits as a percent of 1996 poverty guidelines ⁴	AFDC benefits as a percent of 1996 poverty guidelines ⁴
Rhode Island	1,025	554	⁵ 554	299	853	79	51
South Carolina ...	969	524	200	313	513	47	18
South Dakota	938	507	430	298	728	67	40
Tennessee	1,079	583	185	313	498	46	17
Texas	1,389	751	188	313	501	46	17
Utah	1,051	568	426	299	725	67	39
Vermont	2,124	1,148	650	232	882	82	60
Virgin Islands	555	300	240	402	642	59	22
Virginia	727	393	354	313	667	62	33
Washington	2,316	1,252	⁵ 546	289	835	77	50
West Virginia	1,833	991	253	313	566	52	23
Wisconsin	1,197	647	517	272	789	73	48
Wyoming	1,247	674	360	313	673	62	33
Median AFDC State	720	389	389	310	699	65	36

¹ In most States these benefit amounts apply also to two-parent families of three (where the second parent is incapacitated or unemployed). Some, however, increase benefits for such families.

² In States with area differentials, figure shown is for area with highest benefit.

³ Food stamp benefits are based on maximum AFDC benefits shown and assume deductions of \$381 monthly (\$134 standard household deduction plus \$247 maximum allowable deduction for excess shelter cost) in the 48 contiguous States and the District of Columbia. In the remaining four jurisdictions these maximum allowable food stamp deductions are assumed: Alaska, \$658; Hawaii, \$542; Guam, \$569; and Virgin Islands, \$300. If only the standard deduction were assumed, food stamp benefits would drop by about \$74 monthly in most of the 48 contiguous States and the District of Columbia. Maximum food stamp benefits from October 1995 through September 1996 are \$313 for a family of three except in these four jurisdictions, where they are as follows: (urban) Alaska, \$401; Hawaii, \$522; Guam, \$461; and Virgin Islands, \$402.

⁴ This column is based on the 1996 poverty guideline for a family of three persons in the 48 contiguous States, \$12,980, converted to a monthly rate of \$1,082. For Alaska, the guideline is \$16,220; for Hawaii, \$14,930.

⁵ In these States part of the AFDC cash payment has been designated as energy aid and is disregarded by the State in calculating food stamp benefits. Illinois disregards \$18. Kansas disregards \$57. Maryland disregards \$43. New Jersey disregards \$25. New York disregards \$53. Ohio disregards \$14. Oregon disregards \$118. Rhode Island disregards \$127.85. Washington disregards \$86.

NA—Not available.

Note.—Puerto Rico does not have a food stamp program; instead a cash nutritional assistance payment is given to recipients.

Source: Table prepared by Congressional Research Service from information provided by a telephone survey of the States.

TABLE 8-13.—MAXIMUM AFDC BENEFITS BY FAMILY SIZE, JANUARY 1996¹

State	One-person family	Two-person family	Three-person family	Four-person family	Five-person family	Six-person family
Alabama	\$111	\$137	\$164	\$194	\$225	\$252
Alaska ²	514	821	923	1,025	1,127	1,229
Arizona ³	204	275	347	418	489	561
Arkansas	81	162	204	247	286	331
California	299	490	607	723	824	926
Colorado ^{2 16}	253	331	421	510	605	697
Connecticut ⁴	402	513	636	741	835	935
Delaware ¹⁶	201	270	338	407	475	544
District of Columbia	265	330	420	513	591	695
Florida ³	180	241	303	364	426	487
Georgia	155	235	280	330	378	410
Guam ¹⁶	151	258	330	417	497	592
Hawaii	418	565	712	859	1,006	1,153
Idaho	205	251	317	382	448	513
Illinois ^{2 5}	212	278	377	414	485	545
Indiana ²	139	229	288	346	405	463
Iowa	183	361	426	495	548	610
Kansas ^{6 16}	267	352	429	497	558	619
Kentucky	186	225	262	328	383	432
Louisiana ⁷	72	138	190	234	277	316
Maine ²	198	312	418	526	632	739
Maryland	165	292	373	450	521	573
Massachusetts ^{3 16}	383	474	565	651	741	832
Michigan: ^{2 8}						
(Washtenaw County)	305	401	489	593	689	822
(Wayne County)	276	371	459	563	659	792
Minnesota ^{2 16}	250	437	532	621	697	773

TABLE 8-13.—MAXIMUM AFDC BENEFITS BY FAMILY SIZE, JANUARY 1996 ¹—Continued

State	One-person family	Two-person family	Three-person family	Four-person family	Five-person family	Six-person family
Mississippi	60	96	120	144	168	192
Missouri	136	234	292	342	388	431
Montana ³	252	338	425	511	597	684
Nebraska ¹⁶	222	293	364	435	506	577
Nevada	229	288	348	408	468	527
New Hampshire	414	481	550	613	673	754
New Jersey	162	322	424	488	522	616
New Mexico ¹⁶	231	310	389	469	548	627
New York: ⁹ ¹⁶						
(New York City)	352	468	577	687	800	884
(Suffolk Co.)	446	576	703	824	949	1,038
North Carolina	181	236	272	297	324	349
North Dakota ² ¹⁶	223	333	431	517	591	653
Ohio	203	279	341	421	493	549
Oklahoma ²	190	238	307	380	445	509
Oregon ² ¹⁶	310	395	460	565	660	755
Pennsylvania ¹⁰	215	330	421	514	607	687
Puerto Rico ¹⁴	132	156	180	204	228	252
Rhode Island ¹⁶	327	449	554	632	710	800
South Carolina	118	159	200	241	281	322
South Dakota	304	380	430	478	528	578
Tennessee	95	142	185	226	264	305
Texas ²	78	163	188	226	251	288
Utah	246	342	426	498	567	625
Vermont ¹¹	449	553	656	738	827	884
Virgin Islands	120	180	240	300	360	420
Virginia ¹²	220	294	354	410	488	518

Washington	349	440	546	642	740	841
West Virginia	149	201	253	312	360	413
Wisconsin ¹³	248	440	517	617	708	766
Wyoming ³	195	320	360	390	450	510
Median State ¹⁵	215	312	389	469	522	578

¹ Maximum benefit paid for a family of given size with no countable income. One-person units are children with an ineligible caretaker or pregnant women without a child. Families of two or more persons include one needy adult caretaker.

² Alaska, Colorado, Illinois, Indiana, Maine, Michigan, Minnesota, North Dakota, Oklahoma, Oregon, and Texas also have a children-only schedule.

³ Arizona, Florida, Massachusetts, Montana, and Wyoming have two payment schedules, one that includes shelter expenses and one that does not.

⁴ Connecticut has three rent regions. Data shown are for rent region A, which has the highest rents.

⁵ Illinois divides itself into three distinct areas with regard to payment schedules. Data shown are from the Cook County area, which includes Chicago.

⁶ Kansas has five different area standards. The figures shown are from area five, which has the highest benefits.

⁷ Louisiana has a payment schedule for urban areas, from which our data were taken, and one for rural areas.

⁸ Michigan has varied shelter maximums. Shown are benefits for Washtenaw County (Ann Arbor) and Wayne County (Detroit).

⁹ New York has payment schedules for each social service district. Shown are the Suffolk County and New York City amounts.

¹⁰ Pennsylvania has four regions. The figures in the table are from region one, which has the highest benefits.

¹¹ Vermont has a base amount plus a housing maximum (including utilities) that depends on whether the recipient lives inside or outside Chittenden County. The largest amount paid to a recipient with no other countable income equals 60.6 percent of the base amount plus 60.6 percent of the housing allowance. The table assumes that the recipient lives in Chittenden County, for which the maximum allowed for shelter is \$400 per month.

¹² Virginia has three payment schedules. The figures shown are from area 3, which has the highest benefits.

¹³ Wisconsin has two regions—urban and rural. Our data were taken from the payment standard for urban areas.

¹⁴ Effective July 1, 1991 the need standard in Puerto Rico includes a shelter allowance (of up to \$200). The maximum amount paid to a family with no other countable income is 50 percent of the base need standard plus 50 percent of the shelter allowance.

¹⁵ Among the 50 States and the District of Columbia.

¹⁶ These States pay 100 percent of the need standard.

Source: Table prepared by Congressional Research Service on the basis of a telephone survey of the States.

TRENDS IN BENEFITS

Tables 8-14 and 8-15 show the changes in AFDC need standards and maximum benefits for a three-person family, by State, for selected years from 1970 to 1996. In current dollars, the need standard of the median AFDC State rose in the quarter-century from \$232 to \$645, and the maximum benefit, from \$184 to \$389. However, measured in constant value (1996) dollars, the need standard declined by 30 percent, and the maximum benefit by 51 percent. Thus, the ratio of maximum benefits to need standard in the median State has decreased, from 84 percent in 1975 to 68 percent in 1990 and 60 percent in 1996. For some States, the shrinkage in this ratio has been dramatic. For example, the maximum benefit of Texas (\$148) represented 75 percent of its need standard in 1970 (\$198); today that ratio is 25 percent (\$188/\$751). Table 8-15 shows that maximum benefits in five States fell 60 percent or more in real value from 1970 to 1996 (Pennsylvania, Idaho, New Jersey, Texas, and Virginia).

In six States (Alaska, Florida, Hawaii, New Hampshire, Vermont, and Washington) need standards now exceed \$1,000 per month for a three-person family. In all but one of these States 1996 need standards surpass their 1970 levels in real value. However, maximum benefits paid by all of these States fall short of their 1970 levels, in real terms. On average they are 36 percent lower.

AFDC benefit trends over time have been affected by the availability of food stamps, which are 100 percent federally funded. As was shown in table 8-12, food stamp benefits for a family of three add \$310 to the AFDC maximum benefit of \$389 in the median AFDC State. By themselves, AFDC benefits fall 64 percent short of the 1996 poverty guidelines; addition of food stamps reduces this gap to 35 percent. Moreover, combined AFDC-food stamp benefits in most States exceed AFDC need standards.

Over the years, food stamp benefits have risen to offset part of the decline in the real value of AFDC benefits. Even so, combined AFDC-food stamp benefits for a three-person family without countable income on average dropped from \$962 (1996 dollars) in July 1972, when food stamps operated under uniform national rules, to \$699 (1996 dollars) in January 1996. This 27 percent drop was almost wholly due to shrinkage in AFDC benefit levels. Food stamp maximum benefits were virtually unchanged in real terms, since they were adjusted for food price inflation in all years except 1982 and 1993.

Table 8-16 presents trends in AFDC average benefits for selected years from 1970 to 1995. Average benefits per family, measured in 1995 dollars, fell from \$704 in 1970 to \$377 in 1995 (a drop of 46 percent). However, because average family size shrank, average benefits per person fell much less sharply, from \$182 to \$135 in 1995 dollars (a drop of 26 percent).

TABLE 8-14.—AFDC NEED STANDARD FOR A THREE-PERSON FAMILY BY STATE, SELECTED YEARS 1970-96

State	July 1970 ¹	July 1975	July 1980	July 1985	January 1988	January 1990 ²	January 1992 ²	January 1994 ²	January 1995 ²	January 1996 ²	Percent change in real value 1970-96 ³
Alabama	\$184	\$180	\$192	\$384	\$384	\$578	\$637	\$673	\$673	\$673	-8
Alaska	350	350	457	719	779	846	924	975	1,022	1,028	-26
Arizona	212	233	233	233	621	621	928	964	964	964	15
Arkansas	149	245	234	234	695	705	705	705	705	705	20
California	351	316	480	587	633	694	694	715	715	730	-47
Colorado	193	217	290	421	421	421	421	421	421	421	-45
Connecticut	283	346	475	569	601	649	680	680	872	872	-22
Delaware	245	245	266	287	319	333	338	338	338	338	-65
District of Columbia	229	286	394	654	712	712	712	712	712	712	-21
Florida	189	195	195	400	775	838	928	991	991	1,050	40
Georgia	177	193	193	366	366	414	424	424	424	424	-39
Guam	NA	0	261	265	265	330	330	330	330	330	NA
Hawaii	226	428	468	468	515	964	1,067	1,140	1,140	1,140	27
Idaho	238	345	371	554	554	554	554	991	991	991	5
Illinois	232	261	288	657	713	777	844	890	936	963	5
Indiana	272	307	307	307	320	320	320	320	320	320	-70
Iowa	247	309	360	497	497	497	849	849	849	849	-13
Kansas	243	321	345	391	409	409	422	429	429	429	-55
Kentucky	208	185	188	197	207	526	526	526	526	526	-36
Louisiana	172	164	402	579	632	658	658	658	658	658	-3
Maine	277	277	415	510	573	652	573	553	553	553	-50
Maryland	249	259	270	455	497	548	522	507	517	517	-48
Massachusetts	268	259	379	439	510	539	539	579	579	565	-47
Michigan (Washtenaw Co.)	NA	NA	NA	592	576	611	587	587	587	587	NA

TABLE 8-14.—AFDC NEED STANDARD FOR A THREE-PERSON FAMILY BY STATE, SELECTED YEARS 1970-96—Continued

State	July 1970 ¹	July 1975	July 1980	July 1985	January 1988	January 1990 ²	January 1992 ²	January 1994 ²	January 1995 ²	January 1996 ²	Percent change in real value 1970-96 ³
Michigan (Wayne Co.)	219	333	425	557	540	575	551	551	551	551	-36
Minnesota	256	330	417	528	532	532	532	532	532	532	-48
Mississippi	202	241	220	286	368	368	368	368	368	368	-54
Missouri	285	325	312	312	312	312	312	846	846	846	-25
Montana	221	201	259	428	434	434	478	511	530	541	-38
Nebraska	281	279	310	350	350	364	364	364	364	364	-67
Nevada	269	279	285	285	550	550	620	699	699	699	-34
New Hampshire	262	308	346	389	486	506	516	1,648	1,674	2,034	96
New Jersey	302	310	360	404	424	424	424	985	985	985	-18
New Mexico	167	197	220	258	264	264	324	357	381	389	-41
New York (New York City)	279	332	394	474	539	577	577	577	577	577	-48
New York (Suffolk Co.)	NA	NA	NA	579	665	703	703	703	703	703	NA
North Carolina	168	183	192	492	532	544	544	544	544	544	-18
North Dakota	232	283	334	371	371	386	401	409	431	431	-53
Ohio	207	346	346	652	685	739	817	879	901	924	13
Oklahoma	179	217	282	471	471	471	471	471	645	645	-9
Oregon	229	369	282	386	412	432	460	460	460	460	-49
Pennsylvania	265	296	332	614	614	614	614	614	614	614	-41
Puerto Rico	180	108	102	180	180	180	360	360	360	360	-49
Rhode Island	229	278	340	409	503	543	554	554	554	554	-39
South Carolina	162	178	187	388	388	419	440	440	440	440	-18
South Dakota	264	289	321	329	366	377	404	491	507	507	-51
Tennessee	179	179	179	339	353	387	426	426	500	583	-18
Texas	198	155	155	494	574	574	574	574	751	751	-4

Utah	223	327	480	693	693	516	537	552	568	568	568	-36
Vermont	287	402	670	883	889	973	1,112	1,124	1,148	1,173	1,173	3
Virgin Islands	NA	131	209	209	209	300	300	300	300	300	300	NA
Virginia	240	298	344	393	393	393	393	393	393	393	393	-59
Washington	258	315	458	777	835	907	1,014	1,158	1,178	1,252	1,252	23
West Virginia	220	275	275	497	497	497	497	497	991	991	991	14
Wisconsin	214	383	522	628	647	647	647	647	647	647	647	-24
Wyoming	246	240	315	360	360	360	674	674	674	674	674	-31
Median State ⁴	232	279	321	401	503	539	544	579	645	645	645	-30

¹ Data on three-person families were not published or reported before 1975. Thus, the 1970 data were derived by reducing the reported four-person need standard by the proportional difference between three- and four-person AFDC need standards as shown in the July 1975 DHEW reports.

² CRS survey data.

³ Real percentage change, calculated assuming a January 1996 CPI-U value of 154.4 relative to the July 1970 value of 39.0.

⁴ Among 50 States and the District of Columbia.

NA—Not available.

Source: Table compiled by the Congressional Research Service (CRS) on the basis of data from the Department of Health and Human Services and CRS.

TABLE 8-15.—AFDC MAXIMUM BENEFIT FOR A THREE-PERSON FAMILY BY STATE, SELECTED YEARS 1970-96

State	Year										Percent change in real value, 1970-96 ³
	July 1970 ¹	July 1975	July 1980	July 1985	January 1990 ²	January 1992 ²	January 1994 ²	January 1995 ²	January 1996 ²		
Alabama	\$65	\$108	\$118	\$118	\$118	\$149	\$164	\$164	\$164	\$164	-36
Alaska	328	350	457	719	846	924	923	923	923	923	-29
Arizona	138	163	202	233	293	334	347	347	347	347	-36
Arkansas	89	125	161	192	204	204	204	204	204	204	-42
California	186	293	473	587	694	663	607	607	607	607	-18
Colorado	193	217	290	346	356	356	356	356	356	421	-45
Connecticut	283	346	475	569	649	680	680	680	680	636	-43
Delaware	160	221	266	287	333	338	338	338	338	338	-47
District of Columbia	195	243	286	327	409	409	420	420	420	420	-46
Florida	114	144	195	240	294	303	303	303	303	303	-33
Georgia	107	123	164	223	273	280	280	280	280	280	-34
Hawaii	226	428	468	468	602	666	712	712	712	712	-20
Idaho	211	300	323	304	317	315	317	317	317	317	-62
Illinois	232	261	288	341	367	367	367	377	377	377	-59
Indiana	120	200	255	256	288	288	288	288	288	288	-39
Iowa	201	294	360	360	410	426	426	426	426	426	-46
Kansas	222	321	345	391	409	422	429	429	429	429	-51
Kentucky	147	185	188	197	228	228	228	228	228	262	-55
Louisiana	88	128	152	190	190	190	190	190	190	190	-45
Maine	135	176	280	370	453	453	418	418	418	418	-22
Maryland	162	200	270	329	396	377	366	366	373	373	-42
Massachusetts	268	259	379	432	539	539	579	579	579	565	-47

Michigan (Washtenaw Co.)	NA	489	489	489	489	489	489	489	489
Michigan (Wayne Co.)	NA	459	459	459	459	459	459	459	459
Minnesota	333	532	532	532	532	532	532	532	532
Mississippi	48	120	120	120	120	120	120	120	120
Missouri	104	292	292	292	292	292	292	292	292
Montana	202	401	401	401	401	401	401	401	401
Nebraska	171	354	359	364	364	364	364	364	364
Nevada	121	285	330	330	330	330	330	330	330
New Hampshire	262	389	506	516	516	516	516	516	516
New Jersey	302	360	404	424	424	424	424	424	424
New Mexico	149	220	258	264	264	264	264	264	264
New York (Suffolk Co.)	NA	703	703	703	703	703	703	703	703
New York (New York City)	279	394	474	577	577	577	577	577	577
North Carolina	145	192	246	272	272	272	272	272	272
North Dakota	213	283	371	386	401	409	431	431	431
Ohio	161	204	290	334	334	341	341	341	341
Oklahoma	152	217	282	325	341	324	324	307	307
Oregon	184	337	386	432	460	460	460	460	460
Pennsylvania	265	296	364	421	421	421	421	421	421
Puerto Rico	43	44	90	90	180	180	180	180	6
Rhode Island	229	278	409	543	554	554	554	554	39
South Carolina	85	96	129	206	210	200	200	200	41
South Dakota	264	289	321	377	404	417	430	430	59
Tennessee	112	115	122	184	185	185	185	185	58
Texas	148	116	116	184	184	184	188	188	68
Utah	175	252	360	387	402	414	426	426	39
Vermont	267	322	492	662	673	638	650	656	38
Virginia	225	268	310	354	354	354	354	354	60
Washington	258	315	458	501	531	546	546	546	47
West Virginia	114	206	206	249	249	249	253	253	44
Wisconsin	184	342	444	517	517	517	517	517	29
Wyoming	213	235	315	360	360	360	360	360	57

TABLE 8-15.—AFDC MAXIMUM BENEFIT FOR A THREE-PERSON FAMILY BY STATE, SELECTED YEARS 1970-96—Continued

State	Year										Percent change in real value, 1970-96 ³
	July 1970 ¹	July 1975	July 1980	July 1985	January 1990 ²	January 1992 ²	January 1994 ²	January 1995 ²	January 1996 ²		
Guam	NA	NA	261	265	330	330	330	330	330	330	NA
Virgin Islands	NA	131	209	171	240	240	240	240	240	240	NA
Median State ⁴	184	235	288	332	364	372	366	377	389	389	-51

¹ Data on three-person families were not published or reported before 1975. Thus, the 1970 data were derived by reducing the reported four-person maximum benefit amount by the proportional difference between three- and four-person AFDC maximum benefit as shown in the July 1975 DHEW reports.
² CRS survey data.
³ Real percentage change, calculated assuming a January 1996 CPI-U value of 154.4 relative to the July 1970 value of 39.0.
⁴ Among 50 States and the District of Columbia.
 NA—Not available.

Source: Table compiled by Congressional Research Service (CRS) on the basis of data from the U.S. Department of Health and Human Services and CRS.

TABLE 8-16.—HISTORIC TRENDS IN AVERAGE PAYMENT PER RECIPIENT AND PER FAMILY AND MAXIMUM AND MEDIAN BENEFITS FOR A FAMILY OF FOUR, SELECTED YEARS 1970-95¹

AFDC payments	Year									
	1970	1975	1980	1985	1987	1989	1991	1992	1993	1995
Average monthly benefit per family	\$178	\$210	\$274	\$331	\$359	\$381	\$388	\$389	\$373	\$377
In 1995 dollars ²	704	601	518	470	484	471	434	423	394	377
Average monthly benefit per person	46	63	94	113	123	131	135	136	131	135
In 1995 dollars ²	182	180	178	160	166	162	151	148	138	135
Median State benefit in July for a family unit of four with no income ¹	221	264	350	399	420	432	435	435	435	435
In 1995 dollars ²	874	756	662	566	566	534	487	473	459	435

¹ Among 50 States and the District of Columbia.

² The constant dollar numbers were calculated using the CPI-U.

Note.—AFDC benefit amounts have not been reduced by child support enforcement collections.

Source: Family Support Administration, U.S. Department of Health and Human Services and the Congressional Research Service.

INCOME ELIGIBILITY LIMITS

Table 8-17 presents, by State, the earnings levels at which AFDC eligibility for a family of three ends. As the table shows, when a mother with two children works her way off AFDC, after 1 year on the job, her earnings (seventh column of table) will be below the poverty guideline, and in all but six States, below full-time minimum earnings. In all States, the mother remains eligible for another cash supplement to low wages, the earned income credit (EIC). EIC would add 40 percent to monthly earnings below \$740 and lesser amounts to higher earnings. Examples, Maryland, EIC of \$185 added to earnings of \$463; Maine, \$257 added to earnings of \$643; Alaska, \$265 added to earnings of \$1,118.

The table also shows that the earnings limits (sometimes called breakevens) are much lower after 1 year on a job than during the first 4 months of a job. This is because Federal law requires States to count against the AFDC grant all but \$90 in monthly earnings after 1 year on the job; that is, \$90 in earnings is disregarded. In contrast, for a new worker, the required disregard is \$120 monthly plus one-third of remaining earnings. (Also disregarded in both cases are actual child care expenses, but the table assumes that the worker does not have to pay for child care.) Note: Table 8-17 is based on regular AFDC rules. Some States have been granted waivers to test more generous treatment of earnings. Earnings limits would be higher for families in these demonstrations.

AFDC BENEFITS FOR SPECIAL NEEDS

In general, the AFDC need standard provides for basic consumption items such as food, clothing, shelter, fuel and utilities, personal care items, and household supplies that are essential to recipients. The need standard may also provide for special (recurrent or nonrecurrent) needs, such as special dietary requirements, pregnancy allowance, training and/or educational expenses, and expenses caused by catastrophe or eviction.

"Special needs," which may be recurring or nonrecurring, are usually defined as needs that are recognized by the State as essential for some persons but not for all, and thus must be determined on an individual basis. They are part of the total "need standard" used to measure AFDC eligibility and determine benefits for those families for whom such special needs items are appropriate. Federal funds pay at least 50 percent of each State's AFDC benefit expenditures, including funds spent on special need items. As noted before, the average Federal reimbursement across all States is about 55 percent. Maximum AFDC benefit amount information elsewhere in this section does not take into account payments for special needs of particular individuals.

