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The Working Poor and Welfare Reciprocity

by

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Executive Summary

- Many people do not seem to take advantage of the welfare system. Of the working poor who qualify for welfare, two thirds of those eligible for food stamps and one-third of those eligible for AFDC do not receive these benefits.
- Those who qualified for assistance were in their prime working years--between 25 and 45. Thus they were not "marginal" workers who were too young or old to be attached to the labor force.
- Those who qualified for assistance worked many hours: Most of those who qualified for food stamps worked *full time*. Most of those who qualified for AFDC worked at least half-time.
- Most of those who qualified for AFDC or food stamps had high school degrees or greater.
- Many of those who qualified for AFDC or food stamps were in married couple families: For food stamps, almost half of those who qualified were in married couple families; one third of those who qualified for AFDC were in married couple families.
- Thus the portrait of the eligible working poor was not one of marginal workers, either disproportionately younger or older workers, or workers who are otherwise out of the ordinary. Most were in their prime working years, most worked many hours, most had decent educations, and many were married.
- Most of those who qualified for food stamps or AFDC simply earned too little or were in unstable jobs: Most were in service and clerical occupations, and in retail and professional industries (the latter dominated by health and residential care). These jobs are the lowest paying occupations and industries.
- Few of those eligible for AFDC or food stamps belonged to unions (7% were represented by labor unions), further depressing their wages and adding job instability.

1. Introduction

Current welfare debates assume that the poor are taking unfair advantage of the largess of the government by shunning work for welfare benefits. Yet many studies have shown that many of those who qualify for welfare benefits fail to receive assistance. This study adds to this growing body of research by examining the extent to which the working poor who qualify for AFDC, Food Stamps, and Medicaid receive these benefits. We find that a substantial number of the working poor do not receive the benefits for which they qualify. In addition, those who qualify for welfare benefits are not out of the ordinary: most are in married couple families, are in their prime working years, have at least high school educations, and work many hours. The jobs they hold, which tend to be in low-paid service occupations and industries, seem to deposit them into their precarious position of belonging to the working poor.

2. Research on Welfare Participation

A small body of research has examined the curious fact that many of those who qualify for welfare programs fail to receive benefits (See Bendick, 1980, who surveys this phenomena during the 1970s). The most recent estimates indicate that among those eligible for benefits, 25% fail to receive AFDC (Willis, 1981;

Ruggles and Michel, 1987; Giannarelli and Clark, 1992) and 50% fail to receive food stamps (Doyle and Beebout, 1988; Trippe and Beebout, 1988; Trippe et al., 1992).

A few studies have tried to understand why the poor fail to receive benefits. Most do so indirectly, by comparing the traits of those who receive benefits to those who fail to receive benefits. This literature finds that those who fail to receive benefits are more likely to have higher incomes, more education, fewer children, and live in households where no one else participate in welfare programs. They are likely to be older, male, able-bodied, working, farmers, and in families with more than one adult. Finally, they qualify for smaller benefits for a shorter amount of time, live in rural areas, or in states with low unemployment rates (Blank and Ruggles, 1993; Coe, 1979, 1983; Willis, 1981; Doyle and Beebout, 1988; Allin and Beebout, 1989; Fraker and Moffit, 1988).

Although it is not clear why demographic reasons are significant, they seem to be correlated with greater information on eligibility and application procedures, reluctance to be on welfare, feelings that they do not need assistance, and desires to avoid stigma. In addition, they may face differential expectations and treatment from program administrators (Coe, 1983, 1979).

In addition, other studies have found that participation in the AFDC program depends upon the structure of the program. One such component is the implicit tax rate: the amount by which each dollar of AFDC aid is reduced for each dollar earned by working. Studies have found that participation in AFDC declines as the implicit tax rate on earnings increases (Willis, 1981). Survey research conducted into to the early 1980s directly asked eligible participants why they do not receive benefits. These findings suggest that the main reason for not receiving assistance is lack of information: most eligibles simply do not know that they are eligible (Coe, 1983, 1979). Other factors include increased administrative hassles, feelings that they do not need the income, accessibility problems (inadequate transportation, child care, hours, problems filling out forms), and stigma (Bendick, 1980; Coe, 1983, 1979; Allin and Beebout, 1989).

3. A Model of Welfare Participation

The empirical findings about welfare participation generally support the following general model of welfare participation, which draws upon previous work using the labor-leisure tradeoff models (Moffit, 1992; Ashenfelter, 1983), as well as on administrative decision-making models (Willis, 1981; Blank and Ruggles, 1993).

This model closely follows the model developed by Blank and Ruggles (1993), with only minor adaptations.

