

**THE ROLE OF WELFARE IN NEW
PARENTS' LIVES**

**Center for Research on Child Wellbeing
Working Paper #02-11-FF**

June 2002

**Nancy E. Reichman
Julien Teitler
Irwin Garfinkel
Sara McLanahan**

The Role of Welfare in New Parents' Lives

Nancy E. Reichman
Princeton University

Julien O. Teitler
Columbia University

Irwin Garfinkel
Columbia University

Sara McLanahan
Princeton University

Presented at the Annual Meeting
of the Association for Public Policy Analysis and Management
November 1-3, 2001
Washington DC

This research was supported by the Department of Health and Human Services' Administration for Children and Families and Office of the Assistant Secretary for Planning and Evaluation (90PA00007/01), the National Institute of Child Health and Human Development (P30HD32030), the Office of Population Research at Princeton University, and the Ford Foundation (970-1779-1). We are grateful for the valuable assistance of Lenna Nepomnyaschy and Joseph Marchand.

Welfare caseloads have declined substantially since the landmark PRWORA legislation of 1996, which was designed to shift the burden of supporting needy families from government to families themselves. These caseload declines have been well documented, and characteristics of recipients following the implementation of PRWORA can be gleaned from administrative and agency records. Less readily available is documentation of recent rates of welfare dependency for specific population subgroups. Mothers giving birth in the aftermath of the 1996 legislation are of particular interest since they are more likely than other potential recipients to meet work requirements and hit time limits before their children are in school.

Just how pervasive is welfare reliance among parents with new babies several years out from the 1996 legislation? How does reliance vary within the population of new mothers? Among new mothers who receive welfare, what fraction of their income is obtained from public assistance and what proportion comes from other sources? To what extent does welfare participation of new mothers vary across cities with different welfare rules and labor markets? Answers to these questions are highly relevant to current debates surrounding the imminent TANF reauthorization.

Administrative data cannot answer all of these fundamental questions. Only national surveys of new parents can provide the necessary information. We use the nationally representative sample of new parents in the Fragile Families and Child Wellbeing Study to paint a detailed picture of new parents' dependence on public assistance. We present national estimates of levels and extent of reliance on several types of public assistance 2-4 years into PRWORA—for all new parents and for important high-risk subgroups within this important population. Our estimates indicate the extent to which

self-sufficiency is being realized by different groups of parents at the beginning of their new babies' lives. We also examine relative reliance of new parents on welfare across cities with different policy regimes and local labor markets.

Background

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 sought to redefine the role of government in providing economic support for needy families. First, PRWORA devolved authority over eligibility and program rules from the federal government to the states. Second, PRWORA shifted financial responsibility from government to families by emphasizing labor force attachment, establishing term limits on the receipt of federal assistance, and expanding work requirements for those receiving or seeking assistance. Third, the legislation sought to influence family structure by discouraging non-marital births and ensuring that non-custodial parents (typically fathers) play a more active role in the financial support of their children. Each of these changes has potential implications for the wellbeing of low-income families, both by changing the experiences of those receiving assistance and by influencing decisions regarding labor market participation, family structure, and welfare participation.

One of the most controversial elements in the passage of PRWORA was the decision to end the entitlement to federal assistance for needy families with children under the former Aid for Families with Dependent Children (AFDC) program. The legislation replaced AFDC with Temporary Assistance for Needy Families (TANF) block grants for states, vesting states with considerable latitude in establishing eligibility and program rules governing the administration of cash assistance. By block-granting TANF assistance,

PRWORA has in effect created 51 distinct cash assistance programs. Eligibility rules and program requirements vary considerably across states, and often across localities within states. Consequently, needy families with similar demographic characteristics and economic resources may have very different experiences in using government assistance depending upon their places of residence. We would expect patterns in labor market participation, welfare participation, and, consequently, family wellbeing to vary across states and localities with different program rules.

Second, PRWORA emphasizes employment rather than education and training. Under the former JOBS program, states were to emphasize education and job training services, and required participation of only a small share of the adult AFDC population. Welfare reform legislation under PRWORA transformed services and requirements to emphasize employment. States must now meet substantial participation or caseload reduction requirements: By the end of FY 2001, 45 percent of single-parent families must be participating in work activities, with a pro rata reduction for caseload decline below 1995 levels. Moreover, states must emphasize employment and work, and are limited in the extent to which they may count those enrolled in education towards achieving this goal. States may also implement *Work First* programs designed to assist welfare applicants in securing paid employment rather than turning to public assistance. Finally, some states have chosen to implement stricter financial penalties for noncompliance with program requirements, while federal regulations have limited eligibility for benefits at a maximum of five years for most recipients. Both restrictions provide motivation for families to secure private sector employment, as well as limit the practical possibility of long-term reliance on public assistance. As a result of this policy shift, many families who formerly would have

relied either partly or fully upon public assistance may find themselves increasingly vulnerable to labor market volatility.

Third, the welfare reform legislation was intended to influence family structure. Under PRWORA, states have the option of denying cash assistance to unwed teen parents not residing with a responsible adult. States may also impose penalties to families who have additional children while on welfare (such “family caps” hold constant the benefit level at the prior family size). Finally, the legislation expanded the role of states and the federal government in collecting child support payments from non-custodial parents. PRWORA established two national databases, a child support registry and a database recording all newly hired employees, to facilitate locating non-custodial parents. States were also given greater authority in enforcing child support awards.