TABLE 8-17.—EARNINGS LEVELS AT WHICH AFDC ELIGIBILITY ENDS FOR A FAMILY OF THREE BY STATE AND PERIOD OF RECEIPT, JANUARY 1996¹

State	185 percent of "need" standard	Payment standard	Maximum benefit	First 4 months			After 12 months		
				Effective eligibility level ²	Eligibility level as a percent of—		Effective eligibility level ^{2,3}	Eligibility level as a percent of—	
					Poverty guidelines	Minimum wage		Poverty guidelines	Minimum wage
Alabama	\$1,245	\$164	\$164	\$366	34	50	\$254	23	34
Alaska	1,902	1,028	923	1,662	123	226	1,118	83	152
Arizona	1,783	347	347	641	59	87	437	40	59
Arkansas	1,304	204	204	426	39	58	294	27	40
California	1,351	730	607	1,215	112	165	820	76	111
Colorado	779	421	421	752	69	102	511	47	69
Connecticut	1,613	872	636	1,428	132	194	962	89	131
Delaware	625	338	338	627	58	85	428	40	58
District of Columbia	1,317	420	420	750	69	102	510	47	69
Florida	1,943	303	303	575	53	78	393	36	53
Georgia	784	424	280	756	70	103	514	48	70
Guam	611	330	330	615	57	83	420	39	57
Hawaii	2,109	712	712	1,188	95	161	802	64	109
Idaho	1,833	317	317	596	55	81	407	38	55
Illinois	1,782	377	377	686	63	93	467	43	63
Indiana	592	288	288	552	51	75	378	35	51
Iowa	1,571	426	426	759	70	103	516	48	70
Kansas	794	429	429	764	71	104	519	48	70
Kentucky	973	526	262	909	84	123	616	57	84
Louisiana	1,217	190	190	405	37	55	280	26	38
Maine	1,023	553	418	950	88	129	643	59	87
Maryland	956	373	373	680	63	92	463	43	63
Massachusetts	1,045	565	565	968	89	131	655	61	89

TABLE 8-17.—EARNINGS LEVELS AT WHICH AFDC ELIGIBILITY ENDS FOR A FAMILY OF THREE BY STATE AND PERIOD OF RECEIPT, JANUARY 1996¹—
Continued

State	185 percent of "need" standard	Payment standard	Maximum benefit	First 4 months			After 12 months		
				Effective eligibility level ²	Eligibility level as a percent of—		Effective eligibility level ^{2,3}	Eligibility level as a percent of—	
					Poverty guidelines	Minimum wage		Poverty guidelines	Minimum wage
Michigan (Washtenaw Co.)	1,086	489	489	854	79	116	579	54	79
Michigan (Wayne Co.) ..	1,019	459	459	809	75	110	549	51	74
Minnesota	984	532	532	918	85	125	622	58	84
Mississippi	681	368	120	672	62	91	458	42	62
Missouri	1,565	292	292	558	52	76	382	35	52
Montana	1,001	541	425	932	86	126	631	58	86
Nebraska	673	364	364	666	62	90	454	42	62
Nevada	1,293	348	348	642	59	87	438	40	59
New Hampshire	3,763	550	550	945	87	128	640	59	87
New Jersey	1,822	443	424	785	73	106	533	49	72
New Mexico	720	389	389	704	65	95	479	44	65
New York (New York City)	1,067	577	577	986	91	134	667	62	91
New York (Suffolk Co.) ..	1,301	703	703	1,175	109	159	793	73	108
North Carolina	1,006	544	272	936	87	127	634	59	86
North Dakota	797	431	431	767	71	104	521	48	71
Ohio	1,709	341	341	632	58	86	431	40	58
Oklahoma	1,193	307	307	581	54	79	397	37	54
Oregon	851	460	460	810	75	110	550	51	75
Pennsylvania	1,136	421	421	752	69	102	511	47	69
Puerto Rico	666	180	180	390	36	53	270	25	37

Rhode Island	1,025	554	554	951	88	129	644	60	87
South Carolina	969	200	200	420	39	57	290	27	39
South Dakota	938	507	430	881	81	119	597	55	81
Tennessee	1,079	583	185	995	92	135	673	62	91
Texas	1,389	188	188	402	37	55	278	26	38
Utah	1,051	568	426	972	90	132	658	61	89
Vermont	2,124	650	650	1,095	101	149	740	68	100
Virginia	555	240	240	480	44	65	330	31	45
Virgin Islands	727	354	354	651	60	88	444	41	60
Washington	2,316	546	546	939	87	127	636	59	86
West Virginia	1,833	253	253	500	46	68	343	32	47
Wisconsin	1,197	517	517	896	83	122	607	56	82
Wyoming	1,247	590	360	1,005	93	136	680	63	92

¹ These calculations assume no child care expenses. Disregarded earnings during the first 4 months of work are \$120 monthly plus one-third, between 4 and 12 months, \$120; after one year, \$90. The breakevens for 5-12 months can be obtained by adding \$30 to the breakeven for "After 12 months." The calculations are based on a 1996 poverty guideline of \$12,980 (\$1,082 monthly) in the 48 contiguous States and the District of Columbia (higher in Alaska and Hawaii) for a family of three, and a 1996 minimum wage salary of \$8.840 (\$737 per month).

² Because of \$10 minimum payment rule, actual AFDC benefit eligibility would end at a lower level (\$15 lower during first 4 months, \$10 lower afterward).

³ This column also is the general earnings eligibility limit for an applicant.

Source: Congressional Research Service.

Regulations require that if a State includes “special need” items in its standard of need, it must describe them and the circumstances under which they will be taken into account. Work expenses and child care/dependent care costs resulting from work, job search, or participation in a Community Work Experience Program cannot be defined as special needs. Nor can specified expenses, including tuition, books, and fees, arising from participation in JOBS or any other education or training activity be defined as special needs.

As of March 1996, according to the Department of Health and Human Services, 26 jurisdictions included special need items in their State standard. Examples of the special need items specified by States follow: child care that was not related to employment; training and/or educational expenses; special transportation; pregnancy allowance; special clothing and clothing replacement; expenses caused by catastrophe or eviction; excess shelter, fuel, or utilities costs; repair of property, appliances, or furnishings; special diets; telephone or special telephone services; fees and/or deposits; funeral and burial expenses; temporary shelter; and moving and/or storage expenses. Excess cost of shelter, fuel, or utilities, pregnancy allowance, and child care costs (not employment related) were the most frequently cited special need items.

FEDERAL AND STATE FUNDING OF AFDC BENEFIT PAYMENTS AND ADMINISTRATIVE COSTS

The Federal share of a State’s AFDC benefit payments is determined by the matching formula specified for Medicaid in title XIX of the Social Security Act (States may choose an alternate formula, but it sets a limit on matchable benefit levels, and no State uses it). The Federal Medicaid matching rate is inversely related to State per capita income squared; thus, Federal matching for AFDC benefit payments varies from State to State, ranging (1996) from 50 percent in States with high per capita incomes to 78 percent in Mississippi, a State with relatively low per capita income. Table 8–18 provides Federal medical assistance percentages by State, which equal the Federal share of AFDC benefit payments. It shows that 11 States plus the District of Columbia now receive the minimum Federal share of 50 percent.

For the outlying areas—Guam, Puerto Rico and the Virgin Islands—75 percent Federal matching is provided for AFDC benefits, but the law imposes a ceiling on total Federal funds for AFDC and several other programs, including aid for aged, blind, or disabled adults. The ceilings are as follows: Puerto Rico, \$82 million; Guam, \$3.8 million; and the Virgin Islands, \$2.8 million.

The Federal Government pays 50 percent of the costs of administering the AFDC Program in all jurisdictions.

Some States require their localities to finance a portion of the non-Federal share of benefit payments (see table 8–19), and the non-Federal share of administrative costs (see table 8–20).

TABLE 8-18.—FEDERAL MEDICAL ASSISTANCE PERCENTAGES, SELECTED FISCAL YEARS 1984-97

State	Fiscal year							
	1984-85	1988	1990	1992	1994	1995	1996	1997
Alabama	72.14	73.29	73.21	72.93	71.22	70.45	69.85	69.54
Alaska	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
Arizona	61.21	62.12	60.99	62.61	65.90	66.40	66.85	65.53
Arkansas	73.65	74.21	74.58	75.66	74.46	73.75	73.61	73.29
California	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.23
Colorado	50.00	50.00	52.11	54.79	54.30	53.10	52.44	52.32
Connecticut	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
Delaware	50.00	51.90	50.00	50.12	50.00	50.00	50.33	50.00
District of Columbia	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
Florida	58.41	55.39	54.70	54.69	54.78	56.28	55.76	55.79
Georgia	67.43	63.84	62.09	61.78	62.47	62.23	61.90	61.52
Guam ¹	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00
Hawaii	50.00	53.71	54.50	52.57	50.00	50.00	50.00	50.00
Idaho	67.28	70.47	73.32	73.24	70.92	70.14	68.78	67.97
Illinois	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
Indiana	59.93	63.71	63.76	63.85	63.49	63.03	62.57	61.58
Iowa	55.24	62.75	62.52	65.04	63.33	62.62	64.22	62.94
Kansas	50.67	55.20	56.07	59.23	59.52	58.90	59.04	58.87
Kentucky	70.72	72.27	72.95	72.82	70.91	69.58	70.30	70.09
Louisiana	64.65	68.26	73.12	75.44	73.49	72.65	71.89	71.36
Maine	70.63	67.08	65.20	62.40	61.96	63.30	63.32	63.72
Maryland	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
Massachusetts	50.13	50.00	50.00	50.00	50.00	50.00	50.00	50.00
Michigan	50.70	56.48	54.54	55.41	56.37	56.84	56.77	55.20
Minnesota	52.67	53.98	52.74	54.43	54.65	54.27	53.84	53.60
Mississippi	77.63	79.65	80.18	79.99	78.85	78.58	78.07	77.22
Missouri	61.40	59.27	59.18	60.84	60.64	59.86	60.06	60.04
Montana	64.41	69.40	71.35	71.70	71.05	70.81	69.38	69.01
Nebraska	57.13	59.73	61.12	64.50	61.98	60.40	59.49	59.13
Nevada	50.00	50.25	50.00	50.00	50.31	50.00	50.00	50.00
New Hampshire	59.45	50.00	50.00	50.00	50.00	50.00	50.00	50.00
New Jersey	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
New Mexico	69.39	71.52	72.25	74.33	74.17	73.31	72.87	72.66
New York	50.88	50.00	50.00	50.00	50.00	50.00	50.00	50.00
North Carolina	69.54	68.68	67.46	66.52	65.14	64.71	64.59	63.89
North Dakota	61.32	64.87	67.52	72.75	71.13	68.73	69.06	67.73
Ohio	55.44	59.10	59.57	60.63	60.83	60.69	60.17	59.28
Oklahoma	58.47	63.33	68.29	70.74	70.39	70.05	69.89	70.01
Oregon	57.12	62.11	62.95	63.55	62.12	62.36	61.01	60.52
Pennsylvania	56.04	57.35	56.86	56.84	54.61	54.27	52.93	52.85
Puerto Rico ¹	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00
Rhode Island	58.17	54.85	55.15	53.29	53.87	55.49	53.84	53.90
South Carolina	73.51	73.49	73.07	72.66	71.08	70.71	70.77	70.43
South Dakota	68.31	70.43	70.90	72.59	69.50	68.06	66.66	64.89
Tennessee	70.66	70.64	69.64	68.41	67.15	66.52	65.64	64.58
Texas	54.37	56.91	61.23	64.18	64.18	63.31	62.30	62.56
Utah	70.84	73.73	74.70	75.11	74.35	73.48	73.21	72.33
Vermont	69.37	66.23	62.77	61.37	59.55	60.82	60.87	61.05
Virgin Islands ¹	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00
Virginia	56.53	51.34	50.00	50.00	50.00	50.00	51.37	51.45
Washington	50.00	53.21	53.88	54.98	54.24	51.97	50.19	50.52
West Virginia	70.57	74.84	76.61	77.68	75.72	74.60	73.26	72.60
Wisconsin	56.87	58.98	59.28	60.38	60.47	59.81	59.67	59.00
Wyoming	50.00	57.96	65.95	69.10	65.63	62.87	59.69	59.88

¹ Federal funds limited.

Source: Federal Register.

TABLE 8-19.—FINANCING OF NONFEDERAL SHARE OF BENEFIT PAYMENTS, FOR STATES USING STATE AND LOCAL FUNDS, OCTOBER 1994

State	Percent State funds	Percent local funds
California ¹	95.00	5.0
Colorado	57.30	42.7
Indiana	60.00	40.0
Minnesota ²	85.00	15.0
Montana ³	77.50	22.5
New Jersey	75.00	25.0
New York ⁴	50.00	50.0
North Carolina ⁵	50.00	50.0
North Dakota ⁵	75.00	25.0
Ohio ⁶	36.07	4.0
Wisconsin ⁷	100.00	.....

¹ Counties pay up to 100 percent of some types of emergency assistance costs.

² Counties finance 90 percent of the non-Federal costs of the Emergency Assistance Program.

³ For all cases in State-administered counties and Indian cases in State-supervised counties, State funds only.

⁴ For persons with State residence. For persons without State residence, for persons eligible for public assistance and care under AFDC and who are released from a State mental hygiene facility after a stay of 5 or more years, and for Indians living on reservations, State pays 100 percent of assistance.

⁵ State pays 100 percent for Indians living on reservations.

⁶ Percentage of total costs before deduction of Federal share.

⁷ State pays State costs and up to 100 percent of local costs. Localities pay foster care and institutional costs in excess of State appropriations.

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

Table 8-21 provides information on total Federal and State benefit payments under the Single Parent and Unemployed Parent Programs for fiscal years 1970-95, and HHS projections for fiscal years 1996-2001 (for State-level data on benefit payments, see table 8-23). Table 8-22 breaks these data down into their Federal and State shares, and also includes information on administrative costs for the AFDC Program.

AFDC CASELOAD DATA

Table 8-23 presents State-specific information on caseloads and benefit payments under the AFDC Single Parent and Unemployed Parent Programs. Average monthly benefits per AFDC family were \$377 in fiscal year 1995; among States they ranged from \$120 in Mississippi to \$721 in Alaska and \$649 in Hawaii. Together, California and New York accounted for 28 percent of AFDC families (19 percent and 9 percent, respectively); but their share of total AFDC payments was 42 percent (28 percent and 14 percent), reflecting their higher than average benefits. The table also shows wide variation in administrative costs per AFDC family, which averaged \$724 per year (\$60 per month). Yearly administrative costs ranged from \$230 in West Virginia to \$1,638 in Maryland and exceeded \$1,000 in 10 States. Table 8-24 provides similar information for the Unemployed Parents Program only.

TABLE 8-20.—FINANCING OF NONFEDERAL SHARE OF COSTS OF ADMINISTRATION FOR STATES USING STATE AND LOCAL FUNDS, OCTOBER 1994

State	Percent State funds	Percent local funds
Arkansas	100% in 50 counties; lesser proportion in 25 counties.	25 counties participate in maintenance costs.
California ¹	100% of State costs; 70% of local costs.	30% of local costs.
Colorado	60%	40%
Indiana	100% of State costs, plus up to 50% of specified local costs.	50% or more of specified local costs.
Iowa	100% of State and district costs.	100% of local costs.
Maryland	100% of State budgeted positions.	100% of local and nonbudgeted positions.
Minnesota	Varies with appropriations	Varies with State appropriations.
Mississippi	Varies according to county population.	Varies according to county population.
Montana ²	50%	50%.
Nebraska	Varies	Local funds used for some travel, rent, and equipment.
New Jersey	100% of State costs	100% of local costs.
New York	50% (or 100% for Indians living on reservations).	50%.
North Carolina	100% of State costs and varying proportion of local costs, based on prior actual expenditures.	Portion of local costs not covered by State appropriation.
North Dakota	100% of State costs	100% of local costs if able.
Ohio	45.5% ³	4.5%.
South Dakota	100% of State costs	100% of local costs.
Virginia	60%	40%.
Wisconsin	100% of State costs and up to 100% of local costs.	Any costs in excess of State appropriation.

¹ Counties pay 100 percent of non-Federal share of costs for emergency assistance cases involving removal of a child from the home.

² State pays all administrative costs in State-administered counties.

³ Percentage of total cost before deduction of Federal share (50.0 percent).

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

TABLE 8-21.—FEDERAL AND STATE AFDC BENEFIT PAYMENTS UNDER THE SINGLE PARENT AND UNEMPLOYED PARENT PROGRAMS, FISCAL YEARS 1970–2001

[In millions]

Fiscal year	Single parent ¹	Unemployed parent	Child support ²	Total ³
1970	3,851	231	0	4,082
1971	4,993	412	0	5,405
1972	5,972	422	0	6,394
1973	6,459	414	0	6,873
1974	6,881	324	0	7,205
1975	7,791	362	0	8,153
1976	8,825	525	286	9,064
1977	9,420	617	423	9,614
1978	9,624	565	472	9,717
1979	9,865	522	597	9,790
1980	10,847	693	593	10,947
1981	11,769	1,075	659	12,185
1982	11,601	1,256	771	12,086
1983	12,136	1,471	865	12,742
1984	12,759	1,612	983	13,388
1985	13,024	1,556	901	13,679
1986	13,672	1,563	951	14,284
1987	14,807	1,516	1,071	15,252
1988	15,243	1,420	1,197	15,466
1989	15,889	1,350	1,287	15,952
1990	17,059	1,480	1,416	17,123
1991	18,529	1,827	1,603	18,753
1992	20,121	2,119	1,822	20,418
1993	19,988	2,298	1,963	20,323
1994	20,393	2,404	2,060	20,737
1995	19,820	2,212	2,165	19,867
1996 ⁴	19,068	2,051	2,301	18,818
1997 ⁴	19,562	2,079	2,461	19,180
1998 ⁴	20,094	2,104	2,660	19,538
1999 ⁴	20,627	2,128	2,878	19,877
2000 ⁴	21,130	2,152	3,114	20,168
2001 ⁴	21,643	2,175	3,362	20,456

¹ Includes payments to two-parent families where one adult is incapacitated.² Total AFDC collections (including collections on behalf of Foster Care children) less payments to recipients.³ Net AFDC benefits—Gross benefits less those reimbursed by child support collections.⁴ Administration projection under current law.

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

TABLE 8-22.—TOTAL, FEDERAL, AND STATE AFDC EXPENDITURES, FISCAL YEARS 1970–2001

[In millions of dollars]

Fiscal year	Federal share		State share		Total	
	Benefits	Adminis- trative	Benefits	Adminis- trative	Benefits	Adminis- trative
1970	2,187	¹ 572	1,443	186	4,082	¹ 881
1971	3,008	271	2,469	254	5,477	525
1972	3,612	² 240	2,942	241	6,554	NA
1973	3,865	313	3,138	296	7,003	610
1974	4,071	379	3,300	362	7,371	740
1975	4,625	552	3,787	529	8,412	1,082
1976	5,258	541	4,418	527	9,676	1,069
1977	5,626	595	4,762	583	10,388	1,177
1978	5,701	631	4,890	617	10,591	1,248
1979	5,825	683	4,954	668	10,779	1,350
1980	6,448	750	5,508	729	11,956	1,479
1981	6,928	835	5,917	814	12,845	1,648
1982	6,922	878	5,934	878	12,857	1,756
1983	7,332	915	6,275	915	13,607	1,830
1984	7,707	876	6,664	822	14,371	1,698
1985	7,817	890	6,763	889	14,580	1,779
1986	8,239	993	6,996	967	15,235	1,960
1987	8,914	1,081	7,409	1,052	16,323	2,133
1988	9,125	1,194	7,538	1,159	16,663	2,353
1989	9,433	1,211	7,807	1,206	17,240	2,417
1990	10,149	1,358	8,390	1,303	18,539	2,661
1991	11,165	1,373	9,191	1,300	20,356	2,673
1992	12,252	1,422	9,988	1,342	22,240	2,764
1993	12,270	1,518	10,016	1,438	22,286	2,956
1994	12,511	1,670	10,286	1,612	22,797	3,282
1995	12,018	1,770	10,014	1,754	22,032	3,524
1996 ³	11,506	1,796	9,613	1,796	21,119	3,592
1997 ³	11,760	1,852	9,881	1,852	21,641	3,704
1998 ³	12,062	1,910	10,136	1,910	22,198	3,819
1999 ³	12,365	1,967	10,390	1,967	22,755	3,934
2000 ³	12,651	2,023	10,631	2,023	23,282	4,046
2001 ³	12,943	2,081	10,875	2,081	23,818	4,162

¹ Includes expenditures for services.² Administrative expenditures only.³ Administration projection under current law.

NA—Not available.

Note.—Benefits include AFDC-Basic and AFDC-UP expenditures; child support reimbursement is not included. Foster care payments are included from 1971 to 1980. Beginning in fiscal year 1984, the cost of certifying AFDC households for food stamps are shown in the food stamp appropriation, U.S. Department of Agriculture. Administrative costs include child care administration, work program, ADP, FAMIS, fraud control, SAVE and other State and local administrative expenditures.

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

TABLE 8-23.—AVERAGE MONTHLY NUMBER OF AFDC FAMILIES AND RECIPIENTS, TOTAL BENEFIT PAYMENTS AND ADMINISTRATIVE COSTS, AND AVERAGE PAYMENT PER FAMILY AND RECIPIENT, FISCAL YEAR 1995

State	Total assistance payments (mill.)	Average monthly caseload ¹ (thous.)	Average monthly recipients ¹ (thous.)	Average monthly payment per		Total admin. cost ² (mill.)	Admin. cost per AFDC family ³
				Family	Recipient		
Alabama	\$82.6	47	118	\$148	\$58	\$22.4	\$482
Alaska	107.3	12	37	721	241	9.9	798
Arizona	251.2	70	190	299	110	43.9	626
Arkansas	48.8	24	63	168	64	12.7	525
California	6,125.4	919	2,678	555	191	587.5	639
Colorado	142.8	39	109	305	109	24.9	638
Connecticut	383.1	61	170	520	187	32.7	533
Delaware	36.4	11	25	268	119	7.5	664
District of Columbia	124.1	27	73	379	141	24.1	883
Florida	763.8	229	618	277	103	153.0	667
Georgia	414.4	139	382	248	90	58.1	417
Guam	13.7	2	8	544	141	2.0	952
Hawaii	172.8	22	66	649	218	11.2	505
Idaho	31.6	9	24	286	108	8.8	957
Illinois	882.1	236	696	311	106	119.4	506
Indiana	196.6	66	189	248	87	36.5	553
Iowa	149.4	36	100	342	124	27.9	766
Kansas	113.6	28	80	336	118	11.1	394
Kentucky	182.6	75	188	203	81	32.5	433
Louisiana	151.1	80	251	157	50	19.2	240

Maine	101.1	22	60	380	140	6.9	311
Maryland	307.9	74	223	345	115	121.7	1,638
Massachusetts	646.1	100	271	537	199	88.5	882
Michigan	999.8	201	597	414	140	166.2	826
Minnesota	356.0	57	167	520	177	63.8	1,117
Mississippi	75.1	52	143	120	44	14.6	280
Missouri	275.6	89	254	257	90	30.3	340
Montana	48.3	12	33	350	121	11.9	1,035
Nebraska	56.7	15	41	309	114	25.0	1,634
Nevada	51.6	16	41	267	106	15.3	950
New Hampshire	56.9	11	28	420	167	10.9	965
New Jersey	509.8	119	316	356	134	170.0	1,424
New Mexico	154.1	35	104	372	123	25.3	733
New York	3,042.3	457	1,255	554	202	587.2	1,284
North Carolina	334.4	126	313	221	89	75.8	602
North Dakota	22.6	5	14	362	131	8.3	1,596
Ohio	849.1	228	612	310	116	92.0	403
Oklahoma	152.0	45	123	280	103	36.3	803
Oregon	180.8	39	104	383	145	64.2	1,634
Pennsylvania	904.7	205	596	368	126	125.4	611
Puerto Rico	68.3	55	168	103	34	13.6	246
Rhode Island	133.6	22	61	504	182	12.2	552
South Carolina	107.1	49	128	181	70	20.0	407
South Dakota	22.7	6	17	300	111	4.4	698
Tennessee	198.7	96	255	172	65	38.0	394
Texas	519.8	273	742	159	58	202.3	742
Utah	69.7	17	46	340	126	17.6	1,029

TABLE 8-23.—AVERAGE MONTHLY NUMBER OF AFDC FAMILIES AND RECIPIENTS, TOTAL BENEFIT PAYMENTS AND ADMINISTRATIVE COSTS, AND AVERAGE PAYMENT PER FAMILY AND RECIPIENT, FISCAL YEAR 1995—Continued

State	Total assistance payments (mill.)	Average monthly caseload ¹ (thous.)	Average monthly recipients ¹ (thous.)	Average monthly payment per		Total admin. cost ² (mill.)	Admin. cost per AFDC family ³
				Family	Recipient		
Vermont	61.9	10	27	511	190	6.1	604
Virgin Islands	4.3	1	5	276	70	0.8	615
Virginia	222.4	72	184	257	101	42.4	588
Washington	605.7	102	286	493	176	82.9	810
West Virginia	108.9	38	104	238	87	8.8	230
Wisconsin	389.4	74	213	439	152	85.6	1,157
Wyoming	20.8	5	15	333	115	4.1	788
U.S. total	22,031.5	4,869	13,619	377	135	3,523.8	724

¹ Preliminary data.

² Administrative costs include child care administration, Work Program, ADP, FAMIS, fraud control, SAVE, and other State and local administrative expenditures.

³ Average annual administrative cost per family.