Following Blank and Ruggles (1993), the decision to participation in a welfare program hinges upon the expected utility of participating, U_p , minus the expected costs of participating, C , subject to administrative approval, A . If this amount is greater than the expected utility of not participating in the welfare program, U_{np} , participation is positive. Thus, participation is positive if the net expected benefits (utility) of participating outweigh the costs of participating and the administrative assessment is positive:

$P=1$ if

$$U_p - U_{np} - C > 0 \mid A > 0$$

$P=0$ if

$$U_p - U_{np} - C < 0, \text{ or } A < 0$$

The difference in expected utility $U_p - U_{np}$ can be collapsed into a net utility function, U_n , which depends upon the welfare benefits for which one qualifies, B , one's earnings, Y , and the implicit tax rate (for AFDC), t :

$$U_n = f(B, Y, t)$$

We expect $\delta U / \delta B > 0$, $\delta U / \delta t < 0$, and $\delta U / \delta Y < 0$ based upon previous research. The costs of participating, C , include the monetary and time costs of participating in the welfare system, M , as well as the psychic costs, including stigma, S .

$$C = g(M, S)$$

Where $\delta C / \delta M < 0$, $\delta C / \delta S < 0$. Transportation costs and the opportunity cost of the time it takes to fill out and apply for benefits are included in M . These vary by location; rural areas, where transportation is more difficult, or areas having less welfare offices per applicant, will have higher costs.

This model predicts that lower benefits, higher costs of participating in welfare programs, higher earnings, and higher implicit tax rates will decrease the probability of participating in welfare programs. Although this model is limited by the availability of data, one can estimate the decision to participate in welfare programs in a reduced form.

The working poor is an interesting sub-population to examine for their welfare participation because they have largely been ignored within the poverty debates. Theoretically, this population would act quite differently than the non-working poor. With

generally higher incomes, more education, and more continuous work experience than the general population of the poor, the working poor are probably less likely to receive welfare assistance. In addition, the working poor may have different attitudes towards welfare than do the non-working poor.

It is also important to examine the welfare participation of the working poor in order to assess how policy changes may affect the working poor. Many of the cutbacks in the welfare programs decrease B so that U_p is lower relative to U_{np} ; this change clearly is meant to discourage participation in welfare programs and increase earnings through work. However, it is unclear how this strategy of welfare cuts will affect those who are already working and eligible to receive benefits. The first step in examining this issue is first to determine how much of the working poor may be affected.

4. The Data and Methodology

Data for this study are from the U.S. Census's Survey of Income and Program Participation (SIPP), a longitudinal data set constructed from a random sample of households. This analysis uses wave seven of the 1987 panel, which includes those surveyed between October 1988 through April 1989. This wave is used because it includes crucial data on assets, which is needed to determine

eligibility. Information from all prior waves was used to extract information regarding personal work history, welfare history, and citizenship status.

The data included persons who worked at least one week per month during this time period (October 1989 through April 1989). Eligibility for food stamps and AFDC were simulated to follow as closely as possible each state's administrative requirements. When information was missing in determining eligibility, we used the most conservative assumptions possible. For example, when data on vehicle equity value was missing, we assumed the book value rather than estimating car equity. When child care and medical costs were missing, we assumed zero costs, rather than estimating possible costs using forecasting models. These assumptions are likely to *underestimate* the number of the working poor who qualify for welfare. In doing so, we make certain that those we deem eligible for receiving welfare are indeed eligible. Thus, the *absolute numbers* of the working poor who qualify for welfare are vastly underestimated and should be used with extreme caution. (Although the numbers are cited in the tables, they are not stressed in the text of the report.) Instead, the *proportion* of those who qualify for welfare but receive or do not receive benefits are likely to be highly accurate. We have great

confidence in these latter numbers, since we included virtually no guesswork regarding possible eligibles.

Medicaid eligibility was limited to the categorically needy. That is, those who qualified for Medicaid because they participated in either AFDC or Supplemental Social Security were counted as eligible. States currently allow some who do not qualify for these programs to receive Medicaid services under state-regulated medically needy programs. However, because eligibility for medically needy programs were not available, this program is not examined in this report.

5. Welfare Reciprocity Results

Food Stamps

Tables 1 through 3 portray the food stamp population as not one which takes advantage of the welfare system. Most of the working poor who qualified for food stamps did not receive them: Only one-third of those eligible received food stamps, while 68% did not (See Table 2). Surprisingly, those who qualified for food stamps were in their prime working years: 56% were between the ages of 25 and 45. In other words, the working poor who qualify for food stamps are not composed primarily of retired people who work on the side, or of younger people who are not yet attached to

the labor market.