PRWORA and Food Stamps, Housing, and Medicaid

When PRWORA replaced AFDC, the largest cash assistance entitlement program, with TANF, a non-entitlement program, the Federal Food Stamp Program became the only remaining entitlement program available to almost all low-income households. The PRWORA legislation cut more funds from the Food Stamp Program than any other public assistance program by reducing benefits per person and curtailing eligibility. However, subsequent legislation in 1997 allowed states to use federal TANF funds to provide food stamps to those who became ineligible for the Food Stamp Program solely because of PRWORA (US DHHS 1997).

Housing assistance and Medicaid have been less directly affected by PRWORA. In the spirit of PRWORA, the 1998 Quality Housing and Work Responsibility Act devolved

more authority to local housing agencies in administering programs and obligates most recipients to a minimum level of community service (Crewe 2001). PRWORA de-linked eligibility for Medicaid from that for cash assistance, so that all families who meet the AFDC eligibility requirements in effect on July 16, 1996, continue to be eligible for Medicaid even if they do not meet their state's new cash assistance requirements (Schlosberg & Ferber 1998). Of course, Medicaid has not been tied to AFDC (and has expanded income eligibility) for pregnant women since the late 1980s.

Expected effects of PRWORA on new mothers and their children

While the PRWORA legislation was intended to strengthen fragile families by increasing their self-sufficiency, there is concern that it could have detrimental effects in some cases. For example, requiring mothers with young children to work may have negative unintended effects on both mother and child. Past research has found that employment confers many advantages over welfare, including higher income, availability of credit, psychological benefits, and more favorable future employment opportunities. However, recent studies have found that this relation does not always hold for poor unmarried mothers who often must take low wage repetitive jobs and are at disproportionately high risk for mental health, substance abuse, and health problems (Danziger et al. 2001; O'Campo & Rojas-Smith 1998; McLanahan & Sandefur 1994).

Requiring poor, uneducated, single mothers to enter the workforce may increase maternal stress, depression, guilt, and anxiety, and result in more irritable, less organized, less consistent, less warm, or more demanding parenting (Wilson et al. 1995). Such parenting has been associated with adverse cognitive and behavioral child outcomes (Aber

et al. 1995). On the other hand, for some poor mothers, employment outside the home can have positive effects that may translate into improved parenting (Gyamfi et al. 2001). Greater self-sufficiency may raise a mother's self-esteem or provide more structure, causing her to engage in positive parenting behaviors.

Confounding the situation is that working mothers often depend on child care and that service that can take place in formal or informal settings. Such arrangements may lower maternal stress and enhance child wellbeing when care is convenient and of high quality, but have the opposite effects when arrangements are sub par and unreliable. Ultimately, the outcome for individual families will depend on complex interactions of factors, such as the policies and requirements themselves; individuals' resources and capabilities including their living arrangements and cohabitation status, educational level, and support networks; and contextual factors such as local labor markets and available programs providing alternative sources of support. That is, some families will benefit while others will not (Duncan & Brooks-Gunn 1998, 2000).

Immigrants are likely to bear the most immediate and severe consequences of the 1996 legislation. In the initial legislation, all immigrants (even those who are here legally) arriving in the US after August 22, 1996 were barred from receiving benefits from federally funded programs for at least 5 years and faced severe eligibility restrictions afterward. Although certain provisions were later reversed, particularly those affecting eligibility for Food Stamps and SSI, the five-year provision for TANF remains effective. However, several states, such as California and Wisconsin, are using their own funds to provide TANF to immigrants during the 5-year period. Although immigrant groups face a number of challenges that differ from those experienced by native-born populations, the

experiences of immigrants affected by these restrictions may foreshadow those of others who will exhaust their term limits or see their benefits curtailed due to non-compliance with requirements or for other reasons.

State variations in welfare policies

There is great variation across states in term limits, work requirements, and welfare payments.

Term limits: Fourteen states have “fixed-period” limits; that is, persons can only receive TANF cash assistance for a limited number of consecutive months before their assistance is temporarily terminated. Of these 14 states, Tennessee has the shortest definitive fixed-period limit. In that state, TANF cash assistance is terminated after 18 consecutive months, but recipients have a chance to reinstate their assistance after three months as long as they have not reached their lifetime limit of 60 months of assistance. The longest fixed-period limit (of the 14 states that have such limits) is in South Carolina, where recipients can receive TANF cash assistance for at most 24 months within any 120-month time period. Texas has a variable time limit of 12, 24, or 36 months (each followed by 60 months of ineligibility), depending upon the work experience and education of the parent/guardian (USDHHS 2000a; SPDP 2000).