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

TABLE 8-24.—AFDC-UP RECIPIENTS OF CASH PAYMENTS AND AMOUNTS OF PAYMENTS BY STATE, FISCAL YEAR 1995

State	UP money pay- ments (thou- sand)	Average number of families ¹	Average number of recipients ¹	Average payment per:	
				Family	Recipient
Alabama	\$184	137	570	\$112	\$27
Alaska	17,669	1,882	8,590	782	171
Arizona	5,292	1,166	5,017	378	88
Arkansas	976	276	1,118	295	73
California	1,292,749	163,960	670,225	657	161
Colorado	2,554	750	2,371	284	90
Connecticut	21,297	3,013	12,571	589	141
Delaware	308	78	323	329	79
District of Columbia	1,315	210	950	522	115
Florida	16,597	3,624	14,307	382	97
Georgia	2,025	562	2,247	300	75
Guam	1,312	189	1,022	578	107
Hawaii	14,346	1,484	6,836	806	175
Idaho	2,764	623	2,630	370	88
Illinois	46,715	11,257	47,741	346	82
Indiana	8,523	2,234	9,690	318	73
Iowa	14,926	3,429	13,955	363	89
Kansas	7,997	1,667	6,779	400	98
Kentucky	11,971	3,981	14,921	251	67
Louisiana	1,795	703	3,302	213	45
Maine	12,308	1,901	7,946	540	129
Maryland	3,113	1,069	2,917	243	89

TABLE 8-24.—AFDC-UP RECIPIENTS OF CASH PAYMENTS AND AMOUNTS OF PAYMENTS BY STATE, FISCAL YEAR 1995—Continued

State	UP money pay- ments (thou- sand)	Average number of families ¹	Average number of recipients ¹	Average payment per:		Recipient
				Family	Recipient	
Massachusetts	26,129	3,401	14,320	640	152	
Michigan	134,860	23,047	99,341	488	113	
Minnesota	33,551	4,784	22,668	584	123	
Mississippi	71	42	175	141	34	
Missouri	9,161	2,365	9,339	323	82	
Montana	5,424	972	4,262	465	106	
Nebraska	3,471	746	3,245	388	89	
Nevada	1,500	306	1,203	408	104	
New Hampshire	1,584	278	1,189	475	111	
New Jersey	19,894	3,533	15,467	469	107	
New Mexico	9,018	1,440	6,696	522	112	
New York	130,642	20,033	81,462	543	134	
North Carolina	8,197	2,696	10,428	253	66	
North Dakota	714	135	614	441	97	
Ohio	73,860	16,551	64,535	372	95	
Oklahoma	1,844	417	1,632	369	94	
Oregon	17,001	3,040	12,256	466	116	
Pennsylvania	39,941	8,243	34,927	404	95	
Rhode Island	4,235	611	2,494	578	141	
South Carolina	948	374	1,479	211	53	
South Dakota	101	21	108	400	78	
Tennessee	4,454	1,760	6,772	211	55	

Texas	17,891	6,788	27,860	220	54
Utah	395	87	383	379	86
Vermont	8,143	1,386	5,510	490	123
Virginia	1,824	439	1,799	346	84
Washington	113,884	15,523	66,230	611	143
West Virginia	18,444	5,320	20,795	289	74
Wisconsin	37,842	6,059	29,330	520	108
Wyoming	262	67	286	325	76
U.S. total	2,212,020	334,659	1,382,833	551	133

¹ Preliminary data.

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

Table 8–25 presents data on the average monthly number of families and individuals receiving AFDC benefits since 1970. The U.S. caseload peaked in 1994 (but in half the States numbers were below record levels of 1992 or 1993). The number of two-parent families also set a national record in 1994; however, these unemployed-parent families were a smaller share of total AFDC enrollment (7.2 percent) than a decade earlier (7.7 percent), before all States were required to operate AFDC–UP Programs.

The number of AFDC families almost doubled (91-percent increase) from 1970 to 1980, and the share of all families with children who received AFDC climbed from 6.6 to 11.5 percent (Table 8–1). In 1981, the AFDC caseload increased another 6 percent; and Congress enacted some eligibility cutbacks (OBRA 1981). From 1983 to 1988, the caseload remained relatively stable, but in 1989 it began a sharp rise. Between July 1989 and August 1992, almost 1 million families were added to the AFDC basic (one-parent) caseload, a 27-percent increase; and by 1992 about one in seven families with children was enrolled in the program. The Congressional Research Service (CRS) and the Congressional Budget Office (CBO) undertook studies of recent caseload growth. The CRS study (Gabe, 1992) found that never-married mothers accounted for 71 percent of the increase in the number of families receiving AFDC between 1987 and 1991 and noted that the caseload expansion began a year before the 1990–91 recession began. The CBO study (Peskin, et al., 1993) concluded that just over half of the 1989–93 caseload growth could be explained by the increase in the number of families headed by women, and about a quarter, by the recession's effect on employment and the weak economy before and after the recession.

Table 8–26 presents State-by-State data on total AFDC expenditures for the years 1989–95.

Table 8–27 shows the number of total AFDC recipients and the number of child recipients for 1970 to 1994 (calendar year data, unlike table 8–1, which presents fiscal year data). The table shows total recipients as percentages of the total population and (for 1979–91) as a percentage of the number of persons in families with children whose prewelfare, pretax cash incomes fell short of the poverty threshold (column 6). AFDC recipients have ranged from 4.1 percent of the total population in 1970 to a peak percentage of 5.4 in 1993 and 1994. The percentage of children (column 5) receiving AFDC remained relatively constant at around 11 percent between 1972 and 1989, but climbed above 12 percent in 1990 and reached 14 percent in 1993. As a percentage of children in poverty (column 7), child AFDC recipients have fallen from a high of 80.5 percent in 1973 to a low of 49.6 percent in 1982, but since have climbed to 61.7 percent in 1995.

TABLE 8-25.—HISTORICAL TRENDS IN AFDC ENROLLMENTS AND AVERAGE PAYMENTS, 1970–2001

Fiscal year	Average monthly number of: (in thousands)					Average monthly benefit	
	Fami- lies ¹	Recipi- ents ¹	Chil- dren ¹	Unem- ployed parent fami- lies	Unem- ployed parent recipi- ents	Family	Recipi- ent
1970	1,909	7,429	5,494	78	420	\$178	\$46
1971	2,532	9,556	6,963	143	726	180	48
1972	2,918	10,632	7,698	134	639	187	51
1973	3,123	11,038	7,965	120	557	187	53
1974	3,170	10,845	7,824	95	434	194	57
1975	3,342	11,067	7,928	101	451	210	63
1976	3,561	11,339	8,156	135	593	226	71
1977	3,575	11,108	7,818	149	659	242	78
1978	3,528	10,663	7,475	127	567	250	83
1979	3,493	10,311	7,193	113	504	257	87
1980	3,642	10,597	7,320	141	612	274	94
1981	3,871	11,160	7,615	209	881	277	96
1982	3,569	10,431	6,975	232	976	300	103
1983	3,651	10,659	7,051	272	1,144	311	106
1984	3,725	10,866	7,153	287	1,222	322	110
1985	3,692	10,813	7,165	261	1,131	339	116
1986	3,747	10,995	7,294	253	1,101	352	120
1987	3,784	11,065	7,381	236	1,035	359	123
1988	3,748	10,920	7,326	210	929	370	127
1989	3,771	10,935	7,370	193	856	381	131
1990	3,974	11,460	7,755	204	899	389	135
1991	4,375	12,595	8,515	268	1,148	388	135
1992	4,769	13,625	9,225	322	1,348	389	136
1993	4,981	14,144	9,539	359	1,489	373	131
1994	5,046	14,226	9,590	363	1,509	376	134
1995 ²	4,869	13,619	9,275	335	1,383	377	135
1996 ³	4,618	12,941	8,796	308	1,273	381	136
1997 ³	4,684	13,111	8,922	309	1,275	385	138
1998 ³	4,750	13,284	9,048	309	1,274	389	139
1999 ³	4,817	13,459	9,175	309	1,272	393	141
2000 ³	4,876	13,612	9,288	309	1,271	397	143
2001 ³	4,935	13,765	9,400	309	1,269	402	144

¹ Includes unemployed parent families.² Preliminary data.³ Administration projection under current law.

Note.—AFDC benefit amounts have not been reduced by child support collections.

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

TABLE 8-26.—TOTAL AFDC EXPENDITURES BY STATE, FISCAL YEARS 1989-95
 [In millions of dollars]

States	Fiscal year						
	1989	1990	1991	1992	1993	1994	1995
Alabama	\$61.1	\$61.5	\$67.5	\$85.1	\$95.5	\$91.9	\$82.6
Alaska	54.8	59.5	76.8	96.3	110.6	112.5	107.3
Arizona	117.0	138.4	177.8	242.6	268.7	265.9	251.2
Arkansas	55.4	57.0	60.0	61.1	59.8	57.4	48.8
California	4,436.5	4,954.9	5,519.8	5,828.3	5,855.0	6,088.3	6,125.4
Colorado	131.0	136.7	149.9	162.5	164.0	158.2	142.8
Connecticut	241.4	295.2	347.2	376.9	386.3	397.0	383.1
Delaware	25.1	28.7	32.6	37.3	39.7	39.7	36.4
District of Columbia	77.5	84.0	97.5	102.4	112.6	126.3	124.1
Florida	354.6	417.5	515.1	733.1	804.7	806.2	763.8
Georgia	289.3	320.7	376.4	420.3	432.1	427.9	414.4
Guam	3.1	5.0	7.1	7.8	9.2	12.1	13.7
Hawaii	89.1	98.8	107.9	125.3	143.4	163.0	172.8
Idaho	18.4	19.5	22.2	24.0	28.5	30.3	31.6
Illinois	786.5	838.7	892.2	882.6	882.9	913.5	882.1
Indiana	162.2	169.9	193.2	218.2	224.8	228.2	196.6
Iowa	149.0	152.4	160.2	164.3	163.3	169.2	149.4
Kansas	104.3	105.1	108.7	119.2	125.9	123.1	113.6
Kentucky	155.4	179.1	204.1	213.1	210.0	198.3	182.6
Louisiana	184.8	188.0	188.1	181.8	176.9	168.4	151.1
Maine	86.1	101.3	113.2	118.3	117.1	107.5	101.1

Maryland	265.5	295.8	330.4	333.3	316.5	313.8	307.9
Massachusetts	592.2	630.3	665.6	750.9	749.9	729.7	646.1
Michigan	1,226.4	1,211.3	1,184.1	1,162.0	1,190.1	1,132.2	999.8
Minnesota	343.4	355.0	370.7	387.0	384.0	379.4	356.0
Mississippi	84.9	86.3	87.9	88.8	86.9	81.7	75.1
Missouri	220.0	228.0	250.6	273.9	283.8	286.9	275.6
Montana	40.6	40.4	42.0	45.7	49.1	48.9	48.3
Nebraska	56.6	58.6	61.2	65.3	65.6	61.6	56.7
Nevada	24.2	27.2	32.1	41.0	44.0	48.1	51.6
New Hampshire	24.3	31.8	45.3	54.5	56.0	61.9	56.9
New Jersey	440.1	451.4	488.7	515.0	538.2	531.3	509.8
New Mexico	55.0	60.6	86.2	105.9	119.1	143.9	154.1
New York	2,153.7	2,254.4	2,480.9	2,944.4	2,658.4	2,913.1	3,042.3
North Carolina	220.5	246.7	303.6	335.3	353.4	352.5	334.4
North Dakota	24.0	24.3	25.0	27.5	28.1	25.6	22.6
Ohio	826.6	877.2	935.1	984.0	980.5	1,015.8	849.1
Oklahoma	124.3	132.1	152.2	169.2	172.0	165.2	152.0
Oregon	137.5	145.2	177.2	200.1	202.4	196.7	180.8
Pennsylvania	738.5	798.3	827.3	906.1	917.7	934.8	904.7
Puerto Rico	70.6	71.5	75.2	76.9	76.8	73.9	68.3
Rhode Island	85.8	99.0	117.2	128.4	134.2	136.0	133.6
South Carolina	91.3	95.7	107.4	119.2	118.0	115.1	107.1
South Dakota	21.6	21.7	23.6	25.2	25.0	24.6	22.7
Tennessee	142.0	167.9	196.6	205.8	219.8	215.1	198.7
Texas	367.5	415.9	473.3	516.5	532.3	544.3	519.8
Utah	63.5	64.1	70.7	75.5	78.0	77.3	69.7
Vermont	41.4	48.1	54.6	67.0	65.7	64.9	61.9

TABLE 8-26.—TOTAL AFDC EXPENDITURES BY STATE, FISCAL YEARS 1989-95—Continued
 [In millions of dollars]

States	Fiscal year						
	1989	1990	1991	1992	1993	1994	1995
Virgin Islands	2.9	2.9	3.3	3.5	3.5	3.5	4.3
Virginia	168.4	177.4	199.6	224.8	231.2	253.0	222.4
Washington	420.7	437.9	485.8	605.9	605.5	609.9	605.7
West Virginia	110.0	110.0	113.6	120.1	121.6	125.9	108.9
Wisconsin	454.2	440.4	447.1	453.3	441.2	424.7	389.4
Wyoming	18.8	19.3	24.9	27.2	26.5	21.4	20.8
U.S. total	17,240.0	18,538.5	20,356.2	22,239.7	22,286.0	22,797.4	22,031.5

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

TABLE 8-27.—NUMBER OF AFDC RECIPIENTS AND RECIPIENTS AS A PERCENTAGE OF VARIOUS POPULATION GROUPS, 1970-94

[In thousands]

Calendar year	Total AFDC recipients ¹	AFDC child recipients ¹	Total population ages 0-17 ²	AFDC recipients as a percent of total population ²	AFDC child recipients as a percent of total child population	AFDC recipients as a percent of prewelfare poor population in families with children ³	AFDC child recipients as a percent of children in poverty ⁴
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	10,856	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	63,684	4.66	11.45	49.2	63.2
1981	10,893	7,397	63,212	4.75	11.70	47.1	59.2
1982	10,161	6,767	62,812	4.39	10.77	40.6	49.6
1983	10,569	6,967	62,566	4.52	11.14	41.9	50.1
1984	10,643	7,017	62,482	4.51	11.23	43.6	52.3
1985	10,672	7,073	62,623	4.49	11.30	45.0	54.4
1986	10,850	7,206	62,865	4.52	11.46	46.6	56.0
1987	10,841	7,240	63,056	4.47	11.48	46.7	56.4
1988	10,728	7,201	63,246	4.39	11.39	47.7	57.8
1989	10,798	7,286	63,457	4.37	11.48	47.6	57.9
1990	11,497	7,781	63,923	4.62	12.17	47.1	57.9
1991	12,728	8,595	65,110	5.05	13.20	49.1	60.0
1992	13,571	9,165	66,162	5.32	13.85	NA	60.0
1993	14,007	9,440	67,110	5.43	14.07	NA	60.0
1994	13,974	9,440	68,018	5.37	13.88	NA	61.7

¹Annual numbers from Health and Human Services. 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 were 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.

²Population numbers represent U.S. resident population, not including Armed Forces overseas.

³Based on the number of persons in families with related children whose prewelfare, pretax cash income (including Social Security) falls below the appropriate poverty threshold. This information for 1970-90 can be found in appendix J, table 20, 1992 Green Book; for 1991, in table 15 of appendix J of the 1993 Green Book.

⁴Column is based on the U.S. Census count of all persons under age 18 (including unrelated children) with income below the poverty threshold.

NA—Poverty population data are not available for this time period.

Note.—These data are for calendar years, unlike table 8-1, which relates to fiscal years.

Source: Table prepared by the Congressional Research Service.

CHARACTERISTICS OF AFDC FAMILIES

NATIONAL DATA ABOUT AFDC FAMILIES

This section describes the characteristics of AFDC families, using two main sources of data. For years 1967–79, the sources were individual sample surveys of similar design conducted to gather information from agency case files. For 1983 and later years, data were derived from information collected from cases within the National Integrated Quality Control System's (NIQCS) monthly sample of cases.

Table 8–28 shows that the share of AFDC families with earnings fell 30 percent from March 1979 to 1994, from 12.8 to 8.9 percent (but was 20 percent higher than in 1992). The share of families with no reported income other than AFDC climbed from 80.6 percent in 1979 to 86.8 percent in 1983, and fell to 77.5 percent by 1994. The decline since 1979 in the percentage of AFDC families with reported earnings probably resulted from the 1981 repeal by Congress of a financial work reward: disregard of a fraction of every dollar earned.

Some studies suggest that the actual percentage of AFDC mothers with other income is higher than Table 8–28 shows. The Institute for Women's Policy Research (IWPR) studied data for mothers from four panels of the Survey of Income and Program Participation (SIPP), those for 1984, 1986, 1987, and 1988. The data set comprised women who were single mothers for at least 12 out of 24 survey months and who received AFDC benefits for at least 2 of the 24 months. On average, women in the sample received AFDC for 18 months and were single for 23 months. The study found that 43 percent of the mothers worked at least 300 hours during the 2 years: 20 percent combined work with welfare part of the time (on average, for 9 out of 24 months), and the remaining 23 percent "cycled" between work and welfare. In all, 57 percent did not work: 26 percent were totally dependent on means-tested benefits and 31 percent "packaged" AFDC with income from other family members (Spalter-Roth et al., 1995).

Other research has found that many welfare mothers make ends meet by supplementing AFDC with unreported earnings and contributions. In a study of single AFDC mothers in four sites (Chicago, Boston, San Antonio, and Charleston), Edin (1995) found that 46 percent engaged in covert work to meet their expenses, and that 86 percent received covert contributions from family or friends, boyfriends, absent fathers, or from other sources. They obtained covert earnings by working for cash or under a false identity in the informal economy (39 percent of the sample) or by selling sex, drugs, or stolen goods (8 percent). This research relied on intensive interviews with a broad range of AFDC recipients who were identified through a trusted third party.

TABLE 8-28.—AFDC CHARACTERISTICS, SELECTED YEARS 1969-94

Characteristic	May 1969	January 1973	May 1975	March 1979	1983 ¹	1986 ¹	1988 ¹	1990 ¹	1992 ¹	1994 ¹
Average family size (persons)	4.0	3.6	3.2	3.0	3.0	3.0	3.0	2.9	2.9	2.8
Number of child recipients (percent of AFDC cases):										
One	26.6	NA	37.9	42.3	43.4	42.7	42.5	42.2	42.5	42.6
Two	23.0	NA	26.0	28.1	29.8	30.8	30.2	30.3	30.2	30.0
Three	17.7	NA	16.1	15.6	15.2	15.9	15.8	15.8	15.5	15.6
Four or more	32.5	NA	20.0	13.9	10.1	9.8	9.9	9.9	10.1	9.6
Unknown	.....	NA	.....	.....	1.5	0.8	1.7	1.4	0.7	2.1
Basis for eligibility (percent children):										
Parents present:										
Incappeditated	211.7	10.2	7.7	5.3	3.4	3.2	3.7	3.6	4.1	3.9
Unemployed	24.6	4.1	3.7	4.1	8.7	7.4	6.5	6.4	8.2	8.7
Parents absent:										
Death	25.5	5.0	3.7	2.2	1.8	1.9	1.8	1.6	1.6	1.7
Divorce or separation	243.3	46.5	48.3	44.7	38.5	36.3	34.6	32.9	30.0	26.5
No marriage tie	227.9	31.5	31.0	37.8	44.3	48.9	51.9	54.0	53.1	55.7
Other reason	23.5	3.6	4.0	5.9	1.4	2.4	1.6	1.9	2.0	2.0
Unknown	.....	.....	.....	.....	1.7	.....	.....	.....	0.9	1.4
Education of mother (percent of mothers): ³										
8th grade or less	29.4	NA	16.7	9.5	NA	4.8	5.5	5.8	4.9	4.0
1-3 years of HS	30.7	NA	31.7	20.8	NA	14.3	14.7	16.5	18.8	17.6
High school degree	16.0	NA	23.7	18.8	NA	17.3	17.5	19.3	22.4	24.1
Some college	2.0	NA	3.9	2.7	NA	3.4	3.9	5.7	6.8	7.7
College graduate	0.2	NA	0.7	0.4	NA	0.5	0.6	0.4	0.5	0.5
Unknown	21.6	NA	23.3	47.8	NA	59.7	58.3	52.3	46.6	46.0
Age of mother (percent of mothers): ³										
Under 20	6.6	NA	8.3	4.1	4.3.6	4.3.3	4.3.4	7.9	7.6	6.3
20-24	16.7	NA	(5)	6.28.0	6.28.6	7.33.6	7.32.2	23.8	24.5	24.6
25-29	17.6	NA	(5)	21.4	23.8	8.20.0	8.19.4	24.6	23.3	22.6
30-39	30.4	NA	27.9	27.2	27.9	30.1	31.5	32.0	32.7	34.9
40 or over	25.0	NA	17.6	15.4	15.7	13.0	13.4	11.7	11.8	11.5
Unknown	3.6	NA	3.0	4.0	0.3	.....	.....	.....	0.1	.....
Ages of children (percent of recipient children):										
Under 3	14.9	NA	16.5	18.9	22.5	21.9	21.1	24.2	24.6	23.8
3-5	17.6	NA	18.1	17.5	20.1	21.1	21.0	21.5	21.7	22.1
6-11	36.5	NA	33.7	33.0	31.5	32.4	33.3	27.5	32.4	31.7

TABLE 8-28.—AFDC CHARACTERISTICS, SELECTED YEARS 1969-94—Continued

Characteristic	May 1969	January 1973	May 1975	March 1979	1983 ¹	1986 ¹	1988 ¹	1990 ¹	1991 ¹	1994 ¹
12 and over	31.0	NA	30.9	29.8	25.5	24.3	22.4	21.3	21.2	22.2
Unknown .....	.....	NA	0.8	0.9	0.3	0.1	1.3	0.0	0.0	0.3
Mother's employment status (percent): ³										
Full-time job	8.2	9.8	10.4	8.7	1.5	1.6	2.2	2.5	2.2	3.3
Part-time job	6.3	6.3	5.7	5.4	3.4	4.2	4.2	4.2	4.2	4.6
Presence of income (percent families):										
With earnings	NA	16.3	14.6	12.8	5.7	7.5	8.4	8.2	7.4	8.9
No non-AFDC income	56.0	66.9	71.1	80.6	86.8	81.3	79.6	80.1	78.9	77.5
Median months on AFDC since most recent opening	23.0	27.0	31.0	29.0	26.0	27.0	26.3	23.0	22.5	22.8
Race (percent parents): ¹⁰										
White	NA	38.0	39.9	40.4	41.8	39.7	38.8	38.1	38.9	37.4
Black	45.2	45.8	44.3	43.1	43.8	40.7	39.8	39.7	37.2	36.4
Hispanic	NA	13.4	12.2	13.6	12.0	14.4	15.7	16.6	17.8	19.9
Native American	1.3	1.1	1.1	1.4	1.0	1.3	1.4	1.3	1.4	1.3
Asian	NA	NA	0.5	1.0	1.5	2.3	2.4	2.8	2.8	2.9
Other and unknown	4.8	1.7	2.0	0.4	NA	1.4	1.9	1.5	2.0	2.1
Incidence of households (percent):										
Living in public housing	12.8	13.6	14.6	NA	10.0	9.6	9.6	9.6	9.2	8.3
Participating in food stamp or donated food program	52.9	68.4	75.1	75.1	83.0	80.7	84.6	85.6	87.3	88.6
Including nonrecipient members	33.1	34.9	34.8	NA	36.9	36.7	36.8	37.7	38.9	46.4
Father's relationship to youngest child (percent):										
No father	NA	NA	NA	84.7	89.8	91.2	91.6	92.0	89.4	89.4
Natural father	NA	NA	NA	9.6	NA	NA	NA	NA	NA	NA
Adoptive father	NA	NA	NA	0.0	NA	NA	NA	NA	NA	NA
Stepfather	NA	NA	NA	5.6	NA	NA	NA	NA	NA	NA

¹Data 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 for 1986 include Hawaii, but not the territories. Data after 1986 include the territories and Hawaii. ²Calculated on the basis of total number of families. ³For years after 1983, data are for adult female recipients. ⁴Under age 19. ⁵The percentage for 20 to 29 year olds was 43.1. ⁶The ages were 19-24 in 1979, 1983 and 1990. ⁷In 1986 and 1988 this age group was 19-25. ⁸In 1986 and 1988 this age group was 26-29. ⁹State collected child support directly beginning in 1975, removing one source of non-AFDC income. ¹⁰For 1983, 12.6 percentage points where race was unknown were allocated proportionately across all categories.

NA—Not available.

Note.—In 1994, 0.7 percent of AFDC cases had zero children (they were expectant mothers).

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

Table 8-28 shows that from 1969 to 1994, the average size of AFDC families decreased from 4 to 2.8 persons; the percentage of AFDC children with unwed parents almost doubled, from 27.9 to 55.7 percent; the percentage of AFDC mothers with some college education climbed from 2 to 7.7 percent; and the percentage of AFDC children whose parents were divorced or separated dropped from 43.3 to 26.5 percent. The table also shows a marked increase in the share of AFDC households that include a nonrecipient of AFDC, suggesting an acceleration in the trend to double-up to reduce housing costs. In 1994, almost half (46.4 percent) of AFDC households included a nonrecipient. This compares with 33.1 percent in 1969, 34.8 percent in 1975, and an average of 37.4 percent in 1983-92.

Table 8-29 presents data about the work status of AFDC mothers (or other caretaker). It reports that the share of mothers needed at home or not actively seeking work climbed to 72 percent in 1994, compared to a recent low of 56 percent in 1988. Table 8-30 provides information about various sources of non-AFDC income received by AFDC families. In 1994, 1.3 percent of AFDC families received SSI and 8.5 percent, other public assistance or State SSI supplements. Non-AFDC income averaged \$282 monthly per family among families with such income. For selected years, table 8-31 shows disregarded income of AFDC families, by type.

The AFDC recipient population is a diverse group of families and individuals. Table 8-32 divides the 1994 AFDC caseload into seven mutually exclusive groups. Column 1 contains data on the entire caseload. Column 2 describes AFDC units with no adult recipient. They represent 17.2 percent of the AFDC units and 12.5 percent of total payments. The average payment per case was \$269 per month. These children-only cases comprise needy children with nonneedy or otherwise ineligible adult caretakers. They include children born in the United States to illegal alien parents and children whose caretaker is not one of 14 relatives specified in the law.

Columns 3 through 6 present characteristics of more typical AFDC units—one adult with children. The one-adult caseload is split into four groups based on the reason for deprivation of the youngest child. Column 3 shows the most numerous group, unwed parents (usually mothers) with children. They account for 45 percent of all AFDC units and expenditures. Column 4 shows cases of a divorced or legally separated parent, 13 percent of the total.

Columns 7 and 8 present characteristics of cases with two adult recipients. Column 7 presents data on the unemployed parent (AFDC-UP) Program caseload; column 8 contains other two-parent cases, most of which have an incapacitated parent. AFDC-UP cases represent 6 percent of the total caseload and receive about 9 percent of total payments. The cases in which one parent is incapacitated tend to be older, as demonstrated by both the age of the mother and the age of the youngest child.