Another surprise is that most of those who qualified for food stamps, 55%, were full-time workers--working at least 36 hours per week. Thus, most of those who qualify for food stamps are not marginal workers who are older, younger, or working too few hours to pull themselves out of poverty. The majority are in their prime working years, and working full-time.

In addition, the portrait of the eligible poor is one that is not out of the ordinary regarding family composition or education. A majority of those who qualified for food stamps, 71%, had a high school degree or some college education. Married couple families were almost half (48%) of those who qualified for food stamps.

Most of those who qualified were white; 28% were black. Most were in historically low paid occupation and industries--clerical, and service occupations, and retail trade and professional industries, especially health care and residential care. Not surprisingly, of those who qualified for food stamps, very few, only 7%, belonged to unions. This is probably due to the fact that unions increase wages, so that workers who belong to unions are less likely to qualify. About two thirds of those who qualified for food stamps lived in metropolitan areas.

AFDC

Far fewer workers qualified for AFDC, primarily since AFDC eligibility is much stricter. Of those who qualified for AFDC, one-third did not receive benefits. The higher reciprocity rate for AFDC compared to food stamp eligibles may result from AFDC recipients being far more indigent than food stamp recipients, so they simply cannot make do without these benefits. Those who qualified for AFDC were surprisingly similar to those who qualified for food stamps: educated, in their prime working years, in low-paid occupations and industries, and working a surprising amount of hours. Most (81%) of those who qualified for AFDC had high school degrees or higher. Most (55%) were also in their prime working years--between the ages of 25 and 45. Although the majority were not full time workers, 69% worked half time or greater. Surprisingly, one-third of those who qualified lived in married couple families, due to qualifying for AFDC through AFDC-U. Those qualifying for AFDC were likely to work in the same occupations and industries as those who qualified for food stamps--in service or clerical occupations and in retail trade and professional and related industries such as health care. These are the occupations and industries that pay low wages and offer unstable jobs, so that one is more likely to be poor.

Women comprise a disproportionate share of the workers who qualified for AFDC. 84% of the population in the sample were women. This is not surprising, given that the program was set up for heads of households caring for children, which are primarily women. Whites were also a majority of those who qualified; while one-third of those who qualified were black.

Medicaid

Of those eligible for Medicaid, most (83%) received benefits. All of those who received AFDC also received Medicaid. The portrait of those who received and qualified for Medicaid are similar to those who received and qualified for AFDC. (Separate tables are therefore not included.)

Differences in Participation Rates

It is unclear why some groups are more likely than others to participate in welfare programs. Future research will examine this phenomena in more detail. At this point, it is noteworthy that whites were less likely to participate in both AFDC and food stamps than were non-whites.¹ In addition, in the food stamp

¹For food stamps, much of the large take-up rates for blacks is due to the fact that black women were more likely to participate in food stamps than were black men. 53% of black women participated in the program, whereas only 44% of black men participated. Because black women were 55% of the black population, blacks overall were more likely to participate in food stamps than any other racial group. Interestingly, none of

program, men, married-couple families, those with some college education, and those working less than ten hours per week are less likely to participate. Surprisingly, participation rates did not vary by age, the number of hours worked, or other education variables.

In the AFDC program, women were surprisingly *less* likely to participate than were men, perhaps due to the use of AFDC-U; in addition, those who were younger than 46 years of age were also less likely to participate in this program. No patterns were found on different participation rates in AFDC by education or by the number of hours worked.

Previous research indicates that most nonparticipants simply do not know that they are eligible. Other reasons include administrative hassles, accessibility problems (such as the lack of transportation or child care), problems filling out the forms, perceived or real lack of need, and stigma. Although we were unable to examine many of these factors, we were able to examine lack of need as a cause of nonparticipation.

We examined this in two ways, first, we thought that if need

the Native American men participated in food stamps, while all of the Asian and Pacific Islander women did.

In AFDC, however, both black men and women were more likely to receive AFDC than their white counterparts.

were a factor in determining participation, those who did not participate in welfare programs would have higher incomes on average than those who chose to participate. Indeed, this was not the case. *Those who chose not to participate had lower, not higher, incomes on average, and participation rates increased as unearned income increased, rather than the reverse.*

In addition, we compared the AFDC and food stamp benefits that were available to qualifying recipients. If those who chose not to participate in welfare programs do so because the amount received was inconsequential, then the extra work to receive this small benefit may not be worth it. However, for those who did not receive assistance, a substantial amount of income was added to the family. For food stamp recipients, income per person increased by 90 percent; for AFDC recipients, income per person grew by over 70%.