Most states (44 of them) have a “lifetime” limit; that is, persons can receive TANF cash assistance for a certain number of months in their lifetime before assistance is permanently terminated. Although PRWORA mandates a maximum lifetime limit of 60 months for federally-funded cash assistance, some states have chosen to terminate benefits

after fewer months or to extend assistance beyond 60 months solely out of state funds. Of all states, Connecticut has the shortest lifetime limit, at 21 months. Arkansas, Idaho and Indiana each have lifetime limits of 24 months. Some of the states with no lifetime limits have fixed-term limits. For example, Massachusetts has no lifetime limit, but welfare recipients there have a fixed-period limit of 24 months within any 60-month span, and Oregon also has no lifetime limit, but welfare recipients there can receive TANF cash assistance for at most 24 months within any 84-month time period. Michigan has no fixed-term and no lifetime limits. Only six states with lifetime limits have laws that allow benefits to continue to the children after the lifetime period has been reached by the caretaker: California, Indiana, Maine, Maryland, New York, and Rhode Island. The first state to have families reach their lifetime limit was Connecticut, in November 1997, and by January 2000 families in sixteen other states reached their lifetime limits. Four more states already have had or will have families reach their lifetime limits in year 2000: Arkansas, Nevada, Ohio and Utah (USDHHS 2000a; SPDP 2000).

Work requirements: Most states (35 of them) immediately require recipients to work, actively seek work, or enroll in a state-approved education program. The remaining states allow a range of time (from 60 days to 30 months) before work requirements come into effect (USDHHS 2000b).

Welfare Payments: The average monthly AFDC payment per case in the United States was \$371.58 in 1996. Mississippi paid an average of \$117.86 per case while Alaska paid \$730.67, and all other states fell somewhere in between (USDHHS, 2000c). In 1997 (under

TANF), average benefit levels in the continental US ranged from \$120 in Mississippi to \$639 in Vermont (US Congress 1998). Part of the differential across states may reflect state differences in the cost of living, with the remainder reflecting state variation in welfare generosity.

Recent trends in caseload

After a brief surge in the early 1990s, the welfare caseload has fallen dramatically in the last half-decade. Welfare caseloads reached a peak in 1994, when the average monthly number of families receiving AFDC was approximately 5 million, and thereafter decreased steadily to approximately 2.6 million families in 1999 (US Department of Health and Human Services 2001). Similar but less dramatic caseload reductions also have taken place within the Medicaid and Food Stamp programs. The welfare reciprocity rate in the United States (defined as the average monthly number of AFDC or TANF recipients as a percentage of the total resident population as of July 1 of a given year) declined by over 50%, to 2.1%, during the period from 1994 to 1999. The corresponding rate for the poor population declined from 36.7% in 1994 to 20.9% in 1999 (US DHHS 2001). While it is tempting to attribute this rapid decline to welfare reform, the start of the caseload decline preceded welfare reform by over a year so it is difficult to ascertain the effect of particular policies.

Researchers generally have used state-level panel data on economic conditions, policy variables, and state-level demographic variables to identify sources of variation in welfare caseloads (See, e.g., Council of Economic Advisors 1997; Council of Economic Advisors 1999; Blank 1997; Bartik & Eberts 1999; Ziliak et al. 1997). Blank (1997), for

example, found that welfare caseloads are sensitive to macroeconomic conditions and that lead indicators of welfare waivers were more significant predictors of caseload than current-period indicators. Similarly, the Council of Economic Advisors (1999), using state-level panel data through December 1998, found that lead policy variables contribute more to overall variation in welfare caseloads than do current period policy variables. The Council of Economic Advisors (1999) attributes over one-third of the observed caseload declines from 1996 through 1998 to welfare reform and between 8 and 10 percent to economic improvements.

A shortcoming of these studies is that they are based on state-level data, rather than microdata, and thus do not consider the differential effect of welfare policies on different subpopulations. Moreover, national panel data sets such as the PSID and the NLSY are not yet available for years following PRWORA's passage. One study by Moffitt (1999) overcomes this obstacle somewhat by considering the effects of pre-1996 welfare waivers on women in various age/education groups in the CPS. He found that the effects of waiver policies varied according to educational levels. Less educated women tended to develop greater attachment to the labor market, but with no significant increases in earnings or wages. In contrast, women with higher levels of education tended to earn more after welfare waivers were implemented. These findings underscore the importance of assessing the impact of welfare reform on various subpopulations.

Individual-level determinants of welfare participation

A number of studies have identified individual-level determinants of welfare participation and duration of participation. Single women, those with low levels of

education, those with more children to care for, and those who are members of minority groups all are more likely to use welfare (Pavetti 1997a, 1997b; Pavetti & Acs 1997). Those who first receive welfare when they are young, have never married, have low levels of education and have no recent work experience are all over-represented among recipients with longer stays on welfare (Pavetti 1996).

Such studies of the individual-level determinants of welfare participation traditionally have relied on panel data and therefore are restricted to periods prior to the passage of PRWORA. Moreover, they generally have focused on rates of overall participation vs. non-participation, rather than rates of participation among populations at high risk for welfare dependence. Several studies have described the characteristics of welfare leavers and are synthesized in recent review articles by Brauner and Loprest (1999) and Cancian et al. (1999). Although the individual studies looked at employment rates at different points of time, after varying lengths of time off of welfare, and measured in different ways, collectively they reveal that welfare leavers are generally employed but have earnings below the poverty level and, in fact, have lower incomes than their combined earnings and benefits before exit. In addition, many continue to rely on Medicaid, Food Stamps, and other government assistance (Brauner and Loprest 1999).

