

X. CHARACTERISTICS AND FINANCIAL CIRCUMSTANCES OF TANF RECIPIENTS

States are now spending considerable proportions of their Temporary Assistance for Needy Families (TANF) funds on families who receive benefits and services other than traditional assistance. The data discussed in this chapter are limited to those who received assistance at some time during Fiscal Year (FY) 2006.

The FY 2006 data referenced in this report were obtained from a statistically valid sample of TANF and Separate State Program-Maintenance of Effort (SSP-MOE) cases within the national TANF/SSP-MOE database. Data are presented for all States, the District of Columbia, Puerto Rico, and the Virgin Islands (hereafter referred to as States).

States are required to collect monthly TANF data and report them to the Department of Health and Human Services (HHS) quarterly. These data include disaggregated case record information on the families receiving assistance, families no longer receiving assistance, and families newly-approved for assistance from programs funded by TANF funds.

Tables 10:60 through 10:74 in the Appendix contain data on SSP-MOE recipient characteristics for the 32 States that reported on their SSP-MOE families. SSP-MOE eligible families may be quite different among the 32 States, as well as within a State where there are multiple SSP-MOE programs. For example, a State may have a two-parent SSP-MOE cash assistance program as well as an SSP-MOE program that provides transportation assistance to other families. However, multiple SSP-MOE programs are reported as a single combined program. Because of this, it is not possible at the national level to compare characteristics of SSP-MOE recipients with those of TANF recipients.

Under the TANF data reporting system, States have the option to submit either sample data or universe data to HHS. Thirty States submitted universe data, from which HHS randomly selected approximately 275 active cases and 100 closed cases each month from each State to analyze. The remaining 23 States submitted sample data. A total sample of 204,680 active cases and 58,097 closed cases was used to compile 59 tables of TANF recipient characteristics. The statistical data are estimates derived from samples and are therefore subject to sampling and non-sampling errors, and because of this they may differ from data presented in other parts of the report. Statistical specifications can be found under the section titled "Reliability of Estimates."

Implementation of the final rules of TANF/SSP-MOE data collection requirements posed significant initial challenges to States and HHS. In cases where a few States submitted questionable data, the data from those States were eliminated. In cases where numerous States reported questionable data or unusually large numbers of "unknown" or "other" categories, HHS urges caution in drawing conclusions on the basis of the data.