The table indicates that white parents constitute a majority of the AFDC-UP caseload (57 percent). Hispanic parents represent 20 percent and blacks, 9 percent, of these cases. Half of the unwed parent cases are black. Of the overall caseload, 37 percent of parents are white, 36 percent black, 20 percent Hispanic, 3 percent Asian, and 1 percent Native American.

TABLE 8-29.—EMPLOYMENT STATUS OF AFDC MOTHERS AND TENURE OF AFDC FAMILIES,¹ SELECTED YEARS 1979-94

Employment status	Percent of total caseload									
	March 1979 ²	May 1982	1983 ³	1986 ³	1988 ³	1990 ³	1991 ³	1992 ³	1994 ³	
Employment status of mother (or other caretaker): ⁴										
No mother (Caretaker)	8.3	12.2	8.7	.....	.....	.....	.....	.....	.....	.....
Full-time work, 30 or more hours per week	⁵ 8.0	⁵ 1.3	1.5	1.6	2.1	2.5	2.2	2.2	3.2	3.2
Part-time work, fewer than 30 hours per week	⁵ 5.0	⁵ 4.3	3.4	4.2	4.2	4.2	4.2	4.2	4.5	4.5
Incapacitated	6.0	NA	4.1	3.4	3.8	.....	.....	.....	4.1	4.1
At school or training	2.6	NA	2.0	1.9	2.2	11.5	12.5	16.1	13.8	13.8
On layoff	0.5	NA	0.8	0.2	0.2	0.2	0.1	0.2	0.2	0.2
Seeking work	9.1	NA	NA	27.3	27.6	⁶ 10.5	⁶ 11.2	⁶ 11.8	1.7	1.7
Other—needed at home or not actively seeking work	60.5	82.2	64.8	58.3	55.5	⁷ 68.6	⁷ 68.8	⁷ 65.1	71.7	71.7
Unknown .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Number of months on AFDC since most recent opening (percent of cases):										
1-6 months	16.4	20.0	18.9	17.2	18.2	19.8	20.4	19.0	19.5	19.5
7-12 months	12.5	12.4	13.1	12.6	13.2	14.4	14.8	15.2	13.8	13.8
13-24 months	16.7	16.2	16.6	17.2	17.3	18.4	19.2	19.3	18.0	18.0
25-36 months	11.4	12.6	12.0	11.8	11.2	11.9	12.2	12.8	11.8	11.8
37-60 months	15.3	14.2	15.4	14.9	15.0	13.7	12.8	14.1	15.4	15.4
61+ months	26.9	23.5	23.7	25.9	24.9	21.7	20.5	19.6	18.6	18.6
Unknown	0.8	1.1	0.3	0.4	0.2	0.01	0.1	0.1	0.1	0.1

¹ See text about difference in data sources for 1979 and 1983 and later years. Note: 1982 data are from interim study.
² Source: Committee staff tabulation of March 1979 AFDC recipients' data base.
³ Fiscal year average monthly. 1983 does not include Hawaii or the territories. 1986 data do not include the territories. 1988-92 data include the territories and Hawaii.
⁴ Since 1986, the data are percent of female adult recipients.
⁵ Full-time work, 35 hours or more per week; part-time work, fewer than 35 hours per week.
⁶ For 1990-92, unemployed, not on layoff or strike.
⁷ For 1990-92, not employed, not participating in any educational or training activities.
 NA—Not available.
 Source: Based on National Integrated Quality Control System's monthly sample of cases surveyed by the U.S. Department of Health and Human Services.

TABLE 8-30.—PERCENTAGE OF AFDC FAMILIES WITH VARIOUS SOURCES OF NON-AFDC INCOME,¹ SELECTED YEARS 1979-94

Income source	Percentage of caseload with income type					Average amount for those with income type														
	March 1979 ²	Fiscal year				March 1979	May 1982	Fiscal year												
		1986 ³	1988 ³	1990 ³	1992 ³			1986 ³	1988 ³	1990 ³	1992 ³	1994 ³								
Earned income:																				
Mother (or caretaker relative)	12.0	5.3	6.2	7.0	6.9	6.1	7.0	6.1	7.0	\$382	\$261	\$264	\$276	\$318	\$330	\$379				
Father (or spouse of caretaker relative)	0.6	0.4	1.0	1.1	1.1	1.1	1.6	1.1	1.6	323	244	271	316	332	325	434				
Children (14 or older)	0.1	(⁴)	0.3	0.3	0.3	0.2	0.4	0.2	0.4	206	398	323	299	301	358	300				
Other adults	0.1	NA	0.2	0.2	0.1	0.1	0.1	0.1	0.1	265	NA	420	450	285	252	392				
Public service	0.1	NA	NA	NA	NA	NA	NA	NA	NA	246	NA	NA	NA	NA	NA	NA				
OASDI	3.1	2.5	2.0	2.5	2.4	2.1	2.3	2.1	2.3	134	145	207	211	235	226	248				
Veterans' benefits	0.4	NA	0.2	0.2	0.2	0.1	0.1	0.1	0.1	128	NA	139	122	135	182	352				
Other government income	0.4	0.4	0.3	0.3	0.3	0.7	0.9	0.7	0.9	143	134	131	109	105	96	129				
Unemployment compensation	0.7	1.0	0.7	0.6	0.6	0.9	1.0	0.6	1.0	238	255	289	285	310	354	349				
Workmen's compensation	0.1	(⁴)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	237	200	299	267	396	348	360				
Deemed income	0.2	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	63	159	153	143	132	186	349				
Contributions from other persons	0.6	0.9	NA	1.3	1.5	1.6	1.0	1.6	1.0	72	79	NA	92	105	109	349				
Other cash income:	1.9	2.5	5.2	5.2	5.2	5.4	9.6	5.4	9.6	81	251	128	83	105	162	410				
SSI (Federal)	NA	NA	3.0	1.9	1.1	1.3	1.3	1.3	1.3	NA	NA	334	369	442	436	742				
Other public assistance or State SSI	NA	NA	1.1	0.8	0.6	0.3	8.5	0.3	8.5	NA	NA	374	299	299	315	352				
In-kind income	0.4	NA	NA	NA	6.0	NA	NA	NA	NA	71	NA	NA	NA	6.125	NA	NA				
Total	19.4	NA	18.7	20.4	19.9	21.1	22.5	21.1	22.5	299	NA	228	.....	239	246	282				

¹ See text about differences in data sources for 1979, 1983, and later years (1982 data are from interim study).

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

³ Fiscal year average monthly. 1986 data do not include the territories. 1988-94 data include both Hawaii and the territories.

⁴ Less than 0.05 percent.

⁵ Includes Federal SSI, State SSI, general assistance, income from assets and property and other unearned income.

⁶ ETC.

NA—Not available.

Source: Based on National Integrated Quality Control System's monthly sample of cases surveyed by the U.S. Department of Health and Human Services.

TABLE 8-31.—DISREGARDED INCOME FOR AFDC FAMILIES, ¹ SELECTED YEARS 1979-94

Disregards	Percent of caseload with disregard					Average amount for those with disregard														
	March 1979 ²	May 1982	Fiscal year			March 1979	May 1982	Fiscal year												
			1986 ³	1989 ³	1990 ³			1991 ³	1992 ³	1994 ³	1986 ³	1989 ³	1990 ³	1991 ³	1992 ³	1993 ³	1994 ³			
Optional \$5 disregard	1.1	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	
\$30 and one-third of earned income ⁵ ...	12.5	2.5	3.8	4.0	4.0	4.0	4.0	4.0	4.0	3.8	5.7	147	\$62	\$83	\$76	\$83	\$92	\$89	\$89	\$130
Child care	3.9	1.3	1.5	1.7	1.2	1.6	1.4	1.5	1.5	1.4	1.5	101	86	119	106	119	128	132	153	154
Other work expenses	8.4	5.2	6.2	6.9	6.7	6.8	6.3	7.1	95	54	76	77	89	92	92	92	92	92	92	98
Cases with child care and other work ex- penses ⁶	3.0	NA	NA	NA	NA	NA	NA	NA	100	NA	NA	100	NA	NA	NA	NA	NA	NA	NA	NA
Child support	0.1	(⁷)	3.0	5.1	4.9	4.5	4.7	5.1	93	NA	847	848	848	848	848	848	848	848	848	48
Other	1.6	0.4	NA	NA	NA	NA	NA	NA	77	100	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	13.8	NA	6.3	7.0	6.8	7.0	6.4	12.6	250	NA	146	153	171	172	177	177	172	177	177	152

¹ See text about differences in data sources for March 1979, 1983 and later years. Note: 1982 data are from interim study.

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

³ Average monthly for fiscal years.

⁴ Repeated by 1981 law.

⁵ Limited to 4 months' duration by 1981 law. 1984 law extended \$30 disregard to 12 months.

⁶ In these cases, there was insufficient information in the data file to distinguish between child care and other work expenses.

⁷ Less than 0.05 percent.

⁸ Average amount of \$50 child support passthrough.

NA—Not available.

Note.—The child support passthrough is not included in the total amount disregarded. It is part of unearned income rather than earned income.

Source: Based on National Integrated Quality Control System's monthly sample of cases surveyed by the U.S. Department of Health and Human Services.

TABLE 8-32.—1994 AFDC CHARACTERISTICS BY UNIT TYPE 1

Characteristic	Total	One adult			Two adult			Unknown	
		No adult	Not mar-ried	Divorced or legally separated	Not legally separated or divorced	Other rea-sons	Unemployed parent		Other
Number of units (in thousands)	5,046	868	2,254	646	525	332	310	111	1
Percent of total	100.0	17.2	44.7	12.8	10.4	6.6	6.1	2.2	0.0
Average monthly payment	\$369	\$269	\$368	\$379	\$394	\$361	\$567	\$484	\$378
Percent of total dollars paid out	100.0	12.5	44.5	13.1	11.1	6.4	9.4	2.9	0.0
Average number in assistance unit	3.0	2.0	3.0	3.0	3.0	3.0	5.0	4.0	1.0
Food stamps:									
Percent participating	88.8	70.1	93.1	92.3	92.9	87.2	96.3	91.1	94.3
Percentage Distribution									
Number of recipients:									
One	11.2	54.4	0.1	0.1	0.0	27.8	0.0	0.0	0.0
Two	36.4	28.4	49.9	32.2	29.4	26.9	(?)	11.6	0.0
Three	26.5	11.1	29.2	36.2	33.9	20.6	22.7	26.5	0.0
Four	15.3	4.0	13.5	21.1	22.1	13.8	31.8	28.9	0.0
Five	6.5	1.2	4.7	7.4	9.4	7.4	22.6	17.0	0.0
Six	2.5	0.7	1.5	2.1	3.5	2.0	12.4	9.0	0.0
Seven or more	1.7	0.1	1.0	1.0	1.7	1.5	10.5	7.0	100.0
Number of nonrecipients:									
Zero	57.6	1.2	67.8	66.6	71.1	41.2	80.8	80.2	.....
One	19.8	43.6	14.4	17.7	13.8	33.9	10.9	11.5	.....
Two	10.7	24.2	8.3	9.2	7.9	13.1	4.5	3.5	.....
Three	5.3	12.2	4.5	3.5	3.8	5.7	1.5	1.2	.....
Four or more	6.5	18.8	5.0	3.0	3.4	6.2	2.2	3.6	.....
Shelter:									
Owns or buying	4.2	5.4	1.9	6.4	3.4	6.3	8.3	13.8	0.0
Homeless/emergency shelter	0.2	0.1	0.2	0.2	0.1	0.2	0.1	0.4	0.0
Public housing	8.3	5.7	10.3	6.6	7.9	9.5	4.0	8.2	47.2
HUD rent subsidy	12.0	6.9	14.0	15.0	11.1	10.1	10.7	8.7	0.0
Other subsidy	2.0	1.1	2.5	2.2	1.9	1.8	0.8	1.4	0.0
Private housing	64.2	67.5	61.5	62.5	66.9	65.3	73.2	63.2	47.2
Rents free	7.0	11.0	7.1	5.4	7.1	4.7	2.4	3.1	0.0

TABLE 8-32.—1994 AFDC CHARACTERISTICS BY UNIT TYPE 1—Continued

Characteristic	Total	One adult				Two adult			Unknown
		No adult	Not married	Divorced or legally separated	Not legally separated or divorced	Other re-sons	Unemployed parent	Other	
Group quarters	1.6	1.9	2.0	1.3	1.2	1.4	0.4	0.2	5.7
Number of child recipients:									
Zero	2.2	0.1	0.1	0.1	0.0	27.8	0.5	13.9	.....
One	42.6	54.4	49.9	32.2	29.4	26.9	23.3	25.3	.....
Two	30.0	28.4	29.2	36.2	33.9	20.6	31.2	28.7	.....
Three	15.6	11.1	13.5	21.1	22.1	13.8	22.2	16.4	.....
Four or more	10.6	7.0	7.2	10.5	14.6	10.9	22.8	15.8	.....
Race of caretaker:									
White	37.4	28.0	28.4	66.6	40.9	39.3	56.6	47.5	0.0
Black	36.4	38.0	50.1	15.3	28.7	26.5	8.6	15.0	47.2
Hispanic	19.9	28.1	16.1	14.4	25.2	23.2	19.5	29.8	0.0
Asian	2.9	2.0	1.8	1.7	2.2	6.5	11.9	4.1	0.0
Native American	1.3	1.2	1.3	1.1	1.2	1.3	1.5	0.7	5.7
Unknown	2.1	2.7	2.2	0.9	1.7	3.2	1.9	2.9	47.2
Age of youngest child in AFDC unit:									
Under 3	40.8	33.0	49.5	23.0	39.2	37.6	48.5	25.5	.....
3-5	21.8	19.1	22.8	23.6	25.2	15.4	21.5	16.7	.....
6-11	22.9	25.3	18.5	34.0	24.2	23.5	21.1	26.1	.....
12-15	10.0	15.9	6.7	14.9	8.3	12.0	5.2	15.0	.....
16-18	3.6	6.6	2.1	4.4	3.0	5.3	3.1	4.5	.....
Unknown	0.9	0.1	0.4	0.1	0.1	6.3	0.6	12.3	.....
Number of months continuously on AFDC:									
6 or less	22.3	20.3	19.4	23.4	27.0	29.0	28.9	28.8	0.0
7-12	13.8	14.5	13.7	13.6	15.0	11.7	14.3	11.9	0.0
13-18	9.8	9.9	10.2	9.1	10.0	7.3	9.8	10.6	0.0
19-24	8.2	8.9	8.2	9.2	7.3	7.6	7.9	5.2	5.7
25-36	11.8	11.5	12.3	12.4	11.5	9.3	11.7	10.2	0.0
37-48	9.0	9.0	9.6	8.5	8.1	9.2	8.1	6.4	47.2
49-60	6.4	6.3	6.7	6.2	6.2	6.8	5.0	6.2	0.0
61-120	13.2	13.5	13.8	12.9	11.1	13.8	10.5	13.7	47.2
121-180	0.8	1.1	0.7	0.8	0.7	0.8	0.9	1.2	0.0
181 and up	1.6	1.6	2.1	1.1	1.1	1.4	0.3	3.4	0.0

Unknown	3.0	3.3	3.2	2.9	2.0	3.1	2.7	2.3	0.0
Age of female adult recipient:									
11-18	2.6		3.7	0.2	0.7	3.7	1.4	1.7	
19-21	12.8		17.6	2.9	6.4	13.3	9.1	11.0	
22-25	19.6		23.6	11.9	17.5	14.2	18.0	9.1	
26-29	17.7		17.9	19.2	20.5	13.9	16.1	10.6	
30-34	20.4		18.3	27.6	23.9	16.2	22.6	14.0	
35-39	13.9		10.2	22.2	17.4	15.5	15.7	17.7	
40 and up	12.9		8.7	16.1	13.5	23.2	17.2	35.9	
Unknown—	(²)		(²)	0.0	0.0	0.0			
AFDC female adults employment status:									
Employed full time	3.2		2.9	5.0	3.4	1.9	3.2	2.2	
Employed part time	3.4		3.2	4.9	2.9	2.3	4.1	3.0	
Employed other	1.1		0.9	1.8	0.9	0.7	1.4	0.6	
Not employed	80.3		81.3	74.6	80.6	85.6	79.6	79.5	
Unemployed	11.1		11.0	13.3	11.7	9.0	10.6	8.0	
Percent with non-AFDC income	22.5	3.9	22.2	37.9	23.2	26.6	36.9	29.7	
Average monthly amount of income	\$280	\$179	\$252	\$249	\$270	\$309	\$443	\$431	
Percent with earned income	8.9	0.7	8.4	13.4	9.3	7.6	25.9	11.7	
Average monthly earned income	\$394	\$248	\$376	\$374	\$393	\$351	\$471	\$457	
Percent of earned income disregarded	0.0	2.9	5.2	48.6	49.0	40.6	40.7	34.4	
Percent with unearned income	15.1	3.3	15.2	27.9	15.6	20.1	13.3	20.1	
Average amount of unearned income	\$183	\$159	\$157	\$157	\$169	\$273	\$297	\$367	
Percent with countable assets	17.6	6.7	14.3	30.6	18.2	19.9	39.5	25.9	
Income of persons not in assistance unit:									
Percent with income	37.5	54.2	23.0	28.8	22.7	45.6	24.1	25.4	100.0
Average monthly amount	\$489	\$481	\$491	\$581	\$485	\$493	\$505	\$444	\$469
Percent with earned income	9.3	9.8	9.1	11.9	10.2	5.3	6.7	5.3	0.0
Percent with public assistance income	26.7	45.3	11.1	12.9	9.2	36.8	13.9	19.2	100.0
Percent with other unearned income	7.7	11.3	4.2	6.6	6.1	9.8	4.0	1.4	0.0

¹ Characteristics information was not always available for 100 percent of cases. The number of missing cases, to 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).

² 0.05 percent or less.

Source: Administration for Children and Families, Department of Health and Human Services.

STATE DATA ABOUT AFDC FAMILIES

Tables 8-33 through 8-36 present selected 1994 characteristics of the AFDC population by State. Table 8-33 presents selected demographic characteristics, including the number of persons in the AFDC unit and household, the percent of units with household members not in the unit, the percent of units with no adult recipients and with one adult recipient, and the percentage distribution of the units by age of youngest child and race of parent. For some of these elements, there is marked variation among the States. For example, the percentage of cases living in households with non-recipients ranges from 17 percent in Hawaii and 20 percent in New Hampshire to above 65 percent in Arkansas, Louisiana, and Mississippi. The percentage of Native American cases, 1 percent for the United States as a whole, exceeds 50 percent in South Dakota. Table 8-34 presents selected income characteristics, including the percent of units with earned income, unearned income, and various income disregards. This table also supplies the average monthly amount of these sources of income as well as information on the percent of units participating in the Food Stamp Program. Table 8-35 gives a detailed percentage distribution of AFDC units by shelter arrangement. Table 8-36 provides a detailed percentage distribution of AFDC units by the reason for deprivation of the youngest child. It shows that 58 percent of the children had unwed parents (up from 56 percent in 1992) and that paternity was established for only 39 percent of these children. However, in some jurisdictions paternity was established for most of the children of unwed parents (these include Alaska, Connecticut, Delaware, Georgia, Maine, New Hampshire, New York, North Dakota, Puerto Rico, Vermont, Virgin Islands, and Wisconsin).

THE AFDC QUALITY CONTROL SYSTEM

DESCRIPTION OF AFDC QUALITY CONTROL SYSTEM

The AFDC quality control system has two goals: correcting faults in program administration that contribute to erroneous payments and reducing the extent of misspent benefit dollars. To these ends, it attempts to: (1) measure the extent and dollar value of "errors" in administration; (2) identify the types and causes of error; and (3) specify and monitor corrective actions taken to eliminate or reduce errors. Sanctions are also imposed on States that have error rates above the national average. Table 8-37 provides a hypothetical example of a State quality control disallowance computation.

The "errors" identified and measured in the quality control system range from simple arithmetical mistakes to incomplete or inaccurate reporting of income to recipient fraud. Although quality control error rates and the information behind them give a picture of the extent to which improper payments are made and help pinpoint areas where improvement is needed, only part of the error rate can be attributed to recipient fraud. In fact, "agency-caused" errors make up nearly half the errors typically identified in quality control surveys, and "recipient-caused" errors may often be simple mistakes in understanding what is required or failure to provide correct information on a timely basis.

TABLE 8-33.—SELECTED DEMOGRAPHIC CHARACTERISTICS OF AFDC UNITS BY STATE, FISCAL YEAR 1994

State	Average number in unit	Average number in household of unit	Percent of units			Percentage distribution by age of youngest child ¹				Percentage distribution by race of natural/adoptive parent ²				
			With household members not in unit	With no adult recipient	With one adult recipient	0-2 yrs.	3-5 yrs.	6 or more yrs.	White	Black	Hispanic	Asian	Native American	
														With household members not in unit	With no adult recipient	With one adult recipient
Alabama	2.6	3.9	61.2	32.1	66.1	38.3	21.9	38.2	24.7	75.1	0.1	0.1	0.1	0.0
Alaska	3.0	3.6	33.0	6.6	76.9	33.6	29.6	35.9	51.9	10.0	2.6	1.1	33.9	0.0
Arizona	2.8	4.4	63.3	21.0	75.9	42.1	23.2	33.1	39.5	9.3	35.7	0.5	14.6	0.0
Arkansas	2.7	4.2	67.2	26.4	71.8	37.3	21.9	39.2	42.6	56.8	0.6	0.0	0.0	0.0
California	3.0	4.5	58.1	25.1	62.3	45.4	20.7	31.9	25.9	17.4	41.5	9.0	0.7	0.8
Colorado	2.9	3.3	27.6	15.3	81.4	43.6	22.3	32.4	43.1	16.6	37.8	1.7	0.8	0.1
Connecticut	2.8	3.4	35.6	11.0	84.6	39.1	21.1	38.9	32.0	31.1	35.0	0.9	0.1	0.1
Delaware	2.7	3.3	35.7	24.3	74.9	38.3	22.9	38.0	30.6	64.0	5.1	0.0	0.0	0.0
District of Columbia	2.7	3.8	55.5	16.5	82.1	43.2	22.6	31.5	0.6	97.1	1.3	0.4	0.0	0.0
Florida	2.7	3.8	54.3	19.4	78.0	41.6	21.6	35.3	36.6	47.5	15.1	0.4	0.1	0.1
Georgia	2.7	3.9	50.9	18.8	79.6	38.6	22.1	38.9	23.9	74.4	1.0	0.7	0.0	0.0
Hawaii	3.1	3.3	17.3	8.8	79.9	40.5	21.8	37.1	24.8	1.0	0.8	68.2	0.3	0.0
Idaho	2.8	3.4	35.3	16.7	75.0	40.0	21.1	36.4	82.5	1.1	10.8	0.6	5.0	0.0
Illinois	3.0	3.9	47.2	13.4	80.8	44.6	20.0	34.5	30.7	57.6	11.0	0.6	0.2	0.2
Indiana	2.8	3.6	43.9	14.1	80.5	36.5	23.3	35.5	60.9	35.1	3.2	0.2	0.1	0.1
Iowa	2.8	3.2	26.0	13.4	75.6	41.3	21.9	35.8	83.5	13.6	1.8	0.6	0.5	0.5
Kansas	3.0	3.7	40.6	13.8	75.1	42.5	23.4	32.8	64.2	26.6	6.5	1.6	1.0	1.0
Kentucky	2.6	3.7	54.9	18.5	73.1	33.1	20.2	45.1	79.6	19.6	0.5	0.3	0.1	0.1
Louisiana	2.9	4.5	66.9	22.3	76.1	39.6	22.4	36.7	17.1	81.3	0.6	0.4	0.2	0.2
Maine	2.9	3.5	35.5	6.8	79.7	31.8	22.8	44.9	95.2	0.9	1.1	1.8	1.1	1.1
Maryland	2.8	3.6	49.3	15.1	82.6	33.2	23.9	38.6	24.1	72.1	1.1	0.6	0.0	0.0
Massachusetts	2.8	3.3	29.8	13.3	80.7	38.4	24.9	35.6	47.9	17.0	25.0	4.4	0.5	0.5
Michigan	3.0	3.5	28.8	9.8	77.0	39.4	23.3	32.1	45.7	49.6	3.2	0.6	0.6	0.6
Minnesota	2.9	3.5	33.7	10.2	80.5	39.0	21.8	37.9	62.6	20.8	5.3	6.1	5.1	5.1
Mississippi	2.8	4.5	68.0	26.3	73.4	40.7	19.6	39.0	16.6	82.7	0.2	0.2	0.2	0.2

TABLE 8-33.—SELECTED DEMOGRAPHIC CHARACTERISTICS OF AFDC UNITS BY STATE, FISCAL YEAR 1994—Continued

State	Average number in unit	Average number in household of unit	Percent of units			Percentage distribution by age of youngest child ¹				Percentage distribution by race of natural/adoptive parent ²				
			With household members not in unit	With no adult recipient	With one adult recipient	0-2 yrs.	3-5 yrs.	6 or more yrs.	White	Black	Hispanic	Asian	Native American	
														With house-
Missouri	2.8	3.7	46.3	13.3	81.0	39.4	22.1	37.1	55.4	42.9	0.8	0.8	0.2	
Montana	2.9	3.2	20.3	6.9	81.9	38.1	20.5	40.8	70.9	0.0	0.8	0.5	26.9	
Nebraska	2.7	3.6	49.1	25.5	69.2	49.6	19.1	31.2	62.9	20.9	7.5	2.7	5.6	
Nevada	2.6	2.9	27.0	24.6	72.2	44.1	21.4	33.0	56.5	28.1	11.1	2.2	2.2	
New Hampshire	2.6	2.9	20.0	13.1	80.9	39.4	23.8	35.9	92.2	1.3	0.0	0.0	0.0	
New Jersey	2.8	3.0	22.0	16.4	78.4	35.2	24.5	39.4	21.4	51.1	26.4	0.9	0.2	
New Mexico	2.8	3.1	20.3	15.8	77.8	37.7	21.8	39.1	23.5	4.6	57.7	0.1	13.8	
New York	2.8	3.4	34.8	13.6	76.1	37.2	22.1	35.6	23.4	32.3	34.8	0.7	0.2	
North Carolina	2.6	3.9	58.2	19.9	76.7	42.6	21.9	34.3	35.5	60.8	1.3	0.3	2.0	
North Dakota	2.9	3.2	21.8	9.0	85.6	45.2	20.2	34.3	55.8	1.0	2.2	1.9	38.8	
Ohio	2.7	3.7	47.9	17.4	73.2	41.3	19.4	37.6	57.7	39.8	2.1	0.3	0.0	
Oklahoma	2.9	3.6	40.4	13.6	84.0	37.4	22.1	39.3	55.9	30.0	2.2	0.1	11.7	
Oregon	2.7	3.8	53.8	19.0	73.9	40.8	21.6	36.6	81.0	7.4	7.1	2.1	2.2	
Pennsylvania	3.0	3.4	26.2	11.7	76.9	38.5	21.8	38.2	45.9	42.9	9.3	1.3	0.3	
Rhode Island	2.8	3.2	25.3	10.6	84.8	38.1	23.8	37.7	58.9	15.6	14.7	10.0	0.4	
South Carolina	2.7	4.0	62.0	29.5	68.8	37.9	21.6	39.5	23.5	72.9	0.1	0.1	0.1	
South Dakota	2.8	3.6	45.1	21.8	77.6	42.5	21.4	34.4	40.9	1.0	1.0	0.3	56.8	
Tennessee	2.7	3.8	53.1	17.6	79.1	35.6	21.8	41.5	49.4	49.8	0.3	0.4	0.0	
Texas	2.8	3.9	51.2	18.9	77.4	45.6	18.7	35.2	22.3	32.7	43.5	1.3	0.1	
Utah	2.7	3.3	33.8	15.1	80.5	39.2	24.1	35.7	74.1	3.5	13.8	1.6	7.0	
Vermont	2.8	3.2	29.6	7.6	77.0	35.9	23.4	39.5	99.0	0.3	0.3	0.3	0.0	
Virginia	2.6	3.9	62.9	21.7	76.1	37.9	23.6	37.8	30.7	65.1	2.7	1.4	0.1	
Washington	2.8	3.8	46.3	14.7	70.5	39.1	21.9	38.1	69.9	10.4	8.7	6.2	4.3	
West Virginia	2.8	3.5	43.3	13.3	67.3	32.5	23.1	42.8	90.5	6.8	0.2	0.0	0.0	

Wisconsin	3.0	45.7	17.8	74.5	45.8	20.6	32.4	46.4	38.2	6.7	4.8	3.4
Wyoming	2.7	36.3	11.5	87.0	32.3	27.7	38.9	75.5	1.4	12.1	0.0	11.0
Guam	3.6	53.3	4.1	81.5	59.7	18.3	22.0	3.7	0.9	0.5	94.9	0.0
Puerto Rico	3.1	4.0	11.4	78.1	20.7	20.8	58.3	0.3	0.0	99.3	0.0	0.1
Virgin Islands	3.6	4.3	9.4	89.5	27.4	26.4	45.4	0.0	37.0	22.8	0.0	0.0
U.S. total	2.8	3.8	17.2	74.5	40.5	21.6	36.0	37.4	36.4	19.9	2.9	1.3

¹ Percentages will not add to total as "unknown" and "other" not included.