Data

We use baseline data from the national Fragile Families and Child Wellbeing study (FF), which follows a cohort of new parents and their children in 20 US cities. The study was designed to take a longitudinal look at the conditions and capabilities of new (mostly unwed) parents, the nature of their relationships, the factors that push them together and

those that pull them apart, and the long-term consequences for parents, children, and society of new welfare regulations, stronger paternity establishment, and stricter child support enforcement. Both the mothers and fathers were interviewed in the hospital shortly after their children were born (fathers were interviewed by telephone or in-person outside of the hospital when the interview was not completed in the hospital), and follow-up interviews with both parents take place when the child is 12, 30, and 48 months old. Baseline interviews (at the time of the child's birth) were conducted with 4898 mothers and 3830 fathers during 1998 to 2000; approximately $\frac{3}{4}$ of these parents were unwed.

The cities in the sample were selected using a stratified random sample designed to maximize variance in welfare generosity, strictness in child support enforcement, and strength of local labor markets.¹ The baseline data that we use for this paper are nationally representative of all births in US cities with populations over 200,000. They also are representative of births in each of the 20 cities.

The data contain information on receipt of welfare, food stamps, Medicaid, and housing assistance. In the baseline interview at the hospital, the mothers were asked whether they had income from the following sources in the past 12 months, and if they did, to provide the total dollar amount they received during that period from each source: earnings; public assistance, welfare, or food stamps; unemployment insurance, worker's compensation, disability or social security benefits; and family or friends. Since public assistance, welfare, and food stamps were combined into one category, we are not able to assess reliance on welfare and food stamps, separately. Parents also were asked to provide a dollar figure for the total combined income of everyone who lives with them (including

¹ For a detailed description of the sampling strategy and research design for the Fragile Families and Child Wellbeing Study, see Reichman et al. (2001).

themselves), from all sources. They were asked how they were paying for the baby's birth (Medicaid, private insurance, other), whether they lived in a public housing project, and whether the federal, state, or local government was helping to pay for their rent.

The data allow us to assess reliance on different types of public assistance for important subgroups of new parents. They include standard sociodemographic measures (race/ethnicity, nativity, parity, education, and maternal age) as well as detailed measures of the parents' relationship status. We know whether the mother was married to the baby's father, and if she was not, whether she and the baby's father were cohabiting, had a romantic non-cohabiting relationship, were just friends, or had little or no contact.

For our analysis of city variation in welfare dependency, we consider state welfare generosity and local economic conditions. We use a measure of the state TANF benefit for a family of 3 in 1999 as a percentage of the county fair market rent.² The following Fragile Families cities had relatively high benefit levels: Boston, Detroit, Milwaukee, New York City, Oakland, Pittsburgh, San Jose, and Toledo. Those that had moderate welfare benefit levels are Baltimore, Chicago, Jacksonville, Newark, Norfolk, and Philadelphia. Those in the sample with relatively low welfare benefits are Austin, Corpus Christi, Indianapolis, Nashville, Richmond, and San Antonio. To characterize local labor markets, we use 1999 unemployment rates in the Fragile Families cities, which even in the context of a strong US economy ranged from a low of 2.3% in both Austin and Indianapolis to a high of 6.5% in Corpus Christi.³

² These figures were provided to the authors by Kristin Harknett at Princeton University, who compiled them from the National Low-Income Housing Coalition web site.

Results

Welfare is but one form of public assistance upon which new parents rely. In Table 1, we present national estimates of new mothers' reliance on three categories of public assistance: TANF/food stamps,⁴ Medicaid, and housing assistance. The overall rates of reliance for this population are high and there are notable differences by type of assistance. Not surprisingly, the most common form of assistance is Medicaid (44%) since this program has relatively generous eligibility criteria for pregnant women. About half as many new mothers rely on TANF or food stamps (24%) and 13% receive housing subsidies in the form of public housing or vouchers.

We also find substantial variation across subgroups of new parents for all three types of assistance. Consistent with figures predating PRWORA, we find that the groups most likely to rely on TANF or food stamps are unmarried parents, blacks, those without a high school degree and teen mothers. More than 30% of mothers in each of these groups rely on TANF or food stamps. The least reliant mothers ($\leq 15\%$ reliance) are those who are married, those who are not black or Hispanic, those who are foreign born, and those having a first birth.

Patterns across subgroups for housing assistance are similar to those for TANF/food stamps, with levels ranging from 5% among whites to close to one third among unmarried mothers who do not live with the fathers. Medicaid, on the other hand, has a different pattern for immigrants and first births, but not for race, education, or age. Unlike for TANF/food stamps and housing, immigrants and mothers having first babies are as likely

³ Unemployment figures were obtained from Bureau of Labor Statistics, Local Area Unemployment Statistics (<http://stats.bls.gov>)

⁴ As indicated earlier, parents were asked about their reliance on "public assistance, welfare, or food stamps." Thus, we are unable to distinguish reliance on welfare versus food stamps.

to receive Medicaid as US born mothers and those with previous births. Despite looking as poor as US born mothers (based on Medicaid rates), immigrants are only one third as likely to receive TANF/food stamps. While this nativity gap may reflect eligibility restrictions imposed on immigrants as part of PRWORA, the parity gap in TANF/food stamps reflects the traditional focus of welfare on assisting parents with dependent children.