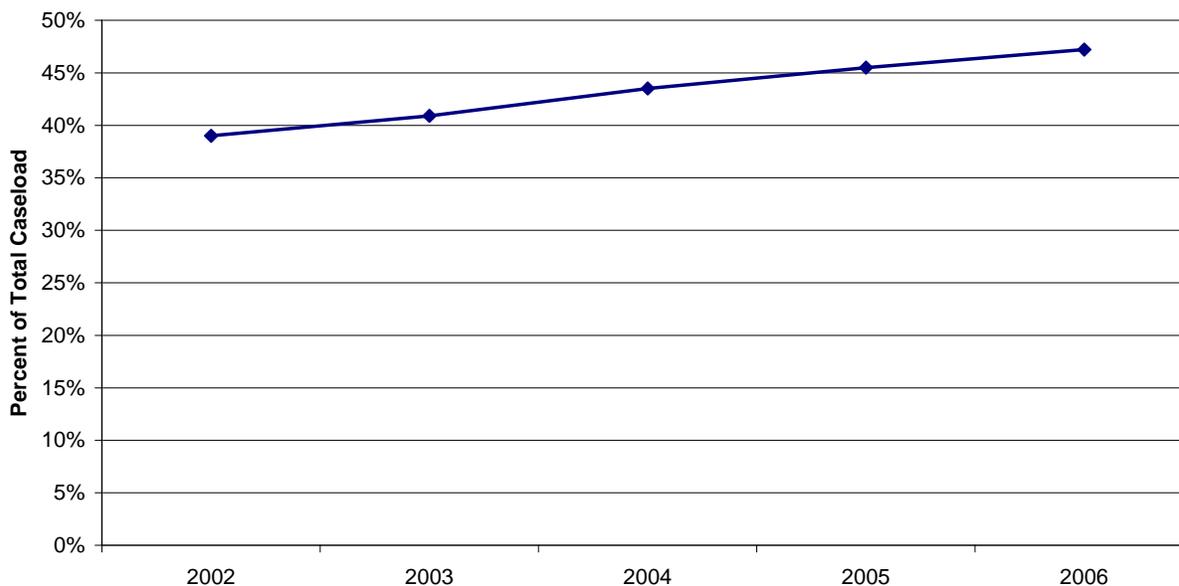
Trends in AFDC/TANF Characteristics

Because of the rapid decline in the caseload beginning from a record high of 5.0 million families in FY 1994 to 1.8 million families in FY 2006, the question has been raised as to whether the current caseload has changed significantly since the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) was enacted. An examination of longer-term trends is helpful in understanding how the welfare recipient population has been changing.

Child-Only Families

The number of child-only families (those where no adult is receiving assistance) increased steadily throughout the mid 1990s, reaching a peak of 978,000 such families in FY 1996. In FY 2000, the number of child-only families decreased to 782,000, but their proportion of the caseload increased significantly to 34.5 percent from 21.5 percent in FY 1996. In the early 2000s, however, both the number of child-only families and their proportion of the caseload continued to increase (see Figures A and G). In FY 2006, there were about 851,000 child-only cases, which accounted for 47.2 percent of the total caseload.

Figure A
Trend in AFDC/TANF Child-Only Cases
FY 2002 - FY 2006



A number of other major changes in the characteristics of welfare recipients occurred in the 1990's including the racial composition of welfare families, the age of adult recipients, the age of the youngest child, and the employment rate of adults. The trends in AFDC/TANF recipient characteristics since 2002 are presented in Figure B through Figure D.