Finally, participation rates in food stamps using probit analysis indicates supports these findings that participation declines as income increases. Table 7 lists the variables used in the analysis; Table 8 provides the findings. The dependent variable was coded one if the worker participated in food stamps, and zero otherwise. As these findings indicate, non-whites, those living in larger families, and those having children were

more likely to participate in food stamps. Holding more assets, receiving larger food stamp benefits, and qualifying for food stamps during the previous month were also associated with higher participation rates. Those who owned their own homes and lived in metropolitan areas were less likely to participate in the program. Although the estimate for sex is significant in this model, it switches signs in others; thus, the affect of sex on participation in this program cannot be determined without further research.

Income had a positive effect on participation, signaling that as income increases, the probability of participating in food stamps increases. Although this seems surprising, income may proxy information about welfare programs or access to such programs. These results are consistent with those from our earlier tables. They indicate that failure to participate in welfare programs does not seem to be due to the lack of need. It is noteworthy that these findings differ from those of Blank and Ruggles (1993), who find that for the entire poor population, participation declines as income increases. Thus, it appears that the working poor do appear at this stage to behave differently regarding welfare participation than do the general population of the poor.

In summary, we found that lack of need did not seem to explain why those eligible for welfare programs neglected to participate. Future research will examine this in more detail. Instead, information and access to welfare services seemed to be a better explanation for why some do not participate, as well as stigma.

6. Conclusion

The portrait of the poor who work and qualify for either food stamps, AFDC, or Medicaid appear not that out of the ordinary. Most of those who qualified for these programs worked many hours, were in their prime working years, had high school educations, and were in married-couple families. Thus it does not appear that this population is poor due to the lack of education, family structure, or work ethic. Instead, they were poor due to the inadequate jobs they received. Most were in unstable, low-paying service and clerical occupations and in service and professional industries (such as health care and residential care). These are occupations and industries that are notoriously low-paid, unstable, dead-end, and free of unions.

Thus, any discussion of alleviating poverty for the working poor needs to address the problem of the jobs that are available in this nation. This is a relatively new agenda. For much of

the post-war period, the best remedy for the working poor was a healthy economy, since this created jobs that almost always paid living wages and provided benefits and job security.² Today, however, this is no longer true: jobs no longer guarantee benefits and a living wage that rises over one's long tenure with a firm. Thus, full employment economies no longer ensure reduced poverty and less income inequality *if those on the bottom do not share in the new riches that are created*. Rather, the additional jobs that are created may simply shift the non-working to the working poor. This was the story during the 1980's, as unemployment fell while income inequality grew and poverty held steady.

What is needed are explicit policies for the working poor, which recognize that many work but still remain poor. What is also needed is more research on the participation of the working poor in the existing welfare programs. Although the existing programs would increase family income substantially, many chose not to participate. Examining the reasons for this is crucial in order to target effective policies that would aid those who work

²Of course, for women, immigrants, and racial minorities, jobs often did not provide living wages, upward mobility, and benefit packages. What has changed in the last two decades, however, is that the reality of income and job insecurity for these groups has now become the accepted norm for most workers.

but continue to be poor.

Table 1. Characteristics of the Food Stamp Sample

7,089,970 workers qualified for food stamps.

Of these, 2,278,114 participated

4,811,857 did not participate

Of the entire population who qualified:

By sex

49% were men

51% were women

By Race/ethnicity

70% were white

28% were black

1% were American Indian

1% were Asian or Pacific Islander

8% were of Hispanic origin

By occupation

2% were Executives, Administrators or Management occupations

4% were in professional occupations

2% were technicians or related support

11% were in sales occupations,

13% were in clerical and related occupations, including cashiers

3% were in private household service occupations, such as cleaners

2% were in protective service occupations, such as private guards

26% were in service occupations, excluding private household and protective service

4% were in farming, fishing or forestry occupations

1% were in precision production, craft, and repair occupations.

10% were in construction occupations

8% were in machine operator occupations.

7% were in transportation occupations,

9% were laborers, equipment cleaners, handlers, and helpers

Table 1. Characteristics of the Food Stamp Sample, Continued

By industry

3% were in agriculture, forestry or fisheries
1% were in mining
7% were in construction
6% were in nondurable goods, manufacturing
7% were in durable good manufacturing
6% were in transportation, communications or other public utilities, such as trucking.
5% were in wholesale trade
26% were in retail trade
3% were in finance, insurance, or real estate
6% were in business or repair services
6% were in personal services, such as employed by private households or in hotels and motels
1% were in entertainment or recreation
21% were in professional and related industries, such as health care and residential care
2% were in public administration

By union status

7% were in unions

By education level

29% had less than high school educations
46% had high school educations
25% had some college education

By Family Composition

48% were one of a married couple family unit
2% were a family led by a man with no wife present
26% were in a family led by a woman, with no husband present
14% were men who were not in families
10% were women, with no families.
1% were individuals living in group quarters of unrelated individuals.