Family structure is an increasingly important focus of welfare policy. As explained in the background section, one of the objectives of the new legislation was to strengthen families by encouraging father involvement. The Fragile Families survey allows us to characterize dependence on public assistance in the post-96 era by marital status and, for unmarried parents, by relationship status. We find substantial variation across subgroups by marital status, reflecting large differences in income (close to three quarters of all unmarried births are covered by Medicaid). More interestingly, we find only modest difference in TANF/food stamp dependency by cohabitation status among mothers, suggesting that the new legislation is not affecting living arrangements of unmarried parents. The one arena in which couples appear to be disadvantaged is housing assistance. Despite having similar rates of poverty (based on Medicaid rates), cohabiting mothers are only half as likely as non-cohabiting unwed mothers to benefit from housing subsidies.

Not surprisingly, education and age are strongly associated with all forms of assistance. Mothers with less than a high school diploma are more than twice as likely as those with a high school diploma to receive each type of assistance. Three quarters of those with less than a high school education rely on Medicaid for their birth. Close to one third (30%) of teen mothers are on public assistance at the time their babies are born, and two

thirds have their births covered by Medicaid. Almost one quarter (23%) of teen mothers benefit from housing assistance either directly or through their parents.

We can also describe the role of public assistance in new parents' lives by their reliance on *any* form of public assistance and by their reliance on all three forms. We examine how new mothers combine different types of assistance in Table 2.

Overall, just over half of new mothers receive at least one type of public assistance, but very few (6%) rely on all three types. Subgroup patterns are consistent with those in Table 1. Approximately 80% of each of the following groups—all unmarried mothers, those with less than a high school degree, and teen mothers—rely on at least one form of public assistance, and 10% of each of these groups rely on all three types. About 70% of both blacks and Hispanics rely on at least one form of assistance, compared with less than half that proportion among whites. Not surprisingly, the same high-risk groups identified in Table 1 are also much more likely than others to rely on *any* or *all* forms of assistance. Over three quarters of unmarried parents, parents with less than a high school education, and teen parents rely on some sort of assistance.

What perhaps is more striking than the very high rates of reliance on public assistance among high-risk populations is the substantial reliance on public assistance among some of the other groups. Almost one third (30%) of married mothers rely on some form of assistance, as do one fourth of white mothers (27%) and 40% of mothers with a high school degree. It is clear that reliance on public assistance is not confined to populations known to be at high risk for poverty. Rather, public assistance plays a significant role for all subgroups.

In addition to looking at individual subgroups, we also consider more refined breakdowns. Cross-classifications by marital status, race, and education, shown in Table 3, allow us to identify specific subpopulations at very high risk of being dependent, and to look at the additive associations of the different attributes. The results indicate that each characteristic has a unique association with reliance on public assistance. Married mothers are less likely to rely on public assistance than unmarried mothers—even conditional on race and education. Similarly, race and education predict reliance on public assistance over and above the association of these factors with marital status.

By disaggregating marital status, race, and education, we identify a more heterogeneous set of risk profiles. The overall rate of reliance on any form of public assistance among married mothers is 30% (from Table 2), but the more detailed breakdown in Table 3 shows that the rates range from 13% for whites with more than a high school education to 79% for Hispanics with less than a high school education. The overall rate of reliance for mothers with less than a high school degree is 82%, but within this group, reliance ranges from 39% of married whites to over 90% of unmarried blacks and Hispanics. Similarly, we can identify specific groups that are most likely to rely on all three forms of assistance. Again, the range in dependence on all sources is wider with the more disaggregated groups. Approximately 20% of unmarried blacks and Hispanics without high school diplomas rely on welfare/food stamps, Medicaid, *and* housing assistance.

Another way to characterize reliance on welfare is by the percent of household income that comes from TANF/food stamps. In Table 4, we see that one quarter of all new mothers depend on TANF and/or food stamps as a source of support. However, very few mothers rely on TANF/Food Stamps for most of their support. Even among the populations

most reliant on public assistance (blacks, unmarried, and those with less than a high school education), fewer than 10% of mothers rely on TANF/food stamps for most of their household income. Among those who receive TANF/food stamps, three quarters receive most of their household income from earnings, private support, unemployment insurance, workers compensation, disability insurance, or social security benefits. In other words, welfare plays a very important role in supporting these new families, but by no means the only role. TANF and/or Food Stamps are part of the lives of a quarter of new mothers, but represent only one source of their support.

We have shown that public assistance is important for many new mothers and that some subgroups of new mothers are much more reliant than others. We now consider whether reliance on TANF/food stamps varies across cities. The Fragile Families mothers gave birth in 20 different cities with different local economic conditions and welfare policies. In fact, cities were stratified according to the strength of their labor market, the generosity of their welfare policies and the strictness of child support enforcement in order to maximize sample variation in each of these areas. Thus, if local labor markets or welfare policies affect the likelihood of reliance on public assistance, we should be able to pick up variation across cities in the percent of mothers relying on TANF/food stamps.