Figure B
Trend in TANF Families by Race/Ethnicity
FY 2002 - FY 2006

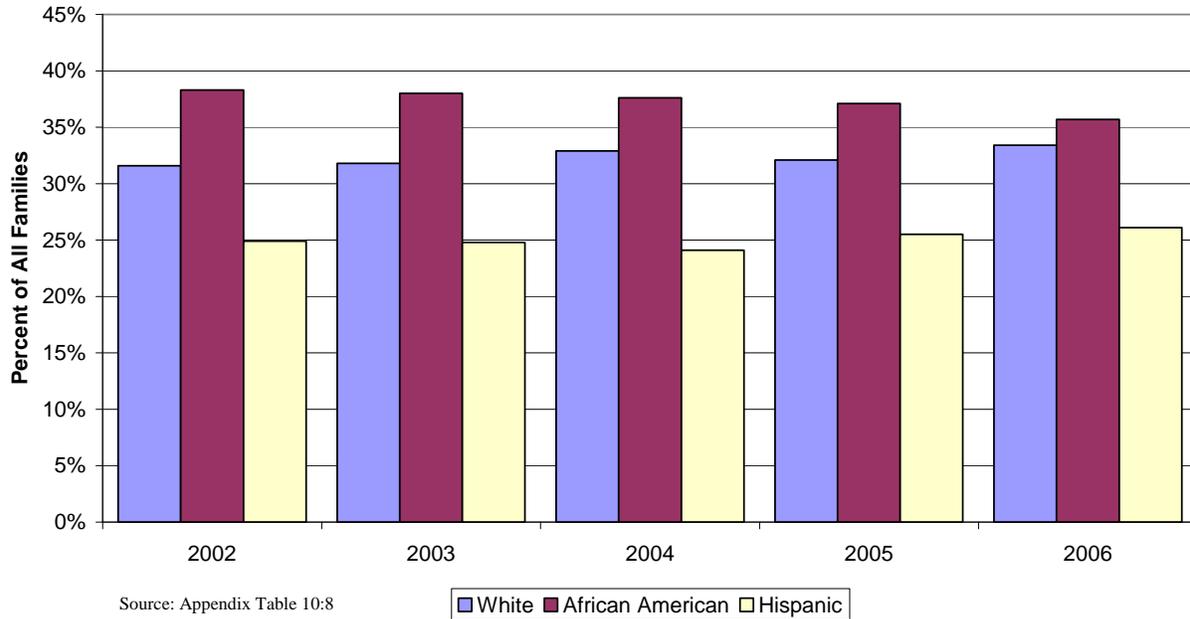


Figure C
Trend in TANF Adult Recipients by Age Group
FY 2002 - FY 2006

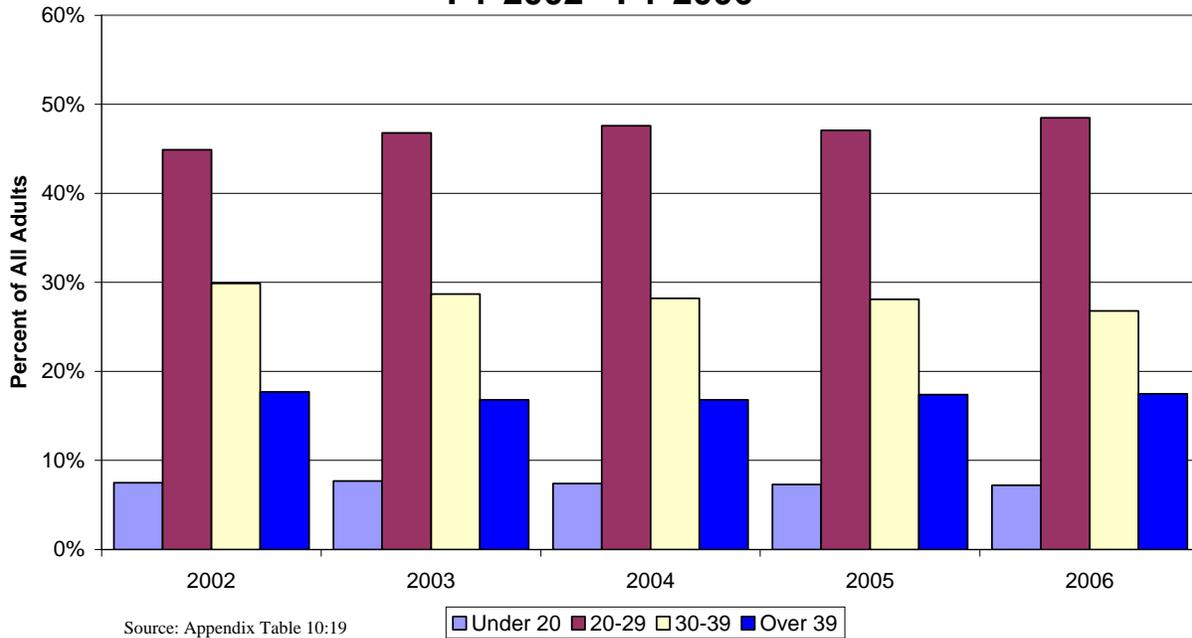
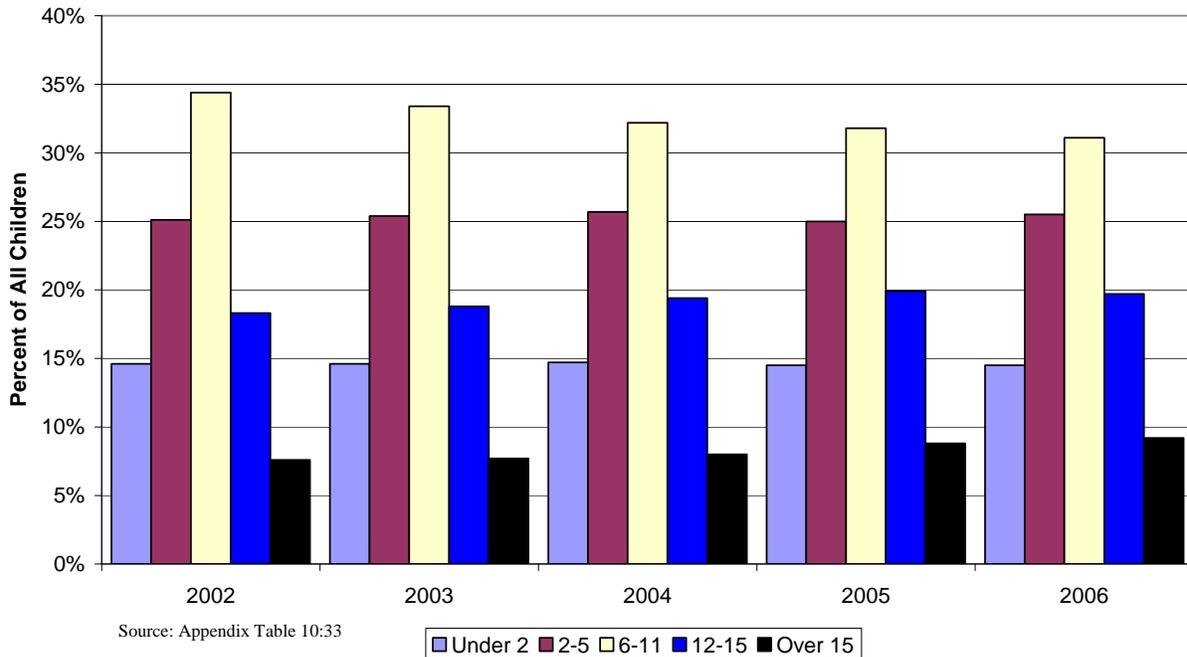