Table 1. Characteristics of the Food Stamp Sample, p. 3

By Age Group

23% were between the ages of 18 and 24
34% were between the ages of 25 and 35
22% were between the ages of 36 and 45
11% were between the ages of 46 and 55
11% were over the age of 55

By Hours worked per week

8% worked 10 or less hours
15% worked 11-20 hours
22% worked 21-35 hours
55% worked 36 or more hours

By Metropolitan Status³

62% lived in metropolitan areas of populations over

³Due to the small sample in the rural areas, some people living in metropolitan areas were deliberately miscoded as rural. The metropolitan status would overestimate the number of those living in rural areas.

Table 1. Characteristics of the Food Stamp Sample, p. 4

By Region

51% were in the South⁴
6% were in the West
14% were in the Northeast
29% were in the Midwest

⁴South: includes the South Atlantic (Delaware, Maryland, District of Columbia, Virginia, West Virginia, North Carolina, South Carolina, Georgia, and Florida); East South Central (Kentucky, Tennessee, Alabama, Mississippi); and West South Central (Arkansas, Louisiana, Oklahoma, Texas) states.

West includes the Mountain (Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, and Nevada) and Pacific (Washington, Oregon, California, Alaska, Hawaii) states.

Northeast includes the New England (Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut) and Middle Atlantic (New York, New Jersey, Pennsylvania) states.

Midwest includes the East North Central (Ohio, Indiana, Illinois, Michigan, Wisconsin) and West North Central (Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, Kansas) states.

Table 2: Food Stamp Reciprocity of Those Who Qualify for Assistance

	<u>receives</u> <u>food stamps</u>	<u>does not</u> <u>receive</u> <u>food stamps</u>
Total Population	32%	68%
<i>By Sex</i>		
Male	28	72
Female	36	64
<i>By Race</i>		
White	26	74
Black	49	51
Native American ⁵	15	85
Asian/Pacific Islander	34	66
<i>By Sex/Race</i>		
White Men	23	77
White Women	29	71
Black Men	44	56
Black Women	53	47
Native American Men	0	100
Native American Women	22	78
Asian/Pac. Is. Men	23	77
Asian/Pac. Is. Women	100	0
<i>By Hispanic Origin</i> ⁶	40	60
<i>By Union Membership</i>		
belongs to union	34	66
does not belong to union	34	66

⁵Includes Eskimo or Aleutian Islands

⁶Hispanic Origin can be of any race.

Table 2: Food Stamp Reciprocity of Those Who Qualify for Assistance, p. 2

	<u>receives food stamps</u>	<u>does not receive food stamps</u>
<i>By Occupation</i>		
Executives, Administrators or Management	30	70
Professional	10	90
Technicians or related support	14	86
Sales occupations,	12	88
Clerical and related	32	68
Private household service	41	59
Protective service	46	54
Service, excluding private household and protective service	35	65
Farming, fishing or forestry	27	73
Precision production, craft, and repair.	13	87
Construction	41	59
Machine operator	39	61
Transportation	30	70
Laborers, equipment cleaners, handlers, and helpers	51	49

Table 2: Food Stamp Reciprocity of Those Who Qualify for Assistance, p. 3

	<u>receives</u> <u>food stamps</u>	<u>does not</u> <u>receive</u> <u>food stamps</u>
<i>By Industry</i>		
Agriculture, forestry or fisheries	40%	60%
Mining	31	69
Construction	40	60
Nondurable goods, manufacturing	35	65
Durable goods, manufacturing	23	77
Transportation, communications or other public utilities	33	67
Wholesale trade	38	62
Retail trade	32	68
Finance, insurance, or real estate	47	53
Business or repair services	43	57
Personal services	36	64
Professional and related	30	70
Public administration	59	41
 <i>By Education level</i>		
less than high school	35%	65%
high school diploma	37	63
some college	20	80
 <i>By Family Composition</i>		
Married Couple	35%	65%
Male Householder	10	90
Female Householder	53	47
Male Householder, no family	9	91
Female Householder, no family	4	96
Group Quarters	0	100