In Figure 1, we present a simple snapshot of the proportions relying on any TANF/food stamps in each of the 20 cities in the Fragile Families study.⁵ We can see that reliance varies greatly, from a low of 14% in Boston to three times that proportion (44%) in Oakland.⁶ Of course, city variation in reliance on welfare is not necessarily due to local economic circumstances or policies. Rather, it could reflect differences in

⁵ The national estimates presented earlier were based on the 16 cities in the national sample.

sociodemographic characteristics across cities. We therefore estimated a series of multilevel models to assess the potential contributions of individual, city, and state attributes. These results are presented in Table 5.

Model 1 in Table 5 estimates the between-city variation in reliance on TANF/food stamps with no adjustments—it is the equivalent of Figure 1.⁷ The last row indicates that between-city differences in reliance on public assistance are significant. Model 2 estimates between-city variation in reliance on assistance, conditional on marital status, race/ethnicity, nativity, parity, education, and age. While all of the individual attributes in this model are predictive of whether mothers rely on TANF/Food Stamps (in each case, in the expected direction), city differences in compositional characteristics explain very little of the between-city variation in reliance. The variation in reliance across cities decreases by less than 10% from Model 1 to Model 2, and it remains highly significant.

Model 3 adds the 1999 city unemployment rate, which does not reduce the between-city variation in TANF/Food Stamp reliance. Model 4 adds our measure (described earlier) of the generosity of state welfare policies. This, too, has little effect on between-city variation in dependence. We estimated models separately for all unmarried mothers, for each race/ethnic group, and for unmarried mothers by race/ethnicity (not shown). In all cases, neither sociodemographic composition nor labor market and welfare policy explained away city variation in levels of reliance. We also estimated models adding job growth as a measure of labor market strength, as well as others that included strictness of state child support policies (also not shown). Again, results were consistent with those shown in Table 5. In no case did compositional characteristics of cities, labor market

⁶ It is important to keep in mind that these rates of reliance are for “public assistance, welfare, or food stamps.” Thus, they should not be interpreted as rates of reliance on welfare alone.

strength, and/or policies account for the city variation in reliance on public TANF/food stamps.

To what, then, are these strong city differences in reliance on TANF/Food Stamps due? One possibility is that we failed to account for important compositional characteristics of the cities. Perhaps adding a more comprehensive set of controls for education, job skills, or other individual level factors would account for more of the city variation in reliance. While this is possible, it is unlikely since for this to be the case, the important omitted variables measuring individuals' ability to work would have to be uncorrelated with the measures included in our models.⁸ Another possibility is that stigma associated with reliance on welfare varies greatly by city, and that the stigma significantly affects the probability of welfare reliance. We have no data on respondents' perceptions of welfare and welfare recipients, so we cannot address this possibility. A third possibility is that policies, or the manner in which they are implemented, have a substantial impact on welfare reliance, but we are not accounting for the appropriate measures or not accounting for a sufficient number of policies in our model to explain city variation in welfare dependency. For example, shorter term limits may be a more important determinant of welfare reliance than our measure of generosity of payments. We can (and will) further explore how various components of welfare policy relate to city levels of reliance on welfare.

⁷ The analyses of city variation are based on all 20 Fragile Families cities.

⁸ If the omitted variables are correlated with those included in our model, the latter would have reduced the between city variation more extensively.

Conclusion

We presented national estimates of levels and extent of reliance of new mothers on TANF/Food Stamps, Medicaid, and housing assistance. While most of our findings are not surprising, these results from the Fragile Families and Child Wellbeing Study provide recent empirical data on the important role of welfare in new parents' lives. About half of all new mothers rely on some form of public assistance when their children are born. We find that rates of reliance vary greatly within the population of new parents, and that no group of new parents is entirely self-sufficient. Despite new mothers' high rates of reliance on public assistance, however, the bulk of their children's support will not come from public funds. Even among households that rely on TANF or Food Stamps, most support comes from other sources. Only 1% of babies are born to mothers dependent exclusively on TANF and Food Stamps.

We also examined how the reliance on welfare among new mothers varies across cities with different policy regimes and local labor markets. We found substantial between-city variation in reliance that is not explained by city differences in sociodemographic composition. While it is tempting to conclude that local employment opportunities or policy differences must be responsible for the unexplained variation, our attempts to identify contextual factors responsible for city differences failed. This leaves open the possibility that factors other than employment opportunities or policies are partly responsible for city variation in reliance on welfare.

References:

- Aber, J., Brooks-Gunn, J., and R. Maynard. 1995. Effects of welfare reform on teenage parents and their children. *The Future of Children* 5: 53-71.
- Bartik, Timothy J. and Eberts, Randall W. 1999. "Examining the Effects of Industry Trends and Structure on Welfare Caseloads." Working Paper: W.E. Upjohn Institute for Employment Research.
- Blank, Rebecca. 1997. "What Causes Public Assistance Caseloads to Grow?" NBER Working Paper 6343. Cambridge, MA: NBER.
- Brauner, Sarah and Loprest, Pamela. 1999. Where are they now? What States' Studies of People who Left Welfare Tell Us. Washington D.C.: Urban Institute.
- Cancian, Maria, Haveman, Robert, Kaplan, Thomas, Meyer, Daniel, and Wolfe, Barbara. 1999. Work, Earnings, and Well-Being after Welfare: What Do We Know? In Sheldon Danziger, ed., *Economic Conditions and Welfare Reform*, Kalamazoo, MI: W.E. Upjohn Institute.
- Council of Economic Advisors. 1997. "Technical Report: Explaining the Decline in Welfare Receipt, 1993-1996." Washington, DC: Council of Economic Advisors.
- Council of Economic Advisors. 1999. Technical Report: The Effects of Welfare Policy and the Economic Expansion on Welfare Caseloads: An Update. Washington, DC: Council of Economic Advisors.
- Crewe, S. 2001. 1998 Quality Housing and Work Responsibility Act: social work implications. <http://www.naswmetro.org/1998qhouse.htm>
- Danziger, S., Kalil, A., & Anderson, N. 2001. Human capital, physical health, and mental health of welfare recipients: co-occurrence and correlates. *Journal of Social Issues* 56: 635-654.
- Duncan, G., & Brooks-Gunn. 2000. Family Poverty, Welfare Reform and Child Development. [Special Issue on "New Directions for Child Development in the Twenty First Century"]. *Child Development*: 71(1): 188-196.
- Duncan, G., and J. Brooks-Gunn. 1998. Welfare's new rules: A pox on children. *Issues in Science & Technology* 14: 67-72.
- Gyamfi, P., Brooks-Gunn, J., & Jackson, A. 2001. Associations between employment and financial and parenting stress in low-income single black mothers. [Special Issue on "Mental Health Problems in Low Income Women"]. *Women and Health*, 32 (1-3).

McLanahan, S. & Sandefur, G. (1994). Growing up with a single parent. Cambridge, MA: Harvard University Press.

Moffitt, Robert. 1999. "The Effect of Pre-PRWORA Waivers on AFDC Caseloads and Female Earnings, Income, and Labor Force Behavior." Working Paper, John Hopkins University.

O'Campo, P. & Rojas-Smith, L. 1998. Welfare reform and women's health; review of the literature and implications for state policy. *Journal of Public Health Policy* 19: 420-446.

Pavetti 1996. <http://www.urban.org/welfare/pavtes.htm>

Pavetti, LaDonna. 1997. "Against the Odds: Steady Employment Among Low-Skilled Women." Washington, DC: Urban Institute.

Pavetti, LaDonna. 1997. "How Much More Can They Work? Setting Realistic Expectations for Welfare Mothers." Washington, DC: Urban Institute.

Pavetti, LaDonna and Acs, Gregory. 1997. "Moving Up, Moving Out, or Going Nowhere? A Study of the Employment Patterns of Young Women." Washington, DC: Urban Institute.

Schlosberg, C. & J. Ferber. 1998. Access to Medicaid since the Personal Responsibility and Work Opportunity Reconciliation Act. *Clearinghouse Review* (Jan/Feb 1998).

State Policy Documentation Project, a joint project of the Center for Law and Social Policy and the Center on Budget and Policy. State Time Limits on TANF Cash Assistance (February 2000). June 8, 2000. <http://www.spdp.org/tanf/timelimit.htm>

US Congress. 1998. Green Book prepared by the Committee on Ways and Means, United States House of Representatives. Washington: US Government Printing Office, Table 7-14. <http://www.aspe.hhs.gov/98gb/intro.htm>

US Department of Health and Human Services 2001, Administration for Children and Families, Office of Planning, Research and Evaluation (available online at <http://www.acf.dhhs.gov/>).

United States Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance. Time Provision of State TANF Plans (March 1999). June 8, 2000. <http://www.acf.dhhs.gov/programs/ofa/TIME2.HTM>

United States Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance. Work Related Provisions of State TANF Plans (March 1999). June 8, 2000. <http://www.acf.dhhs.gov/programs/ofa/WRKREL.HTM>

United States Department of Health and Human Services, Administration for Children and Families, Office of Planning Research and Evaluation. Total AFDC, average monthly

payment per case, fiscal years 1987 – 1996 (ACF-3637, Statistical Report on Recipients Under Public Assistance, March 27, 1997). June 8, 2000.
http://www.acf.dhhs.gov/programs/opre/timetren/ma_tca.htm

United States Department of Health and Human Services, Office of Child Support Enforcement. 22nd Office of Child Support Enforcement Annual Report to Congress, Table 38: Total Number of Paternities Established for Five Consecutive Fiscal Years and Table 40: IV-D Paternity Standard Data for Five Consecutive Fiscal Years. June 8, 2000.
<http://www.acf.dhhs.gov/programs/cse/rpt/annrptd.htm>

United States Department of Health and Human Services, Office of Child Support Enforcement. 22nd Office of Child Support Enforcement Annual Report to Congress, Table 4: Total Distributed Collections for Five Consecutive Fiscal Years and Table 9: Total Child Support Collections per Dollar of Total Administrative Expenditures for Five Consecutive Fiscal Years. June 8, 2000.
<http://www.acf.dhhs.gov/programs/cse/rpt/annrptd.htm>

United States Department of Health and Human Services, Administration for children and families, Office of Family Assistance. Temporary Assistance for need Families Program: Policy Announcement. Transmittal no. TANF-ACF-PA-97-3. October 2, 1997.
<http://www.acf.dhhs.gov/programs/ofa/pa97-3.htm>

Wilson J., Ellwood D. and J. Brooks-Gunn. 1995. In Chase-Lansdale, P. and J. Brooks-Gunn (eds.) *Escape from Poverty: What makes a difference for children?* New York: Cambridge University Press.