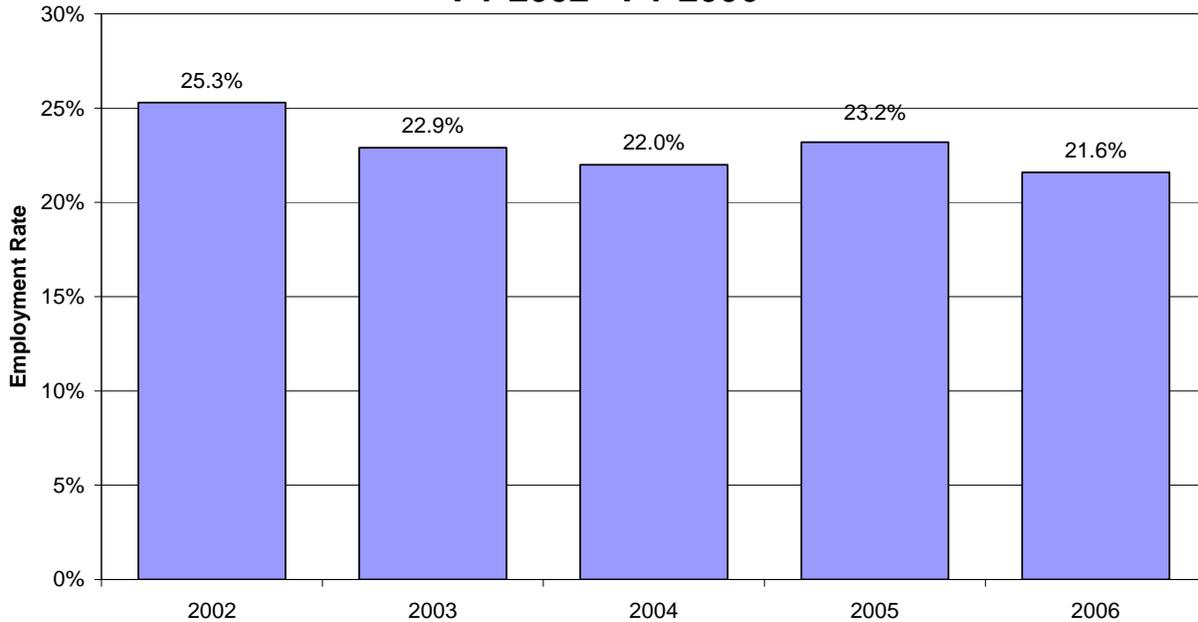
Figure D
Trend in TANF Recipient Children by Age Group
FY 2002 - FY 2006



Employment Rate

The employment rate of adult recipients has increased significantly since the early 1990's. The employment rate went from seven percent in FY 1992 to 28 percent in FY 1999. Since this peak in FY 1999, the rate has declined to 21.6 percent. However, this rate is still twice the rate achieved in FY 1996. It is important to note that the employment data presented here is somewhat different from those presented in the "Work Participation Rates" and "Work and Earnings" sections of the report. The data presented here represents the labor market status of adult TANF recipients and classifies individuals as employed, not employed, or not in the labor force. Data presented elsewhere displays the type of work activities TANF adults are participating in using additional activity categories.