Table 2: Food Stamp Reciprocity of Those Who Qualify for Assistance, p. 4

	<u>receives</u> <u>food stamps</u>	<u>does not</u> <u>receive</u> <u>food stamps</u>
<i>By Age Group</i>		
18-24	31	69
25-35	38	62
36-45	29	71
46-55	32	68
over 55	15	85
<i>By Hours worked per week</i>		
10 or less hours	21	79
11-20 hours	33	67
21-35 hours	39	61
36 or more hours	31	69
<i>By Metropolitan Status</i>		
Metropolitan area	28	72
Non-metropolitan area	39	61
<i>By Region</i>		
South	38	62
West	15	85
Northeast	34	66
Midwest	31	69

Table 3. Profile of the Food Stamp eligible population who did not receive food stamps

Of the population who qualified but did not receive benefits:

*By sex*⁷

51% were men
49% were women

*By Race/ethnicity*⁸

77% were white
21% were black
1% were American Indian
1% were Asian or Pacific Islander
7% were of Hispanic origin

By occupation

3% were in Executive, Administrative or Management occupations
6% were in professional occupations
2% were technicians or related support
14% were in sales occupations,
13% were in clerical and related occupations, including cashiers
2% were in private household service occupations
2% were in protective service occupations
25% were in service occupations, excluding private household and protective service
4% were in farming, fishing or forestry occupations
3% were in precision production, craft, and repair occupations.
9% were in construction occupations
7% were in machine operator occupations.
7% were in transportation occupations

⁷Numbers do not add up to 100 due to rounding.

⁸Hispanic can be any race.

Table 3. Profile of the Food Stamp eligible population who did not receive food stamps, continued

By union status

8% were in unions

By industry

3% were in agriculture, forestry or fisheries
1% were in mining
7% were in construction
6% were in nondurable goods, manufacturing
8% were in durable good manufacturing
6% were in transportation, communications or other public utilities, such as trucking.
4% were in wholesale trade
27% were in retail trade
2% were in finance, insurance, or real estate
5% were in business or repair services
6% were in personal services, such as employed by private households or in hotels and motels
2% were in entertainment or recreation
23% were in professional and related industries, such as health care and residential care
1% were in public administration

By education level

27% had less than high school educations
43% had high school educations
30% had some college education

By Family Composition

46% were one of a married couple family unit
3% were a family led by a man with no wife present
18% were in a family led by a woman, with no husband present
18% were individual men not in families
14% were individual women not in families
1% were in group quarters of unrelated individuals

Table 3. Profile of the Food Stamp eligible population who did not receive food stamps, p. 3

By Age Group

23% were between the ages of 18 and 24
34% were between the ages of 25 and 35
22% were between the ages of 36 and 45
11% were between the ages of 46 and 55
11% were over the age of 55

By Hours worked per week

10% worked 10 or fewer hours
15% worked 11-20 hours
20% worked 21-35 hours
56% worked 36 or more hours

By Metropolitan Status⁹

65% were in metropolitan areas of populations over

By Region

41% were in the South
20% were in the West
12% were in the Northeast
26% were in the Midwest

⁹Due to the small sample in the rural areas, some people living in metropolitan areas were deliberately miscoded as rural. The metropolitan status would overestimate the number of those living in rural areas.

Table 4 Characteristics of the AFDC Sample

908,963 workers qualified for AFDC or AFDC-U

Of these, 582,806 participated
326,157 did not participate

Of the entire population who qualified:

*By sex*¹⁰

17% were men
84% were women

*By Race/ethnicity*¹¹

65% were white
33% were black
1% were American Indian
1% were Asian or Pacific Islander
2% were of Hispanic origin

By Occupation

1%* were either Executives, Administrators
or Management
2% were professionals
4% were in sales occupations,
18% were in clerical and related
3% were in private household service
35% were in service occupations, excluding private
household and protective service
4% were in farming, fishing or forestry occupations
11% were in construction occupations
15% were in machine operator occupations
4% were in transportation occupations
3% were laborers, equipment cleaners,
handlers, and helpers

¹⁰Numbers do not add up to 100 due to rounding.

¹¹Hispanic can be any race.

Table 4 Characteristics of the AFDC Sample, p. 2

By Industry

3% were in agriculture, forestry or fisheries
1% were in mining
12% were in nondurable goods, manufacturing
7% were in durable goods, manufacturing
7% were in transportation, communications
or other public utilities
1%* were in wholesale trade
21% were in retail trade
3% were in finance, insurance, or real estate
9% were in business or repair services
9% were in personal services
25% were in professional and related
1% were in public administration

By union status

6% were in unions

By education level

20% had less than high school educations
56% had high school educations
25% had some college education

By Family Composition

32% were one of a married couple family unit
4% were a family led by a man with no wife present
65% were in a family led by a woman, with no husband
present

By Age Group

33% were between the ages of 18 and 24
36% were between the ages of 25 and 35
19% were between the ages of 36 and 45
11% were between the ages of 46 and 55
2% were over the age of 55

* Extremely small sample; use caution when interpreting results.