² All race categories are mutually exclusive.

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

TABLE 8-34.—INCOME CHARACTERISTICS OF AFDC UNITS BY STATE, FISCAL YEAR 1994

State	Units with earned income		Units with unearned income		Units with child care disregard		Units with \$30. + 1/3 disregard		Percent of food stamp participation
	Percent of all units	Average ¹ dollars	Percent of all units	Average ¹ dollars	Percent of all units	Average ¹ dollars	Percent of all units	Average ¹ dollars	
Alabama	3.2	\$199.00	14.7	\$103.29	0.5	\$121.67	1.2	\$71.27	89.8
Alaska	21.1	452.78	20.8	679.15	1.4	144.40	13.1	137.00	72.6
Arizona	6.0	378.70	5.9	135.71	1.1	124.14	4.1	100.46	92.0
Arkansas	4.6	224.55	16.0	147.74	0.9	186.67	2.4	67.26	88.9
California	12.8	494.28	12.5	346.41	2.0	172.40	9.5	125.31	87.2
Colorado	9.9	385.55	10.9	144.74	1.5	150.03	3.9	101.25	90.9
Connecticut	7.6	381.05	15.4	218.46	0.6	183.14	3.4	109.31	89.6
Delaware	5.4	318.47	16.0	96.32	0	.....	4.0	108.00	84.3
District of Columbia	0.6	350.67	3.1	337.06	0	.....	0.4	58.50	92.5
Florida	8.7	379.52	13.0	154.38	2.0	160.62	6.9	99.89	93.4
Georgia	7.8	344.33	28.3	179.86	2.5	122.00	4.3	100.06	86.8
Guam	3.9	328.73	8.0	136.47	0.9	162.50	2.1	140.35	86.8
Hawaii	12.1	445.85	9.3	256.06	0.5	100.50	5.0	157.59	92.4
Idaho	11.4	386.10	19.7	87.90	2.8	144.60	8.9	100.34	81.9
Illinois	7.3	499.40	10.7	208.30	0.7	165.10	6.0	339.13	93.8
Indiana	6.8	315.03	22.5	120.03	1.4	172.95	4.3	76.18	93.3
Iowa	18.8	524.67	20.3	125.37	5.1	184.12	15.7	193.64	89.4
Kansas	10.3	274.75	10.7	94.18	0.5	99.67	5.7	94.87	90.3
Kentucky	11.9	383.98	26.6	165.47	3.0	163.46	5.0	91.68	89.5
Louisiana	2.7	232.76	15.1	106.04	0.2	81.00	1.7	62.80	95.5
Maine	17.4	397.08	89.6	276.41	5.7	147.00	8.6	98.67	91.4
Maryland	3.4	308.43	30.9	52.43	0.7	143.22	2.4	80.83	92.4
Massachusetts	6.2	321.58	19.8	160.79	0.7	56.25	3.5	107.64	78.0
Michigan	19.3	396.98	13.7	149.19	3.8	144.01	13.0	208.64	94.1
Minnesota	12.2	335.06	27.0	207.90	2.8	160.06	5.5	100.83	91.6
Mississippi	10.2	294.60	23.1	137.27	1.7	100.29	5.2	96.78	93.9
Missouri	5.9	337.26	16.7	95.68	0.8	179.40	2.6	104.03	90.2
Montana	15.7	306.81	33.6	110.29	4.3	151.19	10.1	89.76	87.2

Nebraska	11.6	311.36	4.5	218.30	0.2	200.00	6.8	102.37	88.1
Nevada	5.1	386.26	22.4	90.28	0.8	221.67	4.1	97.67	76.5
New Hampshire	8.8	394.64	27.2	139.08	0.6	229.00	6.6	126.81	87.5
New Jersey	2.5	332.13	7.8	180.45	0.2	75.00	1.8	90.64	89.6
New Mexico	8.0	281.22	9.0	180.45	1.1	101.56	4.7	82.34	89.0
New York	4.9	390.17	10.8	197.43	0.5	226.50	2.1	111.15	94.3
North Carolina	13.0	314.74	25.4	217.01	1.7	133.90	6.1	92.64	79.9
North Dakota	18.9	308.80	22.4	84.03	6.1	128.37	11.5	80.44	91.0
Ohio	7.8	288.94	24.9	85.84	1.0	97.50	3.5	94.29	92.9
Oklahoma	7.0	329.22	7.9	223.73	0	.....	4.8	101.20	92.1
Oregon	11.9	283.82	19.9	126.62	0.1	22.00	7.0	79.92	92.7
Pennsylvania	6.3	320.42	4.9	231.82	1.0	186.58	3.8	92.52	92.7
Puerto Rico	1.0	154.19	4.0	101.15	0.2	67.33	0.3	30.00	0
Rhode Island	8.6	396.87	22.1	243.53	2.0	145.45	3.9	47.19	95.5
South Carolina	9.1	412.29	19.1	159.07	2.0	165.59	5.4	105.11	86.8
South Dakota	15.6	362.17	42.9	142.98	4.9	114.80	9.4	94.48	85.1
Tennessee	10.8	395.81	17.0	211.03	1.9	150.48	5.2	89.38	94.0
Texas	4.5	189.79	5.9	101.10	0.9	114.27	2.9	52.61	97.0
Utah	16.2	392.75	17.8	164.43	0.6	96.00	9.4	117.03	88.1
Vermont	16.1	265.51	27.0	133.29	0	.....	8.2	90.32	91.1
Virgin Islands	2.3	278.29	4.7	108.47	1.0	133.33	2.0	55.83	92.6
Virginia	4.8	316.20	14.4	120.98	0.7	183.28	2.4	93.41	84.9
Washington	7.9	334.51	15.7	231.47	0.1	330.05	4.4	122.64	88.8
West Virginia	2.6	76.62	21.1	126.47	0.1	50.00	0	.....	93.3
Wisconsin	15.2	392.33	23.3	147.42	5.6	172.46	10.2	81.66	85.9
Wyoming	24.8	409.23	9.8	100.56	0.6	212.00	15.0	121.54	92.2
U.S. total	8.9	\$394.14	15.1	\$187.27	1.5	\$155.49	5.6	\$130.62	88.7

¹ Average per unit with this item. Unearned income includes SSI.

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

TABLE 8-35.—AFDC FAMILIES BY TYPE OF SHELTER ARRANGEMENT BY STATE, FISCAL YEAR 1994
 [in percent except total families]

State	Total families	Homeless shelter/emergency housing	Owns or is buying	Rents in public housing	Rent subsidy		Rents in private housing with no subsidy	Shares group quarters	Rents free	Un-known
					HUD	Other				
Alabama	50,340	0.1	6.2	20.2	10.7	0.7	36.6	3.2	22.3	0.0
Alaska	12,759	0.6	9.7	18.8	11.4	5.1	42.5	1.1	10.8	0.0
Arizona	71,948	0.2	2.7	6.9	9.3	1.0	69.0	0.2	10.6	0.0
Arkansas	26,014	0.0	5.8	11.5	20.4	0.6	25.4	3.9	32.4	0.0
California	908,999	0.0	0.7	1.6	6.4	0.6	89.8	0.3	0.5	0.0
Colorado	41,614	0.1	1.6	4.6	14.5	6.7	66.5	5.2	0.7	0.2
Connecticut	59,201	0.2	1.0	13.3	22.5	1.3	55.5	3.8	2.5	0.0
Delaware	11,460	0.3	4.0	11.7	18.9	1.1	58.6	3.4	2.0	0.0
District of Columbia	27,117	1.0	1.2	24.8	23.2	2.7	37.8	6.5	1.2	1.7
Florida	247,087	0.2	1.9	5.9	9.9	0.3	75.7	1.4	4.3	0.2
Georgia	141,451	0.2	3.4	16.3	10.7	0.5	52.3	4.0	12.0	0.7
Hawaii	20,420	1.1	2.9	10.3	17.0	2.3	43.7	10.6	12.1	0.0
Idaho	8,676	0.0	8.6	5.3	26.9	4.7	39.4	4.7	10.0	0.3
Illinois	240,319	0.0	2.4	10.5	8.0	1.4	70.5	1.4	5.8	0.0
Indiana	73,803	0.0	6.1	7.1	7.6	4.1	59.5	0.2	12.2	3.1
Iowa	39,555	0.0	10.6	2.3	19.7	2.6	56.6	2.4	5.8	0.0
Kansas	30,102	0.0	4.9	7.0	11.2	0.3	67.1	0.9	8.5	0.3
Kentucky	79,840	0.2	11.5	9.1	16.7	0.0	43.0	0.0	19.7	0.0
Louisiana	86,915	0.1	5.9	12.7	14.7	2.5	34.5	2.8	26.7	0.0
Maine	22,934	0.2	17.6	11.0	13.5	10.8	40.8	1.3	5.0	0.0
Maryland	80,123	0.0	1.0	8.1	19.6	0.4	70.0	0.2	0.7	0.0
Massachusetts	111,783	0.7	1.1	15.3	20.2	8.9	51.4	1.9	0.5	0.0
Michigan	223,950	(¹)	9.3	2.7	8.3	0.9	71.2	(¹)	5.6	2.0
Minnesota	62,979	0.1	10.9	10.8	18.8	9.4	45.0	0.6	4.2	0.4
Mississippi	56,785	0.1	7.9	4.5	15.7	0.9	28.9	0.2	41.8	0.1
Missouri	92,110	0.6	5.6	4.9	19.8	1.2	57.6	0.9	9.5	0.0

Montana	11,908	0.3	5.9	16.3	25.3	5.6	41.6	4.3	0.8	0.0
Nebraska	15,934	0.2	8.3	7.8	25.0	1.7	48.6	4.5	4.0	0.0
Nevada	14,047	0.0	0.8	0.0	22.2	0.0	53.0	0.3	238	0.0
New Hampshire	11,475	0.0	1.6	11.3	7.8	4.7	67.5	5.0	1.6	0.6
New Jersey	122,427	0.3	1.5	5.5	7.0	5.1	73.2	6.2	1.2	0.0
New Mexico	33,633	0.0	11.6	12.1	22.1	1.0	41.0	6.1	6.1	0.0
New York	454,951	0.2	0.5	15.9	12.2	4.3	65.0	0.5	1.4	0.0
North Carolina	131,220	0.1	0.7	12.0	10.4	2.8	67.0	2.4	4.7	0.0
North Dakota	5,877	0.3	4.8	3.8	42.6	9.3	26.0	7.1	6.1	0.0
Ohio	250,208	0.5	5.8	6.8	15.1	3.1	59.7	2.0	7.1	0.0
Oklahoma	46,971	0.1	4.6	3.1	28.0	5.0	37.7	3.1	18.3	0.0
Oregon	42,135	0.6	4.0	1.6	19.9	2.8	66.0	3.4	1.7	0.0
Pennsylvania	210,155	0.4	5.2	12.7	6.6	0.0	69.5	4.3	1.3	0.0
Rhode Island	22,654	0.4	1.5	9.7	19.0	2.6	59.3	5.8	1.9	0.0
South Carolina	51,925	0.3	5.7	8.8	19.9	0.2	39.7	1.4	24.2	0.0
South Dakota	6,926	0.3	4.9	1.6	26.3	14.3	45.5	0.0	7.1	0.0
Tennessee	110,766	0.1	7.0	16.5	12.3	0.8	54.4	0.6	8.3	0.0
Texas	283,744	0.3	7.0	6.2	15.8	0.8	43.8	0.3	25.7	0.0
Utah	17,801	0.3	2.4	1.3	19.7	1.7	67.9	3.2	3.5	0.0
Vermont	9,883	0.0	6.6	5.9	11.5	1.0	67.1	5.6	2.3	0.0
Virginia	74,818	0.0	1.3	12.9	13.5	0.3	45.8	1.2	8.3	16.7
Washington	102,952	0.5	3.3	7.1	13.3	1.8	72.8	0.5	0.7	(¹)
West Virginia	40,729	0.4	13.9	6.3	16.0	0.5	44.2	2.9	15.7	0.1
Wisconsin	77,188	0.2	4.8	5.2	10.8	2.4	67.2	5.9	3.4	0.0
Wyoming	5,739	0.0	10.1	13.0	19.9	3.5	49.0	3.2	1.4	0.0
Guam	1,955	0.0	2.8	0.0	31.4	2.9	10.5	6.0	46.3	0.0
Puerto Rico	58,827	0.0	36.8	18.9	5.7	2.5	21.7	1.7	12.7	0.0
Virgin Islands	1,098	0.3	3.4	61.3	2.4	0.0	13.3	0.0	19.3	0.0
U.S. total	5,046,263	0.2	4.2	8.3	12.0	2.0	64.2	1.6	7.0	0.4

¹ Less than 0.05 percent.

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

TABLE 8-36.—AFDC FAMILIES BY REASON FOR DEPRIVATION OF THE YOUNGEST CHILD, FISCAL YEAR 1994
 [In percent except total families]

State	Total families	Parent de- ceased	Parent inca- paci- tated	Parent unem- ployed	Parent absent					Un- known
					Divorced or legally separated	Not legally separated	Paternity		Other	
							Estab- lished	Not estab- lished		
Alabama	50,340	1.0	2.8	0.7	14.3	7.3	19.1	51.0	1.7	2.2
Alaska	12,759	2.0	3.7	15.7	23.1	10.3	21.1	19.9	3.4	0.9
Arizona	71,984	1.5	3.1	1.7	12.3	17.5	17.8	42.6	1.9	1.7
Arkansas	26,014	1.6	3.0	2.0	12.7	11.6	32.8	32.0	2.1	2.2
California	908,999	2.4	4.2	16.9	9.7	8.8	14.2	36.8	4.9	2.0
Colorado	41,614	0.6	3.6	2.0	16.2	8.2	19.8	42.0	5.7	1.9
Connecticut	59,201	2.0	2.0	7.1	8.4	10.4	38.6	27.2	3.3	1.0
Delaware	11,460	1.4	0.6	0.9	14.3	6.9	39.1	32.9	2.6	1.4
District of Columbia	27,117	2.1	1.3	1.7	3.6	5.0	14.6	66.0	1.9	3.6
Florida	247,087	1.1	1.3	2.2	14.1	15.5	17.3	41.8	4.7	2.0
Georgia	141,451	1.9	2.4	0.8	10.4	13.1	63.7	6.2	0.9	0.5
Hawaii	20,420	2.6	6.1	6.3	13.5	14.7	17.0	35.4	3.6	0.8
Idaho	8,676	1	5.3	6.1	21.9	18.6	20.8	20.3	4.4	2.5
Illinois	240,319	0.7	2.0	5.2	7.8	11.4	16.9	52.1	2.8	1.1
Indiana	73,803	0.7	2.3	4.8	17.3	8.1	24.1	34.8	2.9	5.1
Iowa	39,555	0.9	4.1	8.4	23.2	8.3	23.7	29.2	1.3	1.0
Kansas	30,102	0.5	3.5	8.5	20.9	8.5	19.2	34.1	3.1	1.8
Kentucky	79,840	0.8	10.5	7.8	17.9	12.2	17.1	30.8	1.0	1.9
Louisiana	86,915	1.6	3.9	1.1	6.9	10.2	16.9	56.6	1.3	1.5
Maine	22,934	0.9	4.7	10.1	23.3	14.4	27.3	17.1	1.6	0.7
Maryland	80,123	1.9	1.2	1.4	4.3	9.7	31.4	31.0	10.1	9.0
Massachusetts	111,783	1.7	3.6	4.6	9.3	13.6	28.2	35.7	2.1	1.2
Michigan	223,950	1.1	1.7	11.8	12.4	6.2	27.4	29.9	3.6	5.9
Minnesota	62,979	1.5	3.0	9.0	20.0	7.8	25.2	30.3	1.7	1.5

Mississippi	56,785	1.1	2.5	0.3	7.9	17.2	22.2	46.6	1.4	0.8
Missouri	92,110	0.8	3.6	4.7	15.5	11.1	29.4	31.5	1.8	1.5
Montana	11,908	0.5	4.0	8.3	11,908	10.9	20.0	29.6	3.5	0.5
Nebraska	15,934	0.3	2.7	5.3	22.1	11.3	19.6	43.0	5.7	0.2
Nevada	14,047	1.9	1.9	3.8	12.4	13.2	13.8	47.6	3.0	2.4
New Hampshire	11,475	1.3	3.1	4.4	21.3	15.0	28.4	22.8	2.8	0.9
New Jersey	122,427	3.2	0.9	5.4	7.0	10.1	30.1	41.2	1.0	1.0
New Mexico	33,633	1.2	3.1	5.4	14.3	14.5	21.9	35.0	1.6	2.0
New York	454,951	1.4	2.5	4.8	7.6	14.8	31.6	24.0	3.7	9.7
North Carolina	131,220	1.1	2.7	2.8	9.9	14.6	28.9	34.2	3.1	2.7
North Dakota	5,877	0.3	3.2	4.2	26.3	4.8	34.6	22.8	3.5	0.3
Ohio	250,208	0.8	3.3	8.4	16.7	9.3	18.6	35.4	5.5	2.0
Oklahoma	46,971	0.9	3.4	1.1	20.7	19.7	11.7	40.4	0.7	1.4
Oregon	42,135	1.0	3.3	7.8	17.9	14.3	24.7	27.6	2.2	1.2
Pennsylvania	210,155	1.2	5.5	5.3	10.0	10.0	25.2	39.7	1.6	1.6
Rhode Island	22,654	2.2	1.9	3.7	14.5	18.8	27.0	29.6	1.3	1.1
South Carolina	51,925	1.0	1.9	1.0	9.3	17.3	25.2	42.1	0.3	2.0
South Dakota	6,926	0.3	4.2	(¹)	26.6	3.2	24.0	36.4	2.3	2.9
Tennessee	110,766	1.6	3.4	2.6	14.5	13.4	20.5	38.1	4.5	1.5
Texas	283,744	1.8	3.5	3.1	11.5	17.6	8.8	49.7	3.2	0.8
Utah	17,801	1.7	5.7	1.4	25.9	17.3	15.6	26.2	5.1	1.1
Vermont	9,883	0.3	10.5	12.5	31.3	3.0	19.1	15.5	3.9	3.9
Virginia	74,818	0.7	4.2	0.8	8.3	14.4	26.2	43.3	1.5	0.8
Washington	102,952	1.2	3.4	13.8	19.0	12.6	21.1	23.1	4.7	1.1
West Virginia	40,729	0.9	12.2	16.2	22.0	13.6	11.9	20.4	0.9	2.0
Wisconsin	77,188	0.9	3.9	7.0	12.7	6.1	32.7	28.4	6.6	1.7
Wyoming	5,739	1.7	1.7	0.9	36.0	10.4	17.0	28.0	2.9	1.4
Guam	1,955	0.7	3.0	10.1	10.1	7.7	29.1	36.6	2.8	0.0
Puerto Rico	58,827	3.4	10.9	(¹)	12.7	17.3	46.2	6.2	2.8	0.4
Virgin Islands	1,098	0.3	1.4	(¹)	9.7	1.1	56.8	29.2	0.3	1.1
U.S. total	5,046,263	1.5	3.4	7.1	11.8	11.8	22.8	35.4	3.5	2.7

¹ Less than 0.05 percent.

Source: Administration for Children and Families. U.S. Department of Health and Human Services.

The AFDC quality control system, as revised under the Omnibus Budget Reconciliation Act of 1989 (Public Law 101-239), has these features:

1. Imposes penalties on States whose payment error rates are above the national average.
2. Establishes penalties on the basis of a sliding scale that reflects the degree to which a State's error rate exceeds the national average.
3. Takes into account both overpayments and underpayments made to AFDC recipients, and gives States an incentive to improve their overpayment recoveries and AFDC child support collection programs.
4. Establishes a Quality Control Review Panel to assure that quality control review cases that are in dispute between States and the Federal Government are resolved in a uniform and fair manner.
5. Retains the Departmental Appeals Board to resolve all other issues in dispute between the States and the Federal Government.

Error measurement

The core of the quality control system is the quality control case survey. The system annually compiles the results of a statistically valid sample of cases. Each selected case is subjected to a thorough review by quality control personnel, including a full field investigation. This review identifies payments to ineligible, overpayments, underpayments, the type of error made, the responsibility (recipient versus administering agency) for the error, and, to a limited degree, incorrect denials of aid. The sample of cases is then extrapolated into error "rates" for that review period for each State; "caseload" error rates indicate the proportion of ineligible cases, overpaid cases, underpaid cases, and, in some cases, improperly denied cases in the sample caseload; "payment" error rates indicate the extent of erroneous payments as a proportion of total dollars paid out to the sampled caseload.

Before the official error rate is determined, States may challenge the Federal review decisions by requesting reconsideration by a Quality Control Review Panel of any decisions on cases that differ from their own ("difference" cases). Decisions by the Quality Control Review Panel are on the record and are not appealable to the Departmental Appeals Board. Decisions on difference cases may not be appealed to Federal court until and unless any disallowance becomes final. A disallowance becomes final if a State does not appeal the disallowance determination to the Departmental Appeals Board, or, if the State does appeal, once the Board has made a decision.

In establishing a State's error rate, certain types of errors are excluded: (1) errors based on failure to properly carry out changes in Federal legislation for a period of 6 months after the effective date of the legislation or the issuance of interim final or final regulations, whichever is later (however, States are not relieved of the obligations to implement new legislation); (2) errors resulting from a State agency's correct use of erroneous information received from Federal agencies; (3) errors resulting from a State agency's action

based on written Federal policies (e.g., Federal written advisories made in response to State inquiries); (4) errors due to an event that results in a declaration of a state of emergency or major disaster by the Governor or the President; and (5) errors due to monthly reporting that do not affect the amount of payment. Among counted errors: lack of a Social Security number in the file (unless an application for a number has been filed) and failure to assign child support rights.

The decision whether a case is in error is made by comparison against permissible State practice (i.e., policies consistent with the approved State plan). However, if the State plan is inconsistent with Federal regulations and the Secretary has informed the State of the inconsistency, Federal regulations prevail. If a change in State law is required, the Secretary may allow a reasonable time for the State to make the change. A case that is at variance with Federal law and regulations because of compliance with a court order is reviewed against the court order.