Figure E
Trend in Employment Rate of TANF Adult Recipients
FY 2002 - FY 2006

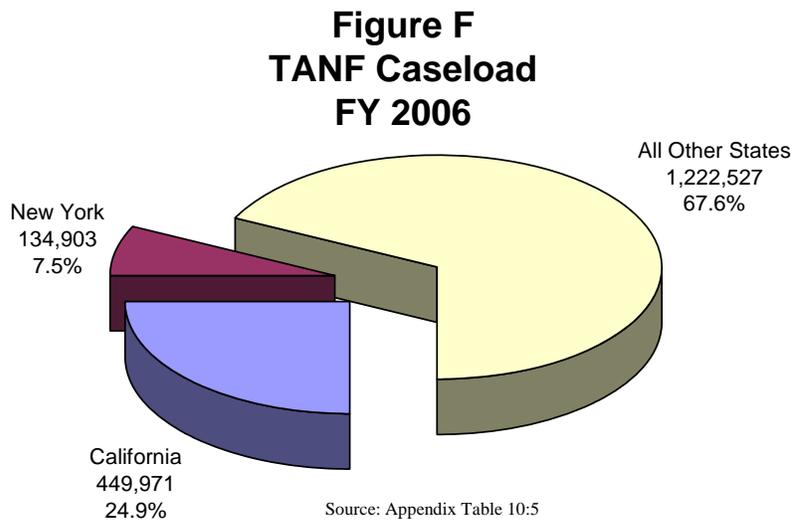


Source: Appendix Table 10:31

TANF Families

The average monthly number of TANF families was 1,802,600 in FY 2006. The estimated average monthly number of TANF recipients was 996,300 adults and 3,203,600 children. The average monthly number of TANF families decreased in 50 States and reflects an overall six percent decrease from 1,914,000 families in FY 2005.

California had the largest number of TANF families with a monthly average of 449,200, almost a quarter of the U.S. total. New York ranked second with an average monthly caseload of 134,900. California and New York had a combined monthly average of 584,100, accounting for about 32 percent of the U.S. total. This information is presented in Figure F.



The average number of persons in TANF families was 2.3, including an average of 1.8 recipient children. One in two recipient families had only one child. One in 10 families had more than three children. The average number of children in closed-case families was 1.8. Nearly one in two closed case families had one child, and only six percent had more than three children.

About 47 percent of TANF families had no adult recipients. About 50 percent of TANF families had only one adult recipient, and only six percent had two or more adult recipients.

Over 47 percent of TANF families were child-only cases, up about two percentage points from FY 2005. Although the percentage of child-only cases on the welfare rolls has increased in the past several years, the total number of child-only cases has actually declined by about 127,000 since FY 1996. Of the total families with no adult recipients, half had a parent living in the household but not receiving benefits. Of these families with a parent present (not including those with non-recipient adults due to sanctions), about 41 percent had a parent receiving SSI and 38 percent had a parent in unknown citizenship/alienage status. Only 11 percent of all families with no adult recipient had a parent removed from the case (sanctioned) for failure to comply with work requirements, attend school, or cooperate with child support. Figure H illustrates the reasons parents living in the household are not included in the assistance unit.