Table 4 Characteristics of the AFDC Sample, p. 3

By Hours worked per week

7% worked 10 or fewer hours
24% worked 11-20 hours
36% worked 21-35 hours
33% worked 36 or greater hours

By Metropolitan Status¹²

69% were in metropolitan areas

By Region

31% were in the South
20% were in the West
23% were in the Northeast
26% were in the Midwest

¹²Due to the small sample in the rural areas, some people living in metropolitan areas were deliberately miscoded as rural. The metropolitan status would overestimate the number of those living in rural areas.

Table 5: AFDC Reciprocity of Those Who Qualify for Assistance

	<u>receives</u> <u>AFDC</u>	<u>does not</u> <u>receive</u> <u>AFDC</u>
Total Population	64%	36%
<i>By Sex</i>		
Male	72	27
Female	62	38
<i>By Race</i>		
White	60	40
Black	71	29
Native American ¹³	100	0
Asian/Pacific Islander	100	0
<i>By Sex/Race</i>		
White Men	70	30
White Women	56	44
Black Men	100	0
Black Women	70	30
Native American Men ¹⁴	--	--
Native American Women	100	0
Asian/Pac. Is. Men ¹⁵	--	--
Asian/Pac. Is. Women	100	0
<i>By Hispanic Origin</i> ¹⁶	68	32

¹³Includes Eskimo or Aleutian Islands

¹⁴None in sample.

¹⁵None in sample.

¹⁶Hispanic Origin can be of any race.

**Table 5: AFDC Reciprocity of Those Who Qualify for Assistance,
p. 2**

	<u>receives AFDC</u>	<u>does not receive AFDC</u>
<i>By Union Membership</i>		
belongs to union	100	0
does not belong	60	40
<i>By Occupation</i>		
Executives, Administrators or Management	100*	0*
Professional	100*	0*
Sales	0*	100*
Clerical and related	65	35
Private household service	42	58
Service, excluding private household and protective service	60	40
Farming, fishing or forestry	33	67
Construction	82	18
Machine operator	74	26
Transportation	100	0*
Laborers, equipment cleaners, handlers, and helpers	0	100*

*Small sample size; use caution when interpreting these results

**Table 5: AFDC Reciprocity of Those Who Qualify for Assistance,
p. 3**

	<u>receives AFDC</u>	<u>does not receive AFDC</u>
<i>By Industry</i>		
Agriculture, forestry or fisheries	48	52
Mining	100	0*
Nondurable goods, manufacturing	63	37
Durable goods, manufacturing	61	39
Transportation, communications or other public utilities	58	42
Wholesale trade	0	100*
Retail trade	63	37
Finance, insurance, or real estate	24	76
Business or repair services	58	42
Personal services	64	36
Professional and related	68	32
Public administration	100	0*
<i>By Education level</i>		
less than high school	58	42
high school diploma	69	31
some college	58	42
<i>By Family Composition</i>		
Married Couple	68	32
Male Householder	25	75
Female Householder	65	36

*Small sample size; use caution in interpreting results.

Table 5: AFDC Reciprocity of Those Who Qualify for Assistance,
p. 4

	<u>receives</u> <u>AFDC</u>	<u>does not</u> <u>receive</u> <u>AFDC</u>
<i>By Age Group</i>		
18-24	62	39
25-35	63	37
36-45	45	55
46-55	100	0
over 55	100	0
<i>By hours worked per week</i>		
10 or fewer hours	68	32
11-20 hours	54	46
21-35 hours	63	37
36 or greater hours	72	28
<i>By Metropolitan Status</i>		
Metropolitan area	66	34
Non-metropolitan area	60	40
<i>By Region</i>		
South	63	37
West	57	43
Northeast	61	69
Midwest	69	31

Table 6. Profile of the AFDC eligible population who did not receive AFDC benefits

Of the population who qualified but did not receive benefits:

*By sex*¹⁷

13% were men
87% were women

*By Race/ethnicity*¹⁸

73% were white
27% were black
0% were American Indian
0% were Asian or Pacific Islander
14% were of Hispanic origin

By Occupation

0%* were either Executives, Administrators
or Management
0%* were professionals
4% were in sales occupations,
17% were in clerical and related
4% were in private household service
37% were in service occupations, excluding private
household and protective service
8% were in farming, fishing or forestry occupations
5% were in construction occupations
10% were in machine operator occupations
0%* were in transportation occupations
8% were laborers, equipment cleaners,
handlers, and helpers

¹⁷Numbers do not add up to 100 due to rounding.