Ziliak, James P., Figlio, David N., Davis, Elizabeth E., and Connolly, Laura S. "Accounting for the Decline in AFDC Caseloads: Welfare Reform or Economic Growth?" IRP Discussion Paper 1151-97 Madison, WI: Institute for Research on Poverty.

Table 1: Percent of Mothers Relying on Different Types of Public Assistance

	TANF and/or Food Stamps	Medicaid	Public Housing or Vouchers	N
All Mothers	24	44	13	3489
Relationship				
Married	12	23	6	830
Cohabiting	35	68	16	1318
Romantic	43	74	29	853
Friends	42	72	32	210
Little/no contact	43	76	26	273
Race				
White	15	19	5	847
Black	36	61	26	1462
Hispanic	26	63	13	1029
Other	14	29	6	147
Nativity				
US born	27	41	15	2903
Foreign born	12	54	5	580
Parity				
First birth	15	43	9	1410
2 nd or higher birth	29	44	15	2073
Education				
HS degree or more	17	32	9	2314
Less than HS degree	41	74	22	1172
Age				
>18	23	42	12	3136
≤18	30	67	23	334

Table 2: Percent of Mothers Relying on One or All Three Types of Public Assistance

	TANF, Food Stamps, Medicaid or Housing	TANF/Food Stamps, Medicaid and Housing	N
All Mothers	51	6	3489
Relationship			
Married	30	2	830
Cohabiting	76	8	1318
Romantic	84	15	853
Friends	86	15	210
Little/no contact	83	14	273
Race			
White	27	1	847
Black	71	13	1462
Hispanic	68	7	1029
Other	38	0	147
Nativity			
US born	49	7	2903
Foreign born	58	2	580
Parity			
First birth	48	3	1410
2 nd or higher birth	53	8	2073
Education			
HS degree or more	40	3	2314
Less than HS degree	82	13	1172
Age			
>18	50	6	3136
≤18	77	7	334

Table 3: Percent of Mothers Receiving One or All Three Types of Public Assistance, by Marital Status, Race and Education

	TANF, Food Stamps, Medicaid or Housing	TANF/Food Stamps, Medicaid and Housing	N
Married			762
White			385
HS degree or more	13	0	362
Less than HS degree	39	0	23
Black			177
HS degree or more	35	4	155
Less than HS degree	77	2	22
Hispanic			200
HS degree or more	42	1	132
Less than HS degree	79	10	68
Unmarried			2569
White			462
HS degree or more	63	2	322
Less than HS degree	79	6	140
Black			1282
HS degree or more	74	12	817
Less than HS degree	92	23	465
Hispanic			825
HS degree or more	79	8	400
Less than HS degree	94	14	425

Table 4: Percent of Household Income Received from TANF and Food Stamps

	0%	1% - 49%	50% - 99%	100%	N
All Mothers	77	19	3	1	3489
Relationship					
Married	88	11	0	1	830
Cohabiting	65	30	4	1	1318
Romantic	57	31	8	4	853
Friends	59	32	8	1	210
Little/no contact	59	31	7	3	273
Race					
White	86	13	1	1	847
Black	64	27	7	2	1462
Hispanic	75	22	2	1	1029
Other	86	13	0	0	147
Nativity					
US born	74	22	3	1	2903
Foreign born	89	10	1	1	580
Parity					
First birth	86	13	1	0	1410
2 nd or higher birth	71	23	4	2	2073
Education					
HS degree or more	83	15	1	1	2314
Less than HS degree	60	31	6	3	1172
Age					
>18	77	19	3	1	3136
≤18	71	27	1	1	334

Table 5: Between-City Variation in Reliance on TANF/Food Stamps (N=4801)

	Model 1	Model 2	Model 3	Model 4
Intercept	-0.700 (0.053)	-1.108 (0.202)	-1.134 (0.269)	-1.151 (.258)
Married		-1.570 (0.106)	-1.570 (.106)	-1.570 (.106)
Black		0.457 (0.101)	.457 (.101)	.455 (.101)
Hispanic		0.215 (0.121)	.211 (.124)	.212 (.121)
Other Race		.533 (.219)	.532 (.219)	.534 (.219)
Born in US		1.026 (0.124)	1.025 (.124)	1.022 (.125)
First Birth		-0.899 (0.075)	-.899 (.075)	-.898 (.075)
H.S. Degree or More		-0.739 (0.075)	-.740 (.075)	-.739 (.075)
Age > 18		0.485 (0.123)	.485 (.123)	.487 (.123)
City Unemployment Rate			.007 (.045)	.064 (.037)
State Welfare Generosity				-.089 (.055)
Between-city variance	0.380 (0.041)	0.351 (0.051)	.350 (.053)	0.387 (.062)

Notes:

Standard errors are in parentheses.

Reference categories are unmarried, white, foreign born, second or higher order birth, less than high school degree, and age less or equal to 18.