Figure G
Trend in Caseload and Child-Only Cases
FY 2002 - FY 2006

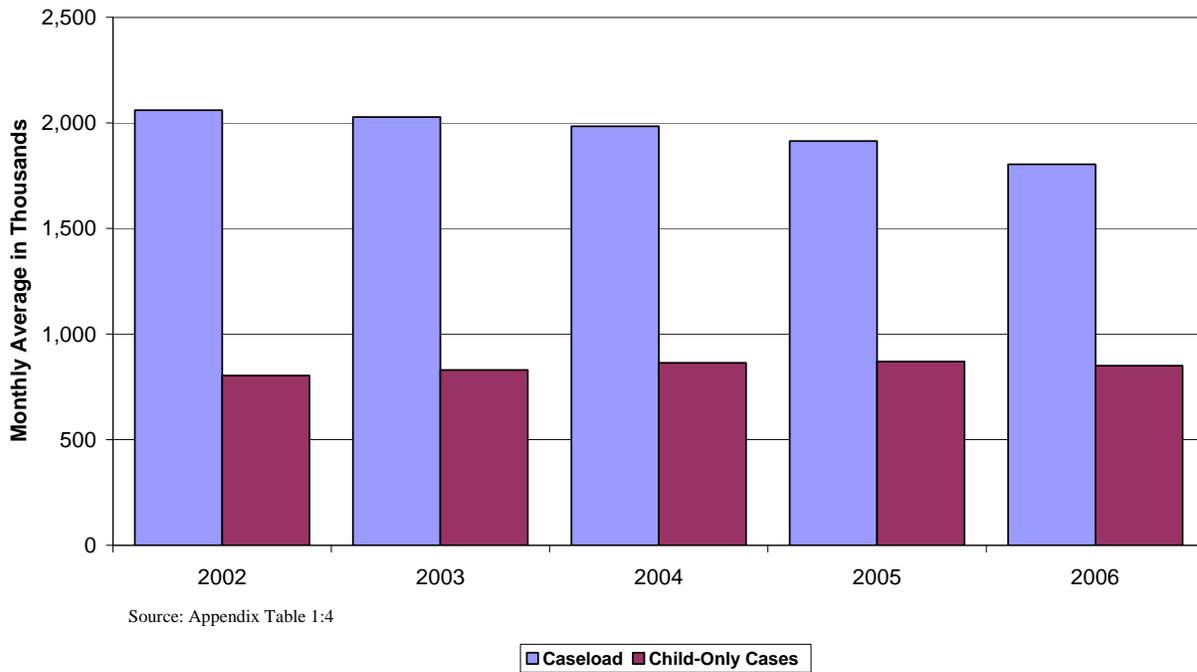
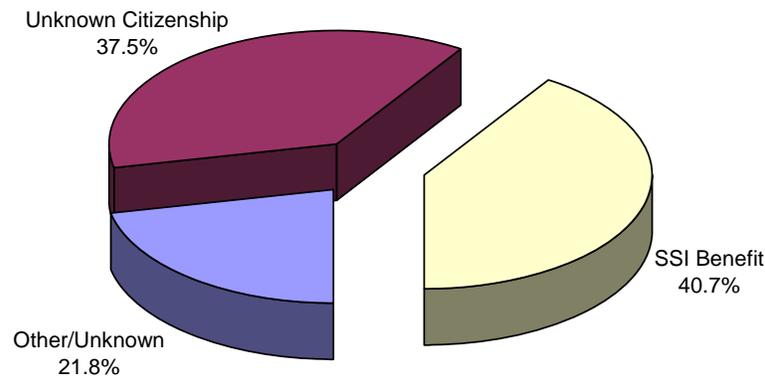


Figure H
Reason for Parents Living in the Household
but not in the Assistance Unit
FY 2006

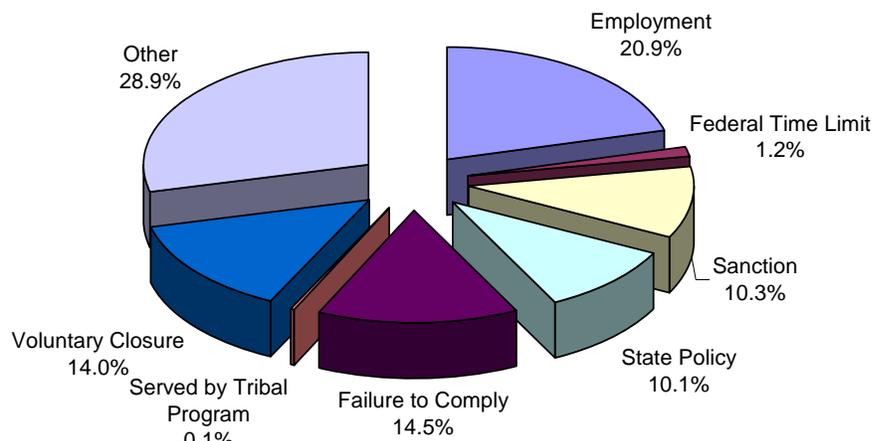


Source: Appendix Table 10:12

Eighty percent of TANF families received Food Stamp assistance, which is consistent with previous levels. These families received average monthly Food Stamp assistance of \$275. Of closed-case families, 79 percent received Food Stamp assistance in the month of closure. In addition, almost every TANF family was eligible to receive medical assistance under the State plan approved under title XIX of the Social Security Act.