In consultation with the States, the Secretary was required by the 1989 law to establish regulations setting forth the time periods in which: reviews must be completed and findings reported; difference cases must be resolved; and error rates must be issued. The Secretary was charged with issuing regulations establishing the sample size necessary to obtain a statistically valid error rate and required to report annually to the Senate Committee on Finance and the House Committee on Ways and Means as to whether the timetables have been met. If a State fails to complete its reviews on a timely basis, the Secretary may conduct the reviews on her own initiative and is to charge the State for any costs incurred in making the reviews.

Determination of disallowances

In general, the Federal Government provides matching funds for all approvable State expenditures except those in excess of the error tolerance level (see table 8-37). The error tolerance level is the national average error rate or 4 percent, whichever is higher, computed by determining the overpayment error rate for each State and determining the average for all States.

Disallowances for States with error rates above the error tolerance level are assessed on a sliding scale, reflecting the degree to which the State's error rate exceeds the tolerance level. For example, a State with an error rate of 7.8 percent is 20 percent above a 6.5 percent average tolerance level and would owe 20 percent of the sanction on the entire amount of overpayments above the tolerance level (20 percent \times 1.3 percent \times the Federal share of benefits). In no case, however, is a State required to repay more than 100 percent of its overpayments above the tolerance level.

TABLE 8–37.—HYPOTHETICAL EXAMPLE OF QUALITY CONTROL DISALLOWANCE COMPUTATION

[Assumes: State overpayment rate: 8%, underpayment rate: 2.8%; National overpayment rate: 6%, underpayment rate: 3.0%]

1. Calculation of State error rate:	
a. National underpayment rate	3.0%
(less) State underpayment rate	2.8%
Underpayment “bonus”	0.2%
b. State overpayment rate	8.0%
(less) Underpayment “bonus”	0.2%
“Error rate”	7.8%
2. Calculation of “basic” disallowance:	
State’s AFDC payments	\$10,000,000
(times) Federal match rate	50%
Gross Federal cost	\$5,000,000
(times) Excess error rate (7.8% is 1.8 percentage points above 6% national average)	1.8%
Excess erroneous payment	\$90,000
(times) Percent by which error rate exceeds national average. (7.8% is 30% above 6%)	30%
“Basic” disallowance	\$27,000
3. Adjustment for overpayment recoveries:	
Overpayment recoveries (Federal share)	\$5,000
(times) State error rate above national average (1.8%) as a percent of total State error rate (7.8%). (1.8% is 23% of 7.8%)	23%
Overpayment adjustment	\$1,150
4. Adjustment for child support improvement:	
a. Percent by which AFDC child support collection rate (e.g., 16%) exceeds national AFDC child support collection rate (e.g., 12%). (16% is 33% higher than 12%)	33%
b. Percent by which AFDC child support collection rate (e.g., 16%) exceeds State average over 3 prior years (e.g., 14%). (16% is 14% higher than 14%)	14%
c. “Basic” disallowance from step 2	\$27,000
(less) Overpayment adjustment (step 3)	\$1,150
Adjusted disallowance	\$25,850
(times) Child support adjustment percent (higher of 4.a. or 4.b.)	33%
Child support adjustment	\$8,530
5. Final calculation:	
Adjusted disallowance (4.c.)	\$25,850
(less) Child support adjustment	\$8,530
Final disallowance amount	\$17,320

Source: Congressional Research Service.

Any sanction amount owed by a State is due upon issuance by the Secretary of the notice of a disallowance. The State may pay immediately, or the Secretary and the State may negotiate an agreement for repayment over a period of up to 2½ years. Interest accrues beginning 45 days after the date the State receives the notice of disallowance. If a subsequent appeal is decided in the State’s favor, the Federal Government repays all payments with interest.

Before repayment to the Federal Government, several adjustments must be made (see table 8-37):

1. If a State's error rate for underpayments is below the national average, its repayment amount is reduced by reducing its overpayment error rate. For example, if the underpayment rate were 0.1 percentage point below the national average, the overpayment error rate would be reduced by 0.1 percentage point. This reduction could be applied to any penalty due for the measurement year or for either of the following 2 years. The Secretary is required to conduct a study and report to Congress on negative case actions—improper denials and terminations.
2. A State's repayment amount also is reduced by a percentage equal to the percentage improvement in its AFDC child support collection rate (the number of AFDC cases for which a child support collection is made over the total number of AFDC cases) measured against the average collection rate for the State in the preceding 3 years, or the percentage by which the State's AFDC child support collection rate exceeds the national average, whichever is greater.
3. The amount to be repaid is further reduced to reflect overpayments recovered by the State.

Appeal procedures

If a State decides to appeal its disallowance to the Departmental Appeals Board, it must do so within 60 days of the notice of disallowance. In deciding whether to uphold the disallowance or any portion of it, the Board must conduct a thorough review of the issues and take into account all relevant evidence. With respect to difference cases, the Departmental Appeals Board will adopt the decision of the Quality Control Review Panel.

If an appeal is not completed by the Board within 90 days, interest is suspended until the appeal is completed. A State may appeal a decision by the Departmental Appeals Board (including a decision adopted by the Board with respect to a difference case) to Federal district court within 90 days of the decision by the Board. Court review shall be on the record established in the Departmental Appeals Board review in accordance with the standard of review prescribed by section 706(2)(A)–(E) of title 5 of the U.S. Code.

Other features

The revised quality control system took effect beginning with fiscal year 1991. All sanctions for error rates determined for earlier years were waived permanently under the provisions of OBRA 1989.

The AFDC system is operated by State quality control staff under Federal instructions and guidelines. A State's error rate is determined by using findings from both the State's full sample and a Federal subsample. The cost of operating quality control systems is treated as a regular administrative cost and is shared equally by the States and Federal Government, like any other administrative expense.

The basic goal of quality control systems is to reduce, over time, the extent and cost of errors in program administration. As part of the system, "corrective action plans" for error reduction are regu-

larly formulated based on the findings of the quality control sample surveys. Corrective actions can range from personnel policy changes or new computer systems, to substantive changes in eligibility rules or procedures for verifying information provided by recipients. Very often, "error-prone" profiles are drawn up from the results of quality control surveys to assist administrators in identifying cases to which particular attention should be paid.

QUALITY CONTROL AND JOBS PERFORMANCE STANDARDS

In a 1994 report to Congress (U.S. Department of Health and Human Services, 1994) on JOBS performance standards, HHS said it had begun exploring expansion of the AFDC-QC system to incorporate information needed to track participation in JOBS, track receipt of AFDC and related program services such as child care, assess the quality and ensure the accuracy of State-reported JOBS data, and ensure that "other" performance standards defined by the Secretary are met. In order to accommodate extra data elements and performance measures data, the report said that the current QC system would have to be streamlined and that the Secretary in doing so would consider collapsing categories of eligibility and payment and targeting resources on information most crucial to payment accuracy and eligibility determination. In the case of outcome-based measures of performance, HHS said it planned to look at potential data sources outside AFDC, such as earnings records, State employment security records, State unemployment insurance records, and Social Security records. (Note: this report included a schedule for developing performance standards. The schedule assumed passage in October 1995 of the Clinton administration June 1995 welfare bill, which proposed to expand JOBS funding.)

RECENT QUALITY CONTROL STATISTICS

Table 8-38 summarizes national overpayment error rates for the AFDC Program over recent quality control review periods. Table 8-39 provides a State-by-State comparison of payment error rates in fiscal years 1991, 1992, and 1993. It also ranks the States by payment error rate (number 1 signifying the lowest rate) and provides an estimate of AFDC erroneous expenditures in fiscal year 1993. Fiscal year 1993 payment error rates ranged from a low of 0.65 percent in South Dakota to a peak of 13.95 percent in Florida. Half the States achieved a payment error rate below 5.43 percent, but the average was 6.08 percent. Erroneous AFDC expenditures were reported to total \$1.346 billion. Table 8-40 provides underpayment error rates for fiscal years 1991, 1992, and 1993 by State. In fiscal year 1993 these rates ranged from a low of 0.11 percent in Alaska (and 0.12 percent in Rhode Island) to a peak of 2.29 percent in Guam. Nationally, the underpayment error rate averaged 0.93 percent. Table 8-41 depicts the estimated sanction amounts and estimated collection schedule, according to the Department of Health and Human Services. Table 8-42 provides information on negative case actions, improper denials and terminations of aid.

TABLE 8-38.—SUMMARY OF NATIONAL OVERPAYMENT DOLLAR ERROR RATES UNDER THE AFDC PROGRAM, 1979-93

Period	Error rate
October 1979 to March 1980	8.3
April 1980 to September 1980	7.3
October 1980 to March 1981	8.3
April 1981 to September 1981	7.0
October 1981 to March 1982	7.2
April 1982 to September 1982	6.6
October 1982 to March 1983	6.2
April 1983 to September 1983	6.8
October 1983 to March 1984	6.2
April 1984 to September 1984	5.7
Fiscal year 1985	6.1
Fiscal year 1986	7.1
Fiscal year 1987	6.3
Fiscal year 1988	6.8
Fiscal year 1989	5.7
Fiscal year 1990	6.0
Fiscal year 1991	¹ 5.0
Fiscal year 1992	5.7
Fiscal year 1993	6.1

¹This is the lowest national overpayment error rate achieved under the AFDC-QC system.

Note.—Overpayment errors include payments made to ineligible families but do not include underpayments.

Source: U.S. Department of Health and Human Services.

TABLE 8-39.—OVERPAYMENT ERROR RATES IN FISCAL YEARS 1991, 1992 AND 1993, AND ERRONEOUS EXPENDITURES IN FISCAL YEAR 1993

State	Fiscal year—			1993 rank	Federal and State amount of erroneous expenditures in fiscal year 1993 (in thousands)
	1991 rate	1992 rate	1993 rate		
Alabama	6.29	5.78	4.55	19	\$4,342
Alaska	2.88	3.45	2.39	4	2,638
Arizona	8.31	6.03	7.50	43	19,892
Arkansas	3.76	4.99	6.05	33	3,617
California	3.49	4.01	5.05	22	295,641
Colorado	2.67	3.19	6.30	37	10,245
Connecticut	2.74	5.26	5.39	24	20,721
Delaware	6.68	6.33	8.95	50	3,557
District of Columbia	5.98	6.07	6.75	40	7,566
Florida	9.66	14.53	13.95	54	112,279
Georgia	3.37	5.71	5.91	30	25,542
Guam	7.55	9.17	8.10	46	750
Hawaii	3.18	3.45	2.41	5	3,454
Idaho	4.17	1.98	4.19	13	1,197
Illinois	4.99	4.71	5.43	26	47,957
Indiana	5.80	7.67	9.59	51	21,550
Iowa	5.22	7.61	6.25	35	10,159

TABLE 8-39.—OVERPAYMENT ERROR RATES IN FISCAL YEARS 1991, 1992 AND 1993, AND ERRONEOUS EXPENDITURES IN FISCAL YEAR 1993—Continued

State	Fiscal year—			1993 rank	Federal and State amount of erroneous expenditures in fiscal year 1993 (in thousands)
	1991 rate	1992 rate	1993 rate		
Kansas	4.36	4.40	5.43	25	6,810
Kentucky	3.10	3.51	4.25	15	8,924
Louisiana	7.14	6.94	7.70	45	13,585
Maine	3.27	3.46	4.52	18	5,289
Maryland	6.88	6.59	8.82	49	27,811
Massachusetts	3.99	3.55	2.89	7	21,666
Michigan	4.14	5.77	4.74	21	56,372
Minnesota	2.80	3.17	2.89	8	11,066
Mississippi	7.47	5.79	6.75	39	5,860
Missouri	5.27	7.66	7.53	44	21,245
Montana	4.36	3.08	4.27	16	2,098
Nebraska	6.89	5.56	5.71	27	3,698
Nevada	3.97	4.13	5.90	29	2,596
New Hampshire	3.74	6.42	6.84	41	3,836
New Jersey	4.69	6.53	4.68	20	25,194
New Mexico	4.92	6.40	5.26	23	6,181
New York	6.73	7.50	6.95	42	177,071
North Carolina	3.68	3.91	6.26	36	22,127
North Dakota	1.65	1.38	3.91	11	1,089
Ohio	8.36	8.35	8.55	48	83,516
Oklahoma	3.86	3.21	4.19	14	7,184
Oregon	3.74	4.30	4.44	17	8,978
Pennsylvania	4.92	4.84	5.85	28	53,616
Puerto Rico	6.10	5.40	5.92	31	4,540
Rhode Island	3.46	2.03	1.62	2	2,176
South Carolina	6.56	4.90	6.03	32	7,117
South Dakota	1.18	1.70	0.65	1	163
Tennessee	6.71	7.42	10.52	52	23,126
Texas	8.02	8.69	10.57	53	56,256
Utah	3.64	2.91	3.51	10	2,726
Vermont	1.96	2.43	1.92	3	1,260
Virgin Islands	1.49	1.76	2.63	6	91
Virginia	3.39	4.66	6.37	38	14,734
Washington	5.83	5.57	6.21	34	37,604
West Virginia	8.17	6.58	8.48	47	10,289
Wisconsin	4.77	4.24	4.17	12	18,245
Wyoming	4.27	2.90	3.14	9	828
U.S. total ¹	4.96	5.65	6.08	.....	1,346,077

¹ Weighted average.

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

TABLE 8-40.—UNDERPAYMENT ERROR RATES, STATE RANKING, AND ERRONEOUS EXPENDITURES BY STATE IN FISCAL YEARS 1991, 1992 AND 1993

State	Fiscal year—		
	1991 rate	1992 rate	1993 rate
Alabama	0.77	0.51	0.68
Alaska	1.31	0.50	0.11
Arizona	1.18	0.96	1.20
Arkansas	0.76	1.08	0.48
California	0.54	0.65	1.11
Colorado	1.72	0.44	0.20
Connecticut	0.34	0.31	0.46
Delaware	0.19	0.89	0.55
District of Columbia	1.01	0.75	0.58
Florida	1.21	1.33	1.31
Georgia	0.88	2.14	1.05
Guam	1.88	1.97	2.29
Hawaii	0.68	0.26	0.36
Idaho	1.50	1.05	1.06
Illinois	0.54	0.63	0.47
Indiana	0.42	0.59	0.84
Iowa	0.44	0.71	0.60
Kansas	0.35	0.40	0.66
Kentucky	0.72	0.57	0.69
Louisiana	0.78	0.91	1.01
Maine	0.06	0.47	0.37
Maryland	0.54	0.32	0.95
Massachusetts	0.66	0.37	0.39
Michigan	0.86	0.43	0.79
Minnesota	0.56	0.43	0.45
Mississippi	0.94	0.79	0.64
Missouri	0.49	0.10	0.66
Montana	1.08	0.52	0.27
Nebraska	0.37	0.56	0.68
Nevada	0.45	0.33	0.57
New Hampshire	1.77	0.36	1.00
New Jersey	0.29	0.32	0.51
New Mexico	1.05	0.81	1.09
New York	2.08	1.91	1.80
North Carolina	0.86	0.71	0.94
North Dakota	0.42	0.44	0.12
Ohio	0.77	0.65	0.55
Oklahoma	0.82	0.45	0.97
Oregon	0.37	0.40	0.46
Pennsylvania	0.18	0.62	0.41
Puerto Rico	1.25	1.09	0.81
Rhode Island	0.16	0.09	0.12
South Carolina	0.90	0.82	1.33
South Dakota	1.05	0.72	0.44
Tennessee	0.31	1.28	1.02
Texas	0.63	1.56	1.16
Utah	0.57	0.45	0.38
Vermont	0.22	0.36	0.18

TABLE 8-40.—UNDERPAYMENT ERROR RATES, STATE RANKING, AND ERRONEOUS EXPENDITURES BY STATE IN FISCAL YEARS 1991, 1992 AND 1993—Continued

State	Fiscal year—		
	1991 rate	1992 rate	1993 rate
Virgin Islands	0.00	0.32	0.25
Virginia	0.31	0.70	0.44
Washington	0.51	0.62	0.20
West Virginia	0.53	0.55	0.72
Wisconsin	0.82	0.61	1.35
Wyoming	0.68	0.72	0.94
U.S. total ¹	0.80	0.83	0.93

¹ Weighted average.

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

TABLE 8-41.—ESTIMATED AFDC SANCTION AMOUNTS AND COLLECTION SCHEDULE, 1991-2001

Fiscal year	HHS estimated error rate (percent)	HHS estimated sanction amounts (in millions)	HHS projected schedule for collecting sanctions (in millions)
1991	5.0	\$32.6	\$0.0
1992	5.6	48.0	0.0
1993	6.1	56.0	0.0
1994	6.1	57.2	¹ 17.2
1995	6.1	54.6	0.0
1996	6.0	51.1	40.7
1997	5.9	51.2	52.0
1998	5.9	52.3	56.7
1999	5.9	53.3	55.9
2000	5.8	53.3	52.8
2001	5.8	54.3	51.2

¹ Actual amount collected.

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

WELFARE DYNAMICS

The question of how long families receive AFDC has more than one answer. The answer is affected by characteristics of the parent, whether repeat episodes of enrollment are taken into account, and whether annual or monthly data are examined. But some general answers are possible (see Pavetti, 1993, 1995):

- Most episodes of AFDC enrollment end within 12 months, but most who exit AFDC come back within 24 months.
- New enrollees can be expected to spend an average of 6 years, including repeat spells, on AFDC.
- For families on AFDC at any given moment, the average length of AFDC receipt, counting repeat spells, is 13 years.

TABLE 8-42. DATA ON AFDC QUALITY CONTROL NEGATIVE CASE ACTIONS, FISCAL YEAR 1993

State	Total number of negative case actions	Negative case action error rates		Total number of incorrect negative case actions	
		Eligibility requirements	Advance notice/hearing requirements only	Eligibility requirements	Advance notice/hearing requirements only
Alabama	45,769	1.00	1.50	458	687
Alaska	13,347	1.65	0.00	220	0
Arizona	101,729	1.14	0.95	1,156	963
Arkansas	40,770	0.00	0.35	0	144
California	746,946	2.03	2.63	15,153	19,610
Colorado	89,066	0.24	1.08	213	958
Connecticut	35,015	0.00	0.00	0	0
Delaware	9,368	0.00	0.00	0	0
District of Columbia	9,324	9.47	1.05	883	98
Florida	376,653	3.77	0.65	14,213	2,443
Georgia	143,558	3.88	2.48	5,564	3,561
Guam	810	2.60	2.16	21	18
Hawaii	14,554	1.43	2.38	208	347
Idaho	20,449	1.59	3.70	325	757
Illinois	167,390	1.73	0.16	2,900	264
Indiana	35,856	0.76	4.20	274	1,505
Iowa	21,031	5.05	0.00	1,061	0
Kansas	21,891	0.41	0.83	91	182
Kentucky	57,778	2.59	3.16	1,494	1,826
Louisiana	73,581	0.23	0.23	166	166
Maine	16,752	0.00	0.00	0	0
Maryland	43,425	0.00	2.45	0	1,063
Massachusetts	59,158	0.28	1.69	166	997
Michigan	154,978	3.86	1.23	5,987	1,905
Minnesota	66,830	0.00	0.00	0	0
Mississippi	33,184	1.12	2.62	373	870
Missouri	72,518	2.60	0.43	1,888	315
Montana	17,638	1.44	4.31	253	760
Nebraska	7,406	0.98	0.00	73	0
Nevada	19,843	0.00	0.00	0	0
New Hampshire	15,475	2.04	0.51	316	79
New Jersey	68,730	0.26	1.03	177	709
New Mexico	40,725	4.91	0.38	1,998	154
New York	285,795	2.63	0.13	7,512	358
North Carolina	94,062	0.45	0.00	422	0
North Dakota	8,607	0.44	0.44	38	38
Ohio	490,163	2.32	0.53	11,375	2,585
Oklahoma	50,465	0.00	0.00	0	0
Oregon	39,173	1.39	2.08	544	816
Pennsylvania	134,257	0.95	10.80	1,271	14,494
Puerto Rico	24,482	7.41	2.47	1,813	604
Rhode Island	13,421	0.00	1.49	0	199
South Carolina	56,503	6.29	5.69	3,553	3,214
South Dakota	8,339	0.00	0.57	0	47
Tennessee	385,219	0.70	0.28	2,679	1,072

TABLE 8-42. DATA ON AFDC QUALITY CONTROL NEGATIVE CASE ACTIONS, FISCAL YEAR 1993—Continued

State	Total number of negative case actions	Negative case action error rates		Total number of incorrect negative case actions	
		Eligibility requirements	Advance notice/hearing requirements only	Eligibility requirements	Advance notice/hearing requirements only
Texas	399,947	3.62	2.42	14,491	9,661
Utah	24,119	0.97	8.74	234	2,107
Vermont	12,668	0.53	0.00	67	0
Virgin Islands	661	0.00	0.65	0	4
Virginia	79,377	2.58	1.55	2,046	1,227
Washington	100,648	1.47	1.29	1,483	1,297
West Virginia	28,654	3.95	1.32	1,131	337
Wisconsin	79,267	1.76	0.00	1,394	0
Wyoming	9,599	1.10	0.73	105	70
United States ¹	4,966,973	2.13	1.58	105,789	78,551

¹ Weighted average excluding the Virgin Islands.

NA—Data not available.

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

- Almost half of the persons *now on the rolls* have received benefits, counting repeat spells, for more than 5 years.
- Overrepresented among long-term recipients are parents who entered the program before age 24, those with less than 12 years of education, and those with no recent work experience.

EXITS AND RETURNS TO AFDC

Movement on and off the AFDC rolls is frequent. Exits are portrayed in table 8-43; and returns, in table 8-44. Both tables are based on monthly caseload data. Table 8-43 shows that 56 percent of episodes of AFDC end within 12 months; 70 percent within 24 months; and almost 85 percent within 4 years. The table also shows that work exits from AFDC generally account for slightly less than half of all exits within a 5-year period.

Table 8-44 shows that many who leave AFDC return to the rolls very quickly. Within 1 year of their exit, 45 percent of ex-recipients return to AFDC; within 2 years, 58 percent; within 4 years, 69 percent. Those who leave AFDC because of employment remain off the program somewhat longer than those who leave for other reasons.

ENDINGS AND BEGINNINGS OF AFDC SPELLS

A study by Ellwood (1986), based on annual rather than monthly data, found that the most common route out of AFDC was by way of a change in family structure (see table 8-45, column 1). Some 46 percent of endings occurred this way, 35 percent when a female head became a wife and 11 percent when the household no longer contained a child under 18. Increased earnings were much more significant in ending AFDC than decreased earnings were in start-

ing it. Some 26 percent of endings occurred this way, 21 percent when the female head herself earned more money and 5 percent when another member of the family increased earnings.

TABLE 8-43.—CUMULATIVE PERCENTAGE OF WOMEN LEAVING WELFARE BY DURATION OF TIME ON WELFARE AND TYPE OF EXIT

Duration (months)	Work exits	Other exits	All exits
1-12	25.4	30.4	55.8
13-24	31.7	38.3	70.0
25-36	35.9	42.3	78.2
37-48	39.0	43.6	82.6
49-60	40.9	45.4	86.3

Source: Pavetti (1993, p. 46).

TABLE 8-44.—CUMULATIVE PERCENTAGE OF WOMEN RETURNING TO AFDC BY DURATION OF TIME OFF AFDC AND TYPE OF EXIT

Duration (months)	Work exits	Other exits	All exits
1-12	39.4	49.5	44.9
13-24	52.5	61.8	57.6
25-36	57.8	69.3	64.2
37-48	62.5	74.3	69.1
49-60	65.0	76.6	71.5

Source: Pavetti (1995).

Pavetti's 1993 analysis, based on monthly data, found that exits for work outnumbered all others (see table 8-45, column 2). Work exits represented 46 percent of all exits, and accounted for more than three times as many exits as changes in family structure (14 percent). The author of the 1993 study said at least four factors could explain all or some of the difference in the findings of the two studies: use of annual versus monthly data; differences in time periods covered; differences in data sources, and differences in population studied. After scrutiny, Pavetti estimated that more than 70 percent of the difference could be attributed to the use of monthly rather than annual data, just under 20 percent to an increase in work exits over time, about 8 percent to differences in data sources, and 3 percent to differences in the behavior of young women.

Bane and Ellwood (1983, p. 55) found that about 40 percent of those who left AFDC were poor after their exit. About 52 percent of those whose AFDC eligibility ended because they no longer had an eligible child were poor in the following year. For those who earned their way off AFDC, about 32 percent were poor in the year after their welfare spell; their poverty reflected the subpoverty gross income eligibility limits of AFDC in many States.

The same study found that three-fourths of AFDC spells began with a relationship change that created a female-headed family with children (45 percent when a wife became a female head; 30 percent when an unmarried woman acquired a child); only 15 percent of beginnings were traced to reductions in earnings (Bane and

Ellwood, 1983, p. 18). Almost half (48 percent) of the families who entered AFDC had income below the poverty threshold in the previous year (and 75 percent were poor in the first year of AFDC receipt).

TABLE 8-45.—EVENTS ASSOCIATED WITH ENDINGS OF AFDC SPELLS

Event	1986 study (annual data)	1993 study (monthly data)
Marriage, remarriage, or reconciliation	34.6	11.4
No eligible child left in household	11.2	3.1
Increase in earnings of female head	21.3	45.9
Increase in earnings in others in family	4.9	.....
Increase in transfer income	14.2	17.3
Disability .....	.....	1.5
Move	1.8	² 6.9
Other, including unidentified	³ 11.8	24.1
Total ⁴	100.0	100.0

¹ Increase in non-work-related income (assumed to be transfer income).

² Move in with family, 2.5 percent; move in with nonrelatives, 2.4 percent; and move between States, 2 percent.

³ Includes decrease in number of eligible family members (other than a child's reaching age 18), 2.4 percent.

⁴ Columns do not add to 100 percent due to rounding.

Source: Ellwood (1986); Pavetti (1993).