¹⁸Hispanic can be any race.

Table 6. Profile of the AFDC eligible population who did not receive AFDC benefits, p. 2

By Industry

4% were in agriculture, forestry or fisheries
0% were in mining
12% were in nondurable goods, manufacturing
7% were in durable goods, manufacturing
8% were in transportation, communications
or other public utilities
3%* were in wholesale trade
21% were in retail trade
6% were in finance, insurance, or real estate

10% were in business or repair services
8% were in personal services
21% were in professional and related
0%* were in public administration

By union status

0% were in unions

By education level

23% had less than high school educations
48% had high school educations
29% had some college education

By Family Composition

28% were one of a married couple family unit
8% were a family led by a man with no wife present
64% were in a family led by a woman, with no husband
present

*Small sample size; use caution when interpreting results.

Table 6. Profile of the AFDC eligible population who did not receive AFDC benefits, p. 3

By Age Group

35% were between the ages of 18 and 24
37% were between the ages of 25 and 35
28% were between the ages of 36 and 45
0% were between the ages of 46 and 55
0% were over the age of 55

By Hours worked

7% worked 10 or fewer hours
30% worked 11-20 hours
37% worked 21-35 hours
26% worked 36 or more hours

By Metropolitan Status¹⁹

34% were in metropolitan areas of populations over

By Region

31% were in the South
23% were in the West
24% were in the Northeast
22% were in the Midwest

¹⁹Due to the small sample in the rural areas, some people living in metropolitan areas were deliberately miscoded as rural. The metropolitan status would overestimate the number of those living in rural areas.

Table 7. Variables for Estimating Participation in Food Stamps

<u>Variable</u>	<u>Definition</u>	<u>mean of</u>	
		<u>participants</u>	<u>non-participants</u>
sex	0 if male; 1 if female	.56	.49
race	0 if white; 1 if nonwhite	.46	.23
age	in years	.33	.37
famsize	family size	.4.2	2.8
metro	1 if metro area; else 0	.48	.64
single*	1 if single person household, else 0	.05	.33
couple	1 if married couple household, else 0	.50	.44
malehd	1 if male head of family, else zero	.01	.02
femhd	1 if female head of family, else zero	.44	.20
assets	value of assets in family	2224	1591
benefits	value of benefits per person	45	30
kid	1 if own child is under 18, else 0	.81	.54
prevel	1 if eligible in previous month, else 0	.94	.80
home	1 if own home, else 0	.31	.41
Education	education, in years	12	14

*Omitted dummy variable during estimates

Table 7. Variables for Estimating Participation in Food Stamps,
p. 2

<u>Variable</u>	<u>Definition</u>	<u>mean of</u>	
		<u>participants</u>	<u>non-participants</u>
income	total family income minus earnings of worker minus means-tested transfer income (for AFDC, food stamps)	329	159
NE	1 if Northeast, 0 otherwise	.07	.06
MA*	1 if Mid-Atlantic, 0 otherwise	.13	.10
SE	1 if South East, 0 otherwise	.29	.26
MW	1 if Mid-West, 0 otherwise	.18	.17
SW	1 if South West, 0 otherwise	.18	.14
MP	1 if Mountain Plains, 0 otherwise	.11	.11
W	1 if West, 0 otherwise	.05	.16

*Omitted dummy variable during probit estimates

Table 8. Probit Results. Dependent Variable=1 if Participate in Food Stamps, 0 otherwise.

<u>Variable</u>	<u>Estimate</u>	<u>S.E.</u>	<u>Chi. Sq.</u>
intercept	-1.85995	.00568	107183
sex	-0.04546	.00162	782.89
race	0.57229	.00164	122228
age	-0.01076	.00007	25310
famsize	0.06045	.00054	12531
metro	-0.49383	.00150	08896
couple	.82378	.00329	62844
malehd	.40995	.00641	4089.3
femhd	1.44231	.00317	206659
kid	.26287	.00232	12888
assets	.00007	.00000	74925
benefits	0.02309	.00003	594409
home	-0.41410	.00152	74261
income	0.00085	.00000	137597
prevel	0.58201	.58201	59907
education	-0.04694	.00015	101508
NE	-0.06235	.00335	346.78
SE	-0.34933	.00250	19492
MW	-0.19642	.00258	5776.8
SW	-0.12760	.00265	2319.5
MP	-0.12649	.00298	1801.1
W	-0.51759	.00300	29818
Log-likelihood	-2307457.881		
N	478		

Note: All estimates were significant at the 0.0001 level.

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