Figure I illustrates the reasons for case closure in FY 2006. However, understanding the reasons for case closure is limited by the fact that States reported 28.9 percent of all cases as closed due to “other” unspecified reasons. For example, while independent studies of the reason for families leaving welfare typically find that somewhat over half leave as a result of employment, States reported only 20.9 percent of cases closing due to employment, clearly an understatement of the true rate. Many closures due to employment are coded as failure to cooperate or as some other category because at the point of closure, the agency often is unaware that the client became employed.

Figure I
TANF Families by Reason for Closure
FY 2006



Source: Appendix Table 10:48

TANF Adults

There were about 2.0 million adults living in TANF households in FY 2006. Of all those adults, 52 percent were TANF recipients and 48 percent were not. Of those not receiving assistance, 63 percent were parents, 32 percent were caretakers, and 5 percent were other persons whose income was considered in determining eligibility (see Appendix Table 10:9).

Most TANF adult recipients were women, as men only represented 10 percent of adult recipients. Nearly 95 percent of adult recipients were the head of the household. There were about 74,000 teen parents whose child was also a member of the TANF family, representing about 9 percent of recipients aged 13-19. Only 11 percent of adult recipients were married and living together. However, the number of married adult recipients decreased because many States recently moved two-parent families to SSP-MOE programs.

Two of three TANF adult recipients were members of minority groups. Thirty-eight percent of adult recipients were white, 37 percent were African-American, 20 percent were Hispanic, 1.7 percent were Asian, and 1.5 percent were Native American. Most TANF adult recipients were U.S. citizens. There were about 60,000 non-citizens (i.e., 5.9 percent of TANF adults) residing legally in this country.

Of TANF adult recipients, an average of 21.6 percent were employed in the reporting month. There was little difference of the employment rate between male recipients and female recipients. Employment decreased when compared with the 23.2 percent who were employed in FY 2005. In closed-case families, 30.0 percent of adults were reported to be employed in the month the case was closed.

Work participation was mandatory for three of every five adult recipients, and 11 percent of TANF adult recipients were deemed to be engaged in work activities. About 11 percent were disregarded from work participation because they were single custodial parents with a child less than 12 months old. Three percent were exempt because of a sanction, because they were part of an ongoing research evaluation, or because they were served under an approved welfare reform waiver. Thirteen percent were exempt from the work participation requirements because of a good cause exception (e.g., disabled, in poor health, or other). Only two percent were single custodial parents with a child under age six who did not have access to child care.

Overall, 45 percent of all TANF adult recipients participated in some type of work activity during the reporting month. Twenty-one percent worked in unsubsidized jobs, seven percent did job search, and another 19 percent were engaged in subsidized employment, job skills training or work preparation activities. Some TANF adults did two or three work activities. Those participating worked an average of 25 hours per week, and some adults participated although they were work exempt.

Of TANF adult recipients, about 30 percent were disregarded or exempt from work participation, and 40 percent participated in work activities. Therefore, it appears that almost 30 percent of adult recipients who were required to participate did not participate in mandatory work activities.

TANF Children

TANF recipient children were on average 7.8 years old. Fifteen percent of recipient children were under two years of age, while 40 percent were of preschool age under six. Only nine percent of the children were 16 years of age or older.

Most recipient children were children of the head of the household in TANF families, and only 10 percent were grandchildren of the head of the household. Of all recipient children in TANF families with no adult recipients, 66 percent lived with parents and 21 percent with grandparents who did not themselves receive assistance. Most TANF recipient children were U.S. citizens, and only 1.2 percent were qualified aliens.

The racial distribution of TANF recipient children has not significantly changed when compared with FY 2005. African-American children continued to be the largest group of welfare children, comprising about 36 percent of recipient children. Almost 29 percent of TANF recipient children were white, and 29 percent were Hispanic.