A new study based on 168 months (14 years) of data about AFDC receipt from the National Longitudinal Survey of Youth (NLSY) examines both a parent's first AFDC experience and any subsequent reentry to the rolls after an exit (Cao, 1996). It found that among females under the age of 21 as of January 1979, having a newborn was the most important reason for first entering welfare and also for recidivism, other things being equal. Highlights:

- The most common cause for first entering AFDC was having a baby within the last 6 months (74 percent).
- Giving birth again appeared to be a major cause for reentering AFDC after leaving the program (54 percent among persons making a first return to AFDC; 45 percent and 40 percent among those returning a second and third time, respectively).
- A decline in earnings accounted for only about 4 percent of cases first entering AFDC and between 8 and 10 percent of those returning to the program after an exit.
- “Becoming unmarried” accounted for less than 2 percent of first spells of AFDC and for less than 4 percent of first returns to AFDC after an exit. The study noted that these low percentages might reflect the relative youth of AFDC recipients in the sample, many of whom became mothers as teens and never married.

LENGTH OF TIME ON WELFARE AND TURNOVER WITHIN THE AFDC
CASELOAD

Annual data

A 1983 study by Bane and Ellwood (p. 55) of AFDC families, based on annual data, 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 column of table 8-46 illustrates, the study reported that 48 percent of AFDC spells lasted less than 2 years and 62 percent lasted less than 4 years. At the same time, the study reported (column two) that 50 percent of the persons enrolled at a point in time were in the midst of very long episodes (eight or more years) of AFDC receipt. Column two can be used to estimate the proportion of all person-years of AFDC accounted for by persons with single welfare spells of different length. Because the study found that the average amount of AFDC received did not vary systematically by spell length, this column also provides the distribution of program resources by length of time on AFDC. It shows that 50 percent of resources are spent on persons with very long single episodes of AFDC (at least 8 years).

TABLE 8-46.—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
1-2 years	48	14	30	7
3-4 years	14	10	20	11
5-7 years	20	25	19	17
8 or more years	17	50	30	65
All	100	100	100	100

Source: Bane & Ellwood (1983); Ellwood (1986).

Because the 1983 study understated the extent of long-term welfare dependence by neglecting to take into account that multiple spells of welfare receipt are common, Ellwood updated the study in 1986. Accounting for multiple spells alters the distribution of total expected time on welfare, as the last two columns of table 8-46 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), almost two-thirds of persons enrolled in AFDC at a point in time are in the midst of what will be long periods of welfare receipt (8 years or more). Accounting for multiple spells increases average AFDC duration for new entrants to 6.6 years (from 4.7 years for single spells) and for recipients at a point in time to 11.6 years (from 10 years).

This seemingly paradoxical finding that there are large differences between point-in-time and ever-begun estimates of welfare

dependency highlights a crucial element of welfare dynamics that is characteristic of the dynamics of spells of poverty and unemployment as well. The differences in the estimates occur because the probability of being on welfare at a given time is necessarily higher for long-term recipients than for those who have short welfare spells. The large number of persons who use welfare for a short time come and go, but the long-term users remain on the rolls.

Monthly data

More recent research has used monthly data to examine length of AFDC receipt, including repeat spells. Results are shown in table 8-47. Column 1 indicates that 35 percent of new entrants (beginning cohort) can be expected over their lifetimes to spend more than 5 years on AFDC. Column two indicates that 76 percent of persons now on the rolls can be expected to spend more than 5 years in the program, and column three, that 48 percent of current recipients already have spent more than 5 years on AFDC. Estimated average durations are 6.1 years over lifetime for new entrants, 13 years over lifetime for current recipients, and 6.5 years already received by current recipients. These estimates are based on behavior of recipients under the current AFDC system. Policy changes might alter the length of time spent on cash assistance.

TABLE 8-47.—DISTRIBUTION OF TIME ON AFDC FOR A BEGINNING COHORT OF RECIPIENTS AND FOR THE CASELOAD AT A POINT IN TIME

Time on AFDC (months)	Beginning cohort—distribution of expected lifetime total	Current recipients	
		Distribution of expected lifetime total	Distribution of AFDC time to date
1-12	27.4	4.5	16.4
13-24	14.8	4.8	11.9
25-36	10.0	4.9	9.5
37-48	7.7	5.0	7.8
49-60	5.5	4.5	6.6
More than 60	34.8	76.2	47.8
Total	100.0	100.0	100.0
Average duration (years)	6.1	12.98	6.49

Source: Pavetti (1995).

RELATIONSHIP OF PERSONAL CHARACTERISTICS TO DURATION OF AFDC

Some groups are likely to spend more time than average on AFDC. As was seen in Table 8-47, 58 percent of first-time recipients are expected to spend over 24 months and 35 percent to spend longer than 60 months on the program over their lifetime. Table 8-48 presents findings about personal characteristics associated with long AFDC use. Likely to use AFDC longer than average during their lifetimes are persons who, when they enter the program, have less than 12 years of education, have no recent work experience, are under age 24, are Hispanic or black, are never married, have a child below age 3, or have 3 or more children. For example,

AFDC duration longer than 60 months is expected for 40 percent of those with fewer than 12 years of education (and 63 percent of those with fewer than 9 years of education), 45 percent of those without recent work experience, and 43 percent of those who never married.

TABLE 8-48.—TIME ON WELFARE AND SELECTED CHARACTERISTICS FOR A BEGINNING COHORT OF RESIDENTS

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

Source: Pavetti (1995).

Table 8-49 presents data on the average number of years of AFDC receipt expected over their lifetimes for groups with various characteristics. The table shows that the most powerful predictor of long-term AFDC use is marital status. Never-married women average 9 years of AFDC, and 39 percent of them are predicted to receive AFDC for at least 10 years. Other groups with average AFDC duration of at least 8 years include those who, when they first entered the program, were under age 22, were black, had a child under age 3, or had not worked in the previous 2 years.

TABLE 8-49.—PERCENTAGE OF AFDC RECIPIENTS WITH VARIOUS CHARACTERISTICS AND AVERAGE TOTAL DURATIONS OF AFDC RECEIPT

Characteristic at beginning of first spell	Percent of all first-time recipients (new beginnings)	Percent of recipients at any point in time ¹	Average expected number of years of AFDC receipt	Percent expected to have AFDC spells of 10 or more years
Age:				
Under 22	30.0	35.9	8.23	32.8
22-30	40.7	41.9	7.08	25.8
31-40	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
9-11	37.6	41.9	7.65	29.2
Over 11	52.7	48.5	6.33	21.8
Marital status:				
Never-married	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:				
0-1	43.4	48.7	7.71	29.7
2-3	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
3-5	22.5	22.3	6.79	24.2
6-10	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."

Note.—For each individual who began a first spell on or after the third sample year of the longitudinal study, probabilities are predicted for exiting from first spell, for recidivism, and for exiting from later spells, based on logic models.

Source: Ellwood (1986, p. 57).

WELFARE DEPENDENCY

Table 8-50 examines the proportion of certain population groups that received any AFDC during the decade of the 1980s, and for how many years. The table shows that 88 percent of the population

received no AFDC (93 percent of whites and 66 percent of nonwhites). Among children age 0–5 in 1980, 80 percent received no AFDC (88 percent of whites and 42 percent of blacks). Of persons who lived in households in which some AFDC was received (at least \$1), 5.5 percent were enrolled for 1–2 years, 4.3 percent for 3–7 years, and 2 percent for 8–10 years.

TABLE 8–50.—WELFARE DEPENDENCY BY TWO DEFINITIONS OF DEPENDENCY, 1980–89

[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 in which the sum of AFDC and food stamps received by either head or wife was at least 50 percent of total family income		
	All	Children age 0–5 in 1980	Women, age 18–55 in 1980	All	Children age 0–5 in 1980	Women, age 18–55 in 1980
All races:						
0 years	88.2	80.2	86.3	93.6	87.7	92.8
1–2 years	5.5	8.1	6.2	3.1	5.6	3.4
3–7 years	4.3	6.3	5.6	2.3	3.6	2.8
8–10 years	2.0	5.4	2.6	0.9	3.1	1.1
Total	100.0	100.0	100.0	100.0	100.0	100.0
White:						
0 years	92.6	88.2	92.2	96.1	92.3	96.0
1–2 years	3.9	5.1	4.1	2.2	4.6	2.1
3–7 years	2.6	3.8	2.7	1.3	2.1	1.4
8–10 years	0.9	2.7	1.2	0.3	1.0	0.3
Total	100.0	100.0	100.0	100.0	100.0	100.0
Nonwhite:						
0 years	66.3	41.8	65.7	81.2	65.2	81.3
1–2 years	13.8	22.4	13.5	7.6	10.8	7.5
3–7 years	12.6	18.1	13.0	7.4	11.1	7.5
8–10 years	7.2	17.7	7.7	3.7	12.8	3.7
Total	100.0	100.0	100.0	100.0	100.0	100.0

Table reads: 88.2 percent of the population lived in households in which no AFDC income was received during the 1980–89 period.

Source: Special tabulation of the Panel Study of Income Dynamics by Greg J. Duncan and Kavitha Sitaram.

The table also examines the proportion of certain population groups for whom AFDC plus food stamps represented at least 50 percent of total family income for some years during 1980–89. This degree of AFDC/food stamp dependence was found among 6.3 percent of the total population (3.8 percent of whites and 18.7 percent of nonwhites). Moreover, 3.1 percent were enrolled in AFDC for 1–2 years; 2.3 percent for 3–7 years, and 0.9 percent for 8–10 years.

Among children aged 0–5 in 1980, 12.3 percent were in households that depended on AFDC and food stamps for at least 50 percent of income during some years during the decade (7.7 percent of whites and 34.7 percent of nonwhites).

A comparison of similar data for the decade of the 1970s shows an increase in the 1980s of long-term enrollment in AFDC by persons in households that received half their income from AFDC and food stamps. For children, the fraction with this degree of welfare dependence for 8–10 years rose from 1.6 percent in the 1970s to 3.1 percent in the 1980s (from 6.8 to 12.8 percent for nonwhite children). For women (age 18–55 at the start of each decade) the comparable fraction rose from 0.07 to 1.1 percent. A major factor in the increased AFDC-food stamp dependence in the 1980s probably was the elimination of the food stamp purchase price requirement at the very end of the 1970s. That change in law dramatically increased enrollment in food stamps among persons already eligible.

INTERGENERATIONAL TRANSMISSION OF AFDC RECEIPT

Several researchers have examined the question of intergenerational transmission of receipt of AFDC. In general, using panel data, they have measured AFDC income in parental families and then examined its correlation with later behavior of their daughters, either through simple cross-tabulations or multivariate statistical analyses. A 1990 review of seven studies made between 1986 and 1990 (Moffitt, 1990) concluded that their results provide consistent evidence of strong correlations between parental welfare receipt and later behavior of the daughters. Moffitt concluded that the research showed that daughters from welfare families are much more likely to participate in the welfare system themselves at a later date, and are more likely to have births in general and premarital births in particular. Evidence was weaker for the one study that examined the effect of parental welfare receipt on later work effort by sons.

The studies do not answer the question of whether growing up in a family that receives AFDC “causes” a daughter to later become an AFDC mother. Many omitted variables, such as the human capital characteristics of the parental family, could be responsible for the observed correlation. Children from AFDC-dependent homes generally have fewer parental resources available to them, live in worse neighborhoods, and go to lower quality schools. All of these factors could have an independent effect on the probability of their receiving AFDC in adulthood. Further, if there is any transmission of AFDC receipt from one generation to the next, it could operate in a number of ways: for example, by lowering the stigma of welfare, by acquainting the AFDC child with rules of the system, by affecting the work effort of the AFDC family or its investments in human capital (Moffitt, 1990).

Table 8–51 presents findings from a 1984 study, based on data from the Panel Study of Income Dynamics. The table shows that 58 percent of daughters in families that received some welfare later received welfare themselves as young adults, compared with 27 percent of daughters who grew up with no welfare. On the other hand, only 19 percent of black daughters and 26 percent of white

daughters in “highly dependent” welfare families became “highly dependent” themselves.

Table 8–52 summarizes findings from a 1988 study that surveyed a sample of daughters whose economic status was observed when the daughters were between the ages of 13 and 15 and later when they were between the ages of 21 and 23. For each of the periods, AFDC dependence was defined as: no dependence—no AFDC income reported; moderate dependence—AFDC reported in 1 or 2 years; high dependence—AFDC in all 3 years. Daughters from highly dependent homes were several times more likely to become highly dependent themselves (20 percent) than were daughters from nonrecipient homes (3 percent). At the same time, 64 percent of the daughters from highly dependent homes received no AFDC as young adults.

A more recent study (Gottschalk, 1992) distinguished between parents who were eligible for AFDC and those who were not, noting that some of the positive correlation found between mothers’ and daughters’ AFDC use might reflect the low probability that adult daughters of high-income parents would meet the AFDC income test. Gottschalk also controlled for differences between parents who, though AFDC-eligible, did not participate, and those who did. Finally, he used event history analysis to lengthen the observation period (since a short period is likely to miss many mothers and daughters who at some point receive AFDC).

The study showed that daughters raised in AFDC households had different economic and demographic characteristics from those raised in nonrecipient households. They were disproportionately nonwhite and came from more disadvantaged backgrounds, as measured by family income, mother’s education, or the proportion of disadvantaged students in their school. Households eligible for AFDC that did not enroll in the program also were more disadvantaged than recipient households.

This study reached three broad conclusions: (1) parental enrollment in AFDC is correlated with daughters’ later participation in AFDC; (2) the parents’ participation does not seem to be capturing solely the effects of low income; the intergenerational correlation seems to reflect more than a simple statistical artifact; and (3) the loss of income if the parent does not receive AFDC, even though eligible, raises the probability that the daughter will receive AFDC; the effect of this income loss offsets nearly half of the participation effect for whites.

Daughters who grew up in AFDC had a higher overall probability of giving birth by the end of the survey than daughters of eligible parents who did not participate in AFDC (53 percent versus 33.4 percent). Further, more than half (55.8 percent) of the young mothers who were raised in AFDC families also received AFDC for their children. In comparison, the probability of a daughter’s receiving AFDC for her own child was less than one-third (32.9 percent) if her eligible parent had not participated in AFDC.

TABLE 8-51.—INTERGENERATIONAL TRANSMISSION OF WELFARE DEPENDENCY

[In percent]

Parental welfare status	Status of daughters as young adults			Number of observations
	Received no welfare	Low welfare dependence	High welfare dependence	
Received no welfare:				
Black	53	33	14	108
White	79	19	2	354
All women	73	22	5	462
Low welfare dependence:				
Black	31	49	20	130
White	63	31	5	75
All women	42	42	15	205
High welfare dependence:				
Black	42	39	19	92
White	27	47	26	25
All women	41	41	21	117
Some welfare dependence:				
Black	36	45	19	222
White	54	35	11	100
All women	42	42	16	322

Note.—“High welfare dependence” is defined as receiving at least 25 percent of average family income as cash welfare payments. “Some welfare dependence” accounts for all women with either low or high welfare dependence.

Source: Reanalysis by Committee on Ways and Means staff based on data from Hill & Ponza (1984).

TABLE 8-52.—INTERGENERATIONAL PATTERNS OF AFDC RECEIPT

Dependence of parents (percent)	Dependence of daughters (percent)				Unweighted number of cases
	No	Moderate	High	Total	
No	91	6	3	100	811
Moderate	62	22	16	100	127
High	64	16	20	100	147

Source: Duncan, Hill, & Hoffman (1988).

ADOLESCENT AND OUT-OF-WEDLOCK CHILDBEARING AND USE OF AFDC

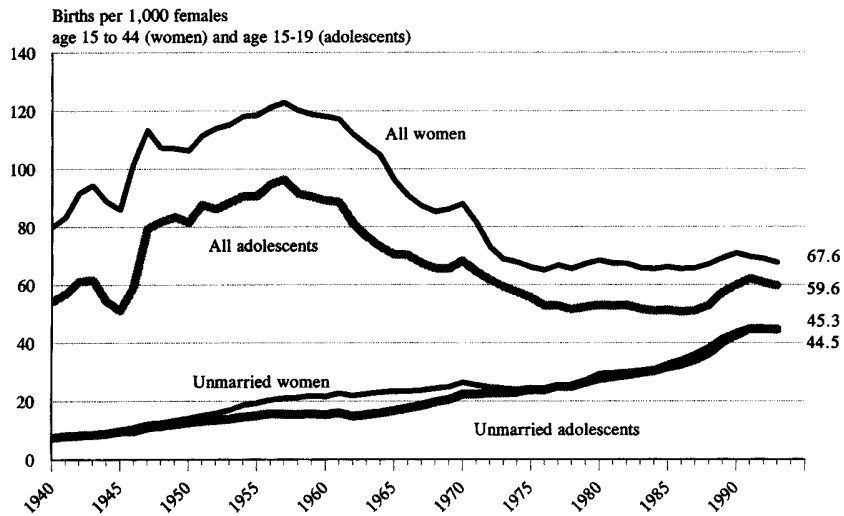
TRENDS OVER TIME

Adolescent pregnancy, declining marriage rates, and increased childbearing among unmarried women have contributed to the rising share of children being born to unwed mothers. Out-of-wedlock birth rates, slowly but steadily moving upward since at least the 1940s, took a sharp upward turn in the mid-1980s. The diminishing fertility of married women coincident with the growing fertility of unmarried women has increased the likelihood that children born today will be born outside marriage. These trends have placed children at increased risk of being poor and have placed increased demands on the Nation's welfare programs. Among children whose mother has never married, 64.3 percent were poor in 1993. Nearly half of never-married mothers reported receiving AFDC (47.5 percent) in 1993.

The rate of childbearing by unmarried women age 15-44 increased by 54 percent from 1980-91, but has remained stable at about 45.3 births per 1,000 unmarried women over the last 3 years. As chart 8-2 depicts, the birth rate of unmarried adolescent women closely tracks that of all unmarried women of childbearing age. Almost one-third (31 percent) of all births in 1993 were out of wedlock (the most recent year for which fertility data are available).

Most teen births were out of wedlock. Specifically, 71.3 percent of the 501,093 births to adolescents in 1993 were out of wedlock (Wasem, 1995). On the other hand, the age group that comprises the largest portion of out-of-wedlock births in 1993 was women in their early twenties (35.4 percent). While these two statistics imply that adolescent childbearing is only an overlapping portion of non-marital births, the following analysis of the birth order patterns (e.g., how many previous births the mother has had) reveals a more complex relationship. Although adolescent childbearing should not be viewed as synonymous with out-of-wedlock births, adolescence appears to be the time in life that most unmarried women start having children.

CHART 8-2. BIRTH RATES FOR ALL WOMEN, ADOLESCENTS, UNMARRIED WOMEN, AND UNMARRIED ADOLESCENTS, 1940-93



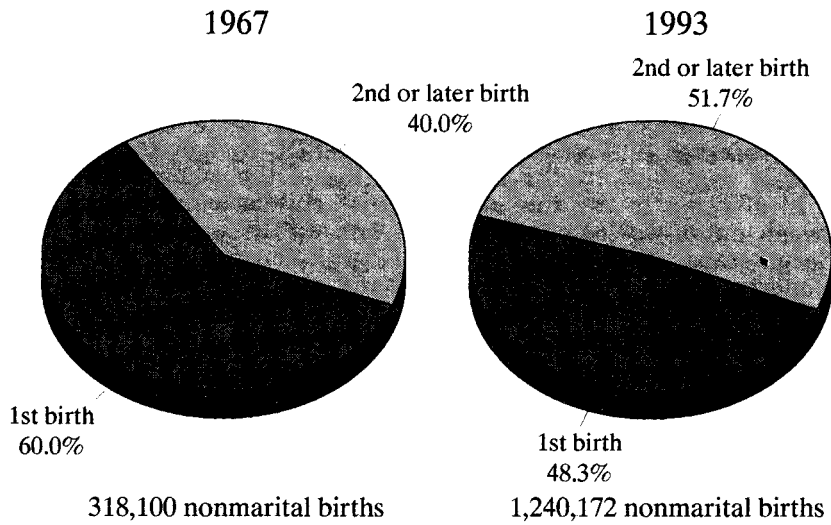
Source: Congressional Research Service analysis of National Center for Health Statistics natality data.

FIRST BIRTHS TO UNMARRIED WOMEN

Not only has the sheer number of births to unmarried women increased sharply over the past 25 years, but the birth order patterns of unmarried women have changed as well. As chart 8-3 depicts, 60 percent of the 318,100 births to unmarried women in 1967 were their first child. By 1993, just under half (48.3 percent) of the 1.2 million births to unmarried women were their first child. In other words, more than half of the unmarried women who had a baby in 1993 had given birth previously. Some of these unmarried women, however, may have been previously married.

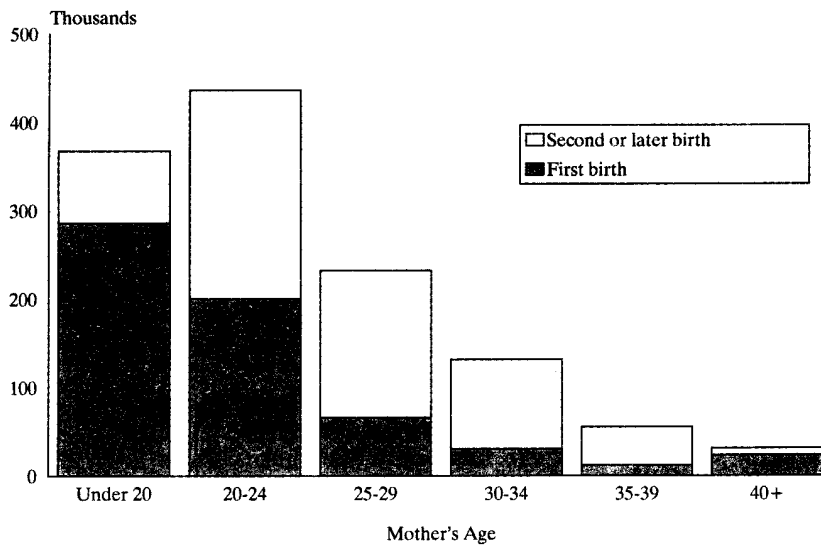
When the birth order patterns of unmarried women are broken down by age in chart 8-4, it becomes clear that many of the young women in the largest category (20-24 age group) had previously given birth before they had this child out of wedlock. Only 45 percent of these births are the first births these young women have had, suggesting that many of these unmarried mothers began their families as adolescents. Although births to adolescents are only 30 percent of the 1.2 million births to unmarried women, they make up almost half of all first births to unmarried women (47.9 percent).

CHART 8-3. BIRTHS TO UNMARRIED WOMEN IN 1967 AND 1993: FIRST BIRTHS AND PREVIOUS BIRTHS



Source: Congressional Research Service analysis of National Center for Health Statistics natality data.

CHART 8-4. BIRTHS TO UNMARRIED WOMEN IN 1993: LIVE BIRTHS BY AGE OF MOTHER AND PREVIOUS BIRTHS



Source: Congressional Research Service analysis of National Center for Health Statistics natality data.

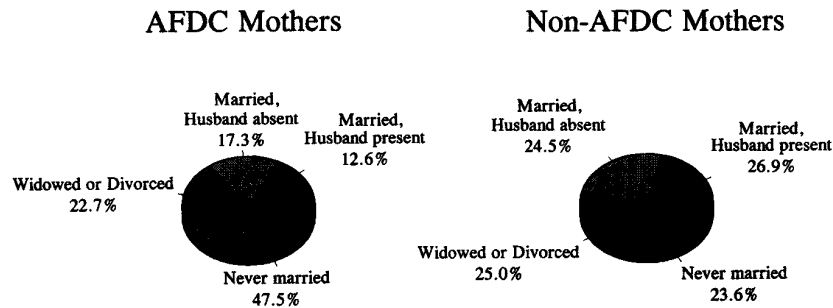
LINKS TO AFDC USE

The Congressional Budget Office (Adams & Williams, 1990) analyzed data from the National Longitudinal Survey of Youth and found that almost half of all adolescent mothers began receiving AFDC within 5 years of the birth of their first child. Over three-fourths of unmarried adolescent mothers began receiving AFDC within 5 years of the birth of their first child. Moreover, CBO found that observed differences in receipt of AFDC by age and race were largely explained by the marital status of the adolescent mother.

In addition to the role of adolescent childbearing, the links between out-of-wedlock childbearing and AFDC use are also being documented. Analysis of Current Population Survey data by the Congressional Research Service found that perhaps as much as half of caseload growth in recent years could be attributed to the increased number of mother-only families (Gabe, 1992).

Similarly, an analysis of data from the Survey of Income and Program Participation (SIPP) done by Amara Bachu and Martin O'Connell (1995) of the Bureau of the Census found that nearly half (47.5 percent) of AFDC mothers have never been married. As shown in chart 8-5, this study, which compares the demographic traits of AFDC mothers with non-AFDC mothers as of 1993, found further that the percent of AFDC mothers who had never been married was double the percent of non-AFDC mothers who had never been married (23.6 percent).

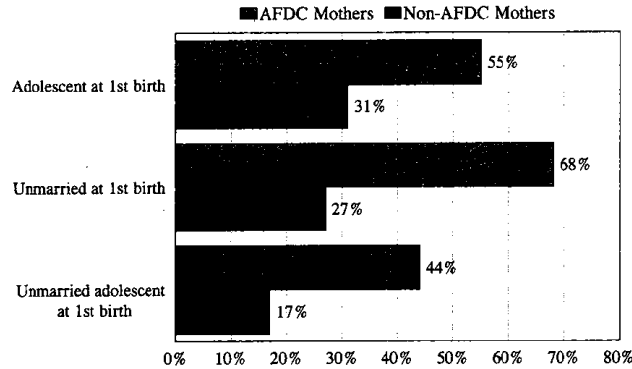
CHART 8-5. MARITAL STATUS OF AFDC MOTHERS AND NON-AFDC MOTHERS, 1993



Source: Congressional Research Service analysis of data from the March 1995 Survey of Income and Program Participation (SIPP).