Financial Circumstances

Of TANF families, 99.5 percent received cash and cash equivalent assistance, with an average monthly amount of \$372. Monthly cash payments to TANF families averaged \$314 for one child, \$390 for two children, \$465 for three children, and \$558 for four or more children. Some TANF families who were not employed received other forms of assistance such as child care, transportation and other supportive services.

Less than one in every five TANF families had non-TANF income. The average monthly amount of non-TANF income was \$587 per family. Ten percent of the TANF families had earned income with an average monthly amount of \$707, while seven percent of the TANF families had unearned income with an average monthly amount of \$351. Of all closed-case families, 33 percent had non-TANF income with an average monthly amount of \$915.

Of TANF recipient adults, 20 percent had earned income with an average monthly amount of \$703. Six percent of adult recipients had unearned income averaging about \$352 per month. Three percent of recipient children had unearned income with an average monthly amount of \$294.

As in FY 2005, one in ten TANF families received child support with an average monthly amount of \$182. Eleven percent of TANF families had some cash resources (e.g., cash on hand, bank accounts, or certificates of deposit) with an average amount of \$236. Such family cash resources were defined by the State for determining eligibility for and/or amount of benefits.

Reliability of Estimates

The statistical data are estimates derived from samples and, therefore, are subject to sampling errors as well as nonsampling errors. Sampling errors occur to the extent that the results would have been different if obtained from a complete enumeration of all cases. Nonsampling errors are errors in response or coding of responses and nonresponse errors or incomplete sample frames.

Standard (Sampling) Errors

For FY 2006, the average monthly caseload, annual sample sizes, average monthly sample sizes, sampling fractions and the percentage points by which estimates of the total caseload for each State might vary from the true value at the 95 percent confidence level are shown in Table 10:75 and 10:76.

Table 10:77 indicates the approximate standard error for various percentages for the U.S. total caseload. These standard errors are somewhat overstated because they are calculated assuming a sample of 13,515 cases out of a total of 1,802,567 cases or 0.74944690 percent of the average monthly caseload. California has the smallest sampling fraction. To obtain the 95 percent confidence level at each percent in Table 10:77, multiply the standard error by a factor of 1.96.

For example, national estimates of 50 percent should not vary from the true value by more than plus or minus 0.8428 percentage points (0.43×1.96) at the 95 percent confidence level. To obtain the 99 percent confidence level, multiply the standard errors by a factor of 2.58.

Non-sampling Errors

Every effort is made to assure that a list of the universe or the sample frame is complete. It is possible, however, that some cases receiving assistance for the reporting month are not included. There is no measure of the completeness of the universe.

Data entries are based on information in the case records. Errors may have occurred because of misinterpretation of questions and because of incomplete case record information. Errors may have also occurred in coding and transmitting the data. There are no measures of the reliability of the coded information. For some data elements, obviously incorrect or missing information was recoded as unknown in the data processing.

Standard Errors of Subsets

For tables based on subsets of the populations (e.g., one adult or two adult families), the approximate standard errors can be computed by the following method: (a) determine the assumed sample size of the subset by multiplying the number of cases in the subset by 0.0074977690; (b) divide the sample size of all families (13,515) by the assumed sample size of the subset; and (c) take the square root of the result and multiply it by the standard errors of the total caseload shown in Table 10:77.

For example, for TANF families with no adult recipients, the approximate standard errors of percentages can be found by multiplying the data in Table 10:77 by the square root of $13,515/6,038$ or 1.4961. The sample size of 6,038 is determined by $850,881 \times 0.74944690$.

Standard Errors for State Estimates

The method used above can be adapted to calculate the standard errors of State estimates. First, divide the national sample size of all families (13,515) by the State sample size shown in Table 10:75. Then take the square root of the result and multiply it by the standard errors shown in Table 10:77. For example, for New York, the approximate standard errors of percentages can be found by multiplying the data in Table 10:77 by the square root of $13,515/3,233$ or 2.0446.

Statistically Significant Differences

Table 10:78 shows the percentage values at which differences between national and State estimates become significant at the five percent confidence level based on annual State samples of 3,000 active cases.

Table 10:79 shows the percentage values at which differences between State estimates become significant at the five percent confidence level based on annual State samples of 3,000 active cases.