As chart 8-6 depicts, an analysis of the SIPP by Nicholas Zill of Westat (1996) revealed that 68 percent of AFDC mothers were unmarried at the time their first child was born, while only 27 percent of non-AFDC mothers were. Over half (55 percent) of AFDC mothers were adolescents at the time of their first birth in comparison with just under one-third (31 percent) of non-AFDC mothers. Zill also found that 44 percent of AFDC mothers were unmarried adolescents at the time of their first birth while only 17 percent of non-AFDC mothers were unmarried adolescents at the time of their first birth.

CHART 8-6. MARITAL STATUS OF AFDC MOTHERS AND NON-AFDC MOTHERS AT THE TIME OF THEIR FIRST CHILDBIRTH, 1993



Source: Zill (1996).

Preliminary NCHS data indicate that the number of teenage mothers was 907,368 in 1983, of whom 652,678 were unmarried.

The differences in the welfare reciprocity patterns of adolescent mothers of different ages could be due to a number of factors. In particular, they are likely to be partially due to marital status differences between the two groups—the younger mothers in this sample were much less likely to be married than were older mothers. Other factors that might play a role include differences in living arrangements and in the likelihood of having a subsequent birth.

LEGISLATIVE HISTORY

[LEGISLATIVE HISTORY SINCE 1980.]

The Omnibus Budget Reconciliation Act (OBRA) of 1981

The Omnibus Budget Reconciliation Act (OBRA) of 1981, signed into law on August 31, 1981 made extensive changes in AFDC. The law imposed a gross income limit for AFDC eligibility (150 percent of a State's need standard), capped the deduction for child care costs (\$160 monthly per child), set a standard deduction for other work expenses (\$75 monthly), and ended the work incentive disregard for working recipients after their first 4 months on a job. These provisions affected AFDC parents with jobs by reducing or ending their benefits. They also had potential effects on welfare mothers without jobs by reducing the gains possible from work, and on nonwelfare mothers with low earnings. Under previous law, a person in the latter group could increase total income by decreasing

or ending earnings, enrolling in AFDC, and then resuming work. OBRA also required States to count part of the income of a step-parent as available to an AFDC child.

Former HHS Assistant Secretary Rubin reported in testimony that 408,000 families lost eligibility and 299,000 lost benefits as a result of the OBRA changes.

GAO evaluation of the 1981 amendments.—At the request of the House Committee on Ways and Means, the U.S. General Accounting Office conducted an in-depth evaluation of the effect of the 1981 amendments on individual AFDC families in five cities: Boston, Dallas, Memphis, Milwaukee, and Syracuse. GAO examined case records, analyzed 10 years of HHS program data, and interviewed former working AFDC recipients more than 1 year after their termination from AFDC due to the 1981 amendments.

Findings include:

- Once the declines in caseload and outlays stabilized, OBRA had decreased the national AFDC-basic monthly caseload by 493,000 cases and monthly outlays by \$93 million. However, because the caseload rose faster than predicted after this point, long-term effects are less certain.
- Working AFDC recipients who lost eligibility due to the OBRA cuts were more likely to be nonwhite, younger than those who remained on AFDC (28–33) and had been working for their current employer between 1.7 and 3.4 years.
- Recipients who lost AFDC eligibility suffered a substantial loss of income which they could not make up by increased earnings or other means. The average *monthly* income loss for working single-parent families who lost AFDC eligibility was \$186 in Memphis, \$229 in Dallas, \$180 in Milwaukee, \$151 in Syracuse, and \$115 in Boston.
- Lack of health coverage was common among these former AFDC recipients. In Dallas, 59.2 percent of those families who lost AFDC did not have any health coverage. In Memphis, 45 percent, in Boston, 27.5 percent, in Syracuse, 17.1 percent and in Milwaukee, 13.9 percent had no health coverage at all. Private health insurance coverage was more common in high AFDC benefit States.

The Deficit Reduction Act of 1984 (DEFRA)

The Deficit Reduction Act of 1984 (Public Law 98–369), signed into law on July 18, 1984, includes 22 AFDC amendments and an income and asset verification amendment that affected several programs. They are summarized below:

1. *Gross income limitation.*—The act increases the gross income limitation for AFDC from 150 to 185 percent of the State standard of need.

2. *Work expense deduction.*—The act requires States to disregard the first \$75 monthly for full- and part-time workers; previously, a lower disregard applied to part-time workers.

3. *Continuation of \$30 disregard.*—Under prior law, the \$30 plus one-third of remaining earnings disregard was limited to 4 months. The act retains the 4-month limit on the one-third disregard but extends the \$30 disregard for an additional 8 months for a total of 12 months.

4. *Work transition status.*—The act provides that families who lose AFDC because of the termination of the (4-month) earnings disregard will be eligible for 9 months of Medicaid coverage. At State option, an additional 6 months of Medicaid coverage can be provided. In addition, families who lost AFDC eligibility before enactment of the work transition will also be eligible for Medicaid under certain specified circumstances.

5. *Clarification of earned income provisions.*—The act clarifies that the term “earned income” as used in the AFDC Program means the gross amount of earnings, before payroll or other deductions.

6. *Burial plots, funeral agreements and certain property.*—The act exempts burial plots and funeral agreements from the \$1,000 AFDC resources limitation. An AFDC policy on real property that is similar to SSI policy is also established.

7. *Federal matching for Community Work Experience Program (CWEP) expenses.*—Under prior law, States were required to reimburse a CWEP participant for necessary transportation and other expenses. Federal matching for this reimbursement was by regulation, limited to \$25 per month. The act requires States to reimburse a CWEP participant for costs incurred if the State is unable to provide directly any transportation or day care services. Reimbursement of day care expenses is limited to those determined by the State to be reasonable, necessary and cost effective up to \$160 per month per child.

8. *Retrospective budgeting and monthly reporting.*—The act mandates retrospective budgeting for cases filing a monthly report. Monthly reporting is required when cost effective; cases with earned income and recent work history must report monthly.

Previously, monthly reporting and retrospective budgeting were required for all AFDC cases; however, the Secretary of Health and Human Services could waive the reporting requirement if it was not cost effective.

9. *Earned income credit (EIC).*—The act requires States to count the EIC only when actually received. Prior law required States to assume that an individual was receiving the earned income credit on an advance basis regardless of when or if it was received.

10. *Demonstrations of one-stop service delivery.*—The act authorizes from three to five federally-assisted demonstration projects designed to test the effectiveness and efficiency of integrating the delivery of human services.

11. *Work requirements for pregnant women.*—The act exempts from work registration a woman who is in the third trimester of pregnancy.

12. *Recalculation of lump sum income.*—Under prior law, States could recalculate ineligibility caused by receipt of lump sum income only if a life-threatening circumstance occurred. The act allows States to recalculate the ineligibility period under three specified circumstances: (1) an event occurs that would have changed the amount of AFDC paid; (2) the income becomes unavailable for reasons beyond the family’s control; and (3) the family incurs, becomes responsible for and pays medical bills which offset the lump sum income.

13. *Overpayment recoupment.*—The act permits States to waive recovery of benefit overpayments when it is not cost effective. States will be permitted to automatically waive overpayments of less than \$35. Larger overpayments must be collected unless the State determines, after attempting to collect the overpayment, that the cost to collect would exceed the amount owed. Previously, States were required to attempt to recover all benefit overpayments.

14. *Protective payments.*—Under prior law, States were required to make protective payments to a third party when a parent on AFDC failed to meet certain statutory procedural requirements. The act permits States to make the payment to the parent if, after all reasonable efforts have been made, a suitable protective payee cannot be found.

15. *Eligibility requirements for aliens.*—Under prior law the income of an individual who sponsors a nonrefugee alien was deemed to be available to the alien for 3 years after entry into the United States. The act establishes a similar policy for aliens who are sponsored by organizations or agencies.

16. *Fugitive felons.*—The act permits States to disclose the current address of an AFDC recipient if a law enforcement agency provides the correct Social Security number and demonstrates that the recipient is a fugitive felon.

17. *Payment schedule for back claims.*—The act establishes a payment schedule for court-ordered reimbursements and certain other back claims owed by the Federal Government to the States that have been allowed or are pending.

18. *Work Supplementation Program.*—The act modifies the existing Work Supplementation Program to provide additional flexibility to States in operating grant diversion programs in which all or part of the AFDC grant can be used to subsidize a job.

19. *Disregard of in-kind income.*—The act extends, until October 1, 1987, the disregard of certain in-kind assistance provided on the basis of need.

20. *Standard filing unit/child support payments.*—There was no requirement in prior law that parents and all siblings be included in the AFDC unit. The act requires States to include in the filing unit the parents and all minor siblings (but not any SSI recipient) living with a dependent child who applies for or receives AFDC. In addition, a monthly disregard of \$50 of child support received by a family is established.

21. *CWEP work for Federal agencies.*—The act permits Federal agencies or offices to serve as Community Work Experience Program (CWEP) sites under the same requirements as apply to other sites.

22. *Earned income of full-time students.*—For purposes of applying the gross income limitation, the act allows States to disregard the income of an AFDC child who is a full-time student.

23. *Income and eligibility verification procedures.*—Public Law 98-369 provides for the IRS to disclose return information with respect to unearned income to Federal, State, or local agencies administering AFDC, SSI, Medicaid, food stamps, and the cash assistance programs administered in Puerto Rico, Guam, and the Virgin Islands.

Disclosure can be made only to agencies that meet the requirements to safeguard this confidential information against disclosure, and verification of the unearned income information is required prior to taking action to reduce or terminate benefits.

Under previous law, IRS wage information furnished by employers to IRS was available to State welfare agencies for use in their AFDC and Food Stamp Programs, and to the Social Security Administration for administering the SSI Program. However, IRS unearned income information (filed by a financial institution or corporation with respect to payments to individuals in the form of interest, dividends, etc.) was not available to Federal and State agencies for use in the administration of these programs. Quarterly wage information from the Unemployment Compensation Program was available to State welfare agencies in most States.

The new law also amends provisions about use (for AFDC purposes) of return and other wage information and use of Social Security numbers, by adding a new section to the Social Security Act requiring States to have in effect an income and eligibility verification system for use in administering the AFDC, Medicaid, Unemployment Compensation, and Food Stamp Programs (and the adult assistance programs in the territories). State agencies must request and make use of: (1) wage and other income information available under the Internal Revenue Code; and (2) quarterly wage information. Each State is required as of September 30, 1988, to maintain a quarterly wage reporting system, although not necessarily through its unemployment compensation system.

The income and eligibility system requires use of standardized data formats to facilitate exchange of information, for the purpose of identifying and reducing ineligibility and incorrect payments.

The Omnibus Budget Reconciliation Act (OBRA) of 1987

The Omnibus Budget Reconciliation Act of 1987 (Public Law 100-203), signed into law on December 21, 1987, made four AFDC amendments, summarized below:

1. *Fraud control under AFDC Program.*—Effective April 1, 1988, authorizes 75 percent Federal funding for the costs of a State's fraud control program.

2. *Assistance to homeless families.*—Prohibits the Secretary of Health and Human Services, before October 1, 1988, from taking any action that would have the effect of implementing the proposed regulations published in the *Federal Register* on December 14, 1987. These regulations would have restricted the use of AFDC emergency assistance funds for homeless families and would have limited States' authority to make payments for special needs of AFDC recipients. The moratorium on promulgation of regulations is intended to give Congress an opportunity to determine whether and how the current AFDC statute should be amended to respond to the problems of homeless families.

3. *Washington State Demonstration Program.*—Allows the State of Washington to conduct a demonstration of its proposed Family Independence Program.

4. *New York State Demonstration Program.*—Allows the State of New York to test a child support supplement demonstration program as an alternative to the present AFDC Program.

The Family Support Act of 1988

Summary of provisions.—The Family Support Act of 1988 (Public Law 100–485), signed into law on October 13, 1988, makes extensive changes to AFDC. The major elements of the JOBS, Child Care Transition, and Medicaid Transition Programs are summarized in table 8–53. CBO estimated at time of enactment that the new law would increase Federal costs by \$3.3 billion and State/local costs by \$0.7 billion over 5 years, 1989 through 1993 (for detailed cost estimates, see 1994 Green Book, pp. 433–435).

The Omnibus Budget Reconciliation Act (OBRA) of 1990

The Omnibus Budget Reconciliation Act of 1990 (Public Law 101–508), signed into law on November 5, 1990, made these AFDC changes:

State option to require monthly reporting and retrospective budgeting.—OBRA 1990 gives States the option of specifying from which categories of families, if any, monthly reports will be required. States also may choose to apply retrospective budgeting procedures to any category from whom it requires monthly reports.

TABLE 8–53.—IMPORTANT ELEMENTS OF JOBS AND THE TRANSITIONAL CHILD CARE AND MEDICAID PROGRAMS

Important elements of JOBS:	
Funding provisions	Federal match rates: 90 percent for \$126 million (equal to 1987 WIN funding); AFDC benefit match rate with a floor of 60 percent for most expenditures (the highest State benefit match in 1993 will be 79 percent); AFDC benefit match rate for child care; 50 percent for most administrative costs and other services. Entitlement caps (excluding child care).
	[fiscal year, in millions of dollars]
	1989 600
	1990 800
	1991 1,000
	1992 1,000
	1993 1,000
	1994 1,100
	1995 1,300
	1996 and after 1,000
Work-related activities	States must include these activities: education, job skills training, job readiness, job development and job placement. States must include two of the following activities: group and individual job search, on-the-job training, work supplementation, community work experience or other approved work experience.
Priority groups	States must spend 55 percent of their funds on: (1) Recipients or applicants who have received AFDC for any 36 of the preceding 60 months. (2) Parents under age 24 who have not completed high school or had little or no work experience in the preceding year.

(3) Members of families whose youngest child is within 2 years of being ineligible for AFDC. States must give priority to volunteers within these three groups.

Participation requirements:

[fiscal year, in percent]

General:	
1990 ¹	7
1991	7
1992	11
1993	11
1994	15
1995	20
AFDC-UP:	
1994	40
1995	50
1996	60
1997	75
1998	75

Important elements of the Transitional Child Care Program:

Funding provisions	Uncapped entitlement at AFDC benefit match rate (50 to 79 percent).
Eligibility	Families who leave AFDC because of increased earnings, hours of work, or loss of the earnings disregards. Families must have received AFDC in at least 3 of the preceding 6 months. No income limits.
Benefits	Direct child care services, vouchers, cash, reimbursements, or other arrangements adopted by State agency. Care must meet State and local standards. Last for 12 months.
Maximum payments	Reimbursements are limited to actual costs, up to local market rates. States may set payment maximums below market rates. These caps may not be less than the AFDC child care disregards of \$175 a month for children 2 years and older and \$200 a month for children under age 2 unless local market rates are lower than these levels.
Family copayments	Vary with family's ability to pay as determined by States in sliding scale formulas.
Effective dates	Program begins April 1, 1990. Program ends September 30, 1998.

Important elements of the Transitional Medicaid Program:

Funding provisions	Uncapped entitlement at Medicaid match rate (50 to 79 percent).
Eligibility	Families who leave AFDC because of increased earnings, hours of work, or loss of the earnings disregards. Families must have received AFDC in at least 3 of the preceding 6 months. Families whose average gross monthly earnings (less necessary child care expenses) are below 185 percent of the poverty thresholds.
Benefits	Last for 12 months. Second 6 months are contingent on payment of a premium, which is at State option.

Premiums	States allowed to charge a premium after 6 months to families whose average gross monthly earnings (less necessary child care expenses) are above the poverty thresholds. Premiums limited to no more than 3 percent of a family's average gross monthly earnings.
Effective dates	Program begins April 1, 1990. Program ends September 30, 1998.

¹ There is no penalty for failing to meet the 1990 requirements.

Source: Congressional Budget Office.

“At-Risk” Child Care Program.—OBRA 1990 establishes a matching grant program (\$300 million annually) for subsidized child care for low-income persons who need child care in order to work and who would be at risk of becoming eligible for AFDC without it.

Treatment of foster care maintenance payments and adoption assistance.—OBRA 1990 requires that State and/or local foster care maintenance payments not be counted in determining the family's income or resources. Similarly, State and/or local adoption assistance payments are not to be counted, unless the family would benefit from their inclusion.

Eliminating the term “legal guardian.”—OBRA 1990 deletes all references in AFDC law to legal guardians.

Reporting of child abuse and neglect.—OBRA 1990 mandates State agencies to report to an appropriate agency known or suspected instances of child abuse and neglect of children receiving AFDC, foster care, or adoption assistance.

Permissible uses of AFDC information.—OBRA 1990 allows title IV–E Foster Care and Adoption Assistance Programs to access information about AFDC applicants and recipients.

Moratorium on final regulations for emergency assistance.—OBRA 1990 extends the prohibition of issuance of final regulations, and the prohibition on modifying current policy to October 1, 1991.

Allow good cause exception to required cooperation for child care transition benefits.—OBRA 1990 corrects an oversight of previous law by adopting a good cause exception to the requirement that a parent cooperate in establishing and enforcing his/her “child support obligations” as a condition of eligibility for transitional child care benefits.

Technical correction to the JOBS Program regarding failure to participate.—OBRA 1990 repeals penalty language that denied AFDC to children of a principal earner who fails to participate in the JOBS Program without good cause. Thus, the children of such parents continue to receive benefits.

Technical correction regarding AFDC–UP eligibility requirements.—OBRA 1990 amended previous law to allow participation in WIN and CWEP before October 1, 1990 to count toward the quarter of work requirement for AFDC–UP eligibility.

Technical correction to community development demonstration.—OBRA 1990 amends previous law to specify that DHHS can enter into agreements with up to 10 nonprofit organizations each year.

GAO study of JOBS funding for Indian tribes.—OBRA 1990 directs GAO to conduct a study of the implementation of the JOBS Program with respect to Indian Tribes and Alaska Native organizations.

The Omnibus Budget Reconciliation Act (OBRA) of 1993

The Omnibus Budget Reconciliation Act of 1993 (Public Law 103-66), signed into law on August 10, 1993, made these AFDC changes:

Limit all AFDC administrative cost matching rates to 50 percent.—OBRA 1993 reduces the 90-percent matching rate for automated systems to 50 percent, reduces the 75-percent matching rate for fraud control programs to 50 percent, and reduces the 100-percent matching rate for immigration verification systems to 50 percent.

Increase in disregard of stepparents income.—OBRA 1993 increases the earnings disregard for stepparents to \$90 monthly, from \$75 monthly. This amount of earnings is not to be counted in determining the eligibility or benefit amounts of AFDC applicants and recipients.

The Social Security amendments of 1994

The Social Security amendments of 1994 (Public Law 103-432), signed into law on October 31, 1994, included these provisions affecting AFDC:

Retrospective budgeting.—Permits States to decide whether to apply monthly reporting requirements, retrospective accounting rules, or a combination of the two to a category of families. Previous law allowed retrospective budgeting only for families required to provide monthly reports.

Delay in AFDC-UP mandate for outlying jurisdictions.—Delays the requirement for implementation of AFDC-UP in Puerto Rico, Guam, the Virgin Islands (and American Samoa, should it choose to offer AFDC) until Congress has repealed the funding limits on Federal matching payments to these areas for AFDC benefit payments. Makes this amendment effective as if it had been included in the original provision of the Family Support Act that set a deadline of October 1, 1992 for AFDC-UP in these areas.

Verification of status of citizens and aliens.—Allows one adult member of an AFDC family to sign, under penalty of perjury, a declaration as to the citizenship or satisfactory immigration status of all family members. Previously, each adult member had to sign on his own behalf and the adult caretaker had to sign for a child.

Welfare indicators and predictors.—Requires the Secretary of HHS, in consultation with the Secretary of Agriculture, to develop predictors of welfare receipt and indicators of the rate at which families depend on income from welfare programs (and, to the extent possible, their degree of dependence), and the duration of welfare receipt. Requires interim report by October 1, 1996, to include assessment of needed data. Establishes an advisory board on welfare indicators (12 members, to be chosen equally by the House of Representatives, the Senate, and the President). Requires the Secretary to submit annual reports on welfare receipt (first report due on October 31, 1997) covering AFDC, food stamps, SSI, and programs of State/locally funded general assistance. Reports are to include trends in indicators, causes and predictors of welfare receipt, patterns of multiple program receipt, and recommendations for legislation (other than cuts in eligibility levels or barriers to program

access) that the Secretary finds necessary or desirable to reduce the rate of welfare receipt and its duration.

New Hope Demonstration Project.—Requires the HHS Secretary to provide for a demonstration project to be operated by The New Hope Project, Inc., offering low-income residents of Milwaukee, Wisconsin employment, wage supplements, child care, health care, and counseling and training for job retention or advancement. For up to 5 years, Secretary is to pay the operator an amount equal to aggregate Federal funds that otherwise would have been payable to the State on behalf of New Hope participants for AFDC benefits, administration, and child care and for Medicaid. Requires an evaluation design.

REFERENCES

- Adams, G., & Williams, R.C. (1990). *Sources of support for adolescent mothers*. Washington, DC: Congressional Budget Office.
- Bachu, A., & O'Connell, M. (1995). *Mothers who receive AFDC payments: Fertility and socioeconomic characteristics*. Washington, DC: U.S. Department of Commerce, Bureau of the Census.
- Bane, M.J., & Ellwood, D.T. (1983). *The dynamics of dependence: The routes to self-sufficiency* (Department of Health and Human Services Contract No. HHS-100-82-0038). Cambridge: Urban Systems Research and Engineering.
- Burke, V. (1995). *Cash and noncash benefits for persons with limited income: Eligibility rules, recipient and expenditure data, fiscal years 1992-94* (96-159 EPW). Washington, DC: Congressional Research Service.
- Cao, J. (1996, March). *Welfare reciprocity and welfare recidivism: An analysis of the NLSY data* (Discussion Paper No. 1081-96). Madison: University of Wisconsin, Institute for Research on Poverty.
- Duncan, G.J., Hill, M.S., & Hoffman, S.D. (1988). Welfare dependence within and across generations. *Science*, Vol. 239.
- Edin, K.J. (1995). The myths of dependence and self-sufficiency: Women, welfare, and low-wage work. *Focus*, 17(2), pp. 1-9. Madison: University of Wisconsin, Institute for Research on Poverty.
- Ellwood, D.T. (1986). *Targeting would-be long-term recipients of AFDC* (Department of Health and Human Services Contract No. 100-84-0059). Princeton, New Jersey: Mathematica Policy Research.
- Freedman, S., & Friedlander, D. (1995). *The JOBS evaluation: Early findings on program impacts in three sites. Executive summary*. New York: Manpower Demonstration Research Corporation.
- Gabe, T. (1992). *Demographic trends affecting aid to families with dependent children (AFDC) caseload growth* (93-7 EPW). Washington, DC: Congressional Research Service.
- Gabe, T., & Falk, G. (1995). *Welfare: Work (dis)incentives in the welfare system* (95-105 EPW). Washington, DC: Congressional Research Service.
- Gottschalk, P. (1992). The intergenerational transmission of welfare participation: Facts and possible causes. *Journal of Policy Analysis and Management*, 11(2), pp. 254-72.

- Hagen, J.L., & Lurie, I. (1994). *Implementing JOBS: Progress and promise*. Albany, New York: Nelson A. Rockefeller Institute of Government.
- Hill, M.S., & Ponza, M. (1984, Fall). *Does welfare dependency beget dependency?* Ann Arbor, MI: University of Michigan, Institute for Social Research.
- Levine, L. (1994). *Jobs for welfare recipients* (94-457 E). Washington, DC: Congressional Research Service.
- Moffitt, R. (1990, March). *Incentive effects of the U.S. welfare system: A review* (Special Report Series No. 48). Madison: University of Wisconsin, Institute for Research on Poverty.
- Neisner, J. (1995). *State welfare initiatives* (94-183 EPW). Washington, DC: Congressional Research Service.
- Pavetti, L. (1993). *The dynamics of welfare and work: Exploring the process by which women work their way off welfare*. Unpublished doctoral dissertation, Harvard University.
- Pavetti, L. (1995, September 11). *Questions and answers on welfare dynamics*. Paper presented at a research meeting on welfare dynamics, Urban Institute, Washington, DC.
- Peskin, J., Tapogna, J., & Marcotte, D. (1993, July). *Forecasting AFDC caseloads with an emphasis on economic factors* [CBO Staff Memorandum]. Washington, DC: Congressional Budget Office.
- Solomon-Fears, C.D. (1995). *Emergency assistance for children and their families under the Social Security Act* (95-1052 EPW). Washington, DC: Congressional Research Service.
- Spalter-Roth, R., Burr, B., Hartmann, H., & Shaw, L. (1995). *Welfare that works: The working lives of AFDC recipients*. Washington, DC: Institute for Women's Policy Research.
- U.S. Department of Health and Human Services. (1994). *Report to Congress: Recommendations on performance standards for the JOBS program*. Washington, DC: Author.
- U.S. Department of Health and Human Services. (1995). *Characteristics of State plans for the job opportunities and basic skills [JOBS] training program: 1995-96 edition*. Washington, DC: Author.
- U.S. General Accounting Office. (1993). *Welfare to work: JOBS participation rate data unreliable in assessing states' performance* (GAO/HRD No. 93-73). Washington, DC: Author.
- U.S. General Accounting Office. (1995). *Welfare to work: Most AFDC training programs not emphasizing job placements* (GAO/HEHS, 95-113). Washington, DC: Author.
- Wasem, R.E. (1995). *Adolescent childbearing: Fact sheet on trends and consequences* (94-983 EPW). Washington, DC: Congressional Research Service.
- Zill, N. (1996). *Tabulation of unpublished data from the Survey of Income and Program Participation*. Rockville, MD: Westat, Inc.