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BY THE U.S. GENERAL ACCOUNTING OFFICE

Report To The Honorable William V. Roth 113975
United States Senate

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RELEASED

Public Assistance Benefits Vary Widely From State To State, But Generally Exceed The Poverty Line

A major U.S. public assistance program is Aid to Families with Dependent Children (AFDC). States establish their own need standards and decide on the appropriate level of benefits for the AFDC program. Decentralized State control produces wide variations in benefits. Coverage is not always uniform and results in the different treatment of similar families.

Despite wide differences in these benefits, about 80 percent of AFDC families in GAO's sample (which, because it is not statistically valid, cannot be projected to the AFDC universe) received cash, and inkind benefits from other public assistance-type programs, which in total exceeded the official poverty line.

GAO found, using hypothetical analyses, that working even at a minimum wage job would improve the AFDC mother's financial well-being, although the loss of important benefits at certain earning levels raises the question as to whether she would have a sufficient financial incentive to work.

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Washington, DC 20548

Human Resources
Division

B-200518

The Honorable William V. Roth
United States Senate

Dear Senator Roth:

This report responds to your November 9, 1978, request that we analyze the welfare system. Specifically, you asked that we determine what an average welfare family of four could receive from welfare programs in several selected States. You further asked that we calculate the benefits for a mother and three children, whose benefits came from Aid to Families with Dependent Children (AFDC), housing assistance, school lunches, and Medicaid, as a minimum.

We analyzed over 1,000 active AFDC cases in 13 States to determine the collective benefits actually received by those families. In addition for a family of four, we analyzed through hypothetical situations the effect that working would have on benefits received from certain groups of public assistance programs. We found that a full-time minimum wage job would not preclude the AFDC mother from receiving some form of public assistance, and would improve her financial well-being, although the loss of important benefits at certain earning levels raises the question as to whether she would have a sufficient financial incentive to work.

Since this report contains no recommendations, and in accordance with your request, we did not obtain comments from the departments or agencies which manage the various welfare programs.

We hope the information in this report is responsive to your needs. As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from the date of the report. At that time, we will send copies to interested parties and make copies available to others upon request.

Sincerely yours,

Gregory J. Ahart

Gregory J. Ahart
Director

GENERAL ACCOUNTING OFFICE
REPORT TO THE HONORABLE
WILLIAM V. ROTH,
UNITED STATES SENATE

PUBLIC ASSISTANCE BENEFITS VARY FROM STATE TO STATE, BUT GENERALLY EXCEED THE POVERTY LINE

D I G E S T

United States welfare programs provide cash and inkind benefits to needy families. A major program paying cash benefits to poor families with children is the Aid to Families with Dependent Children (AFDC) program. During fiscal year 1979, over $12 billion was spent for the AFDC program administration and benefit costs; the Federal Government's share was $6.5 billion. (See p. 1.)

STATE CONTROL OVER AFDC ALLOWS WIDE VARIATIONS IN BENEFITS

States control the amount of AFDC payments to welfare families, the standards of need for various family sizes, and the services covered by Medicaid. Because of this, benefits for families with similar needs differ greatly among States. A family of four in San Antonio, Texas, for example, receives monthly AFDC payments of $140 compared to $492 in Milwaukee, Wisconsin. (See pp. 3 and 4.)

Likewise, States may choose to offer certain AFDC program extensions which could allow more families to receive Medicaid and AFDC. However, by not electing to provide such AFDC extensions as benefits to families headed by an unemployed father or to pregnant women, the State can limit the number of families receiving benefits. The diversity of coverage among States creates inequities because families with similar needs and circumstances are treated differently. (See pp. 5 to 7.)

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AFDC FAMILIES RECEIVED VERY DIFFERENT BENEFIT/INCOME PACKAGES, BUT MOST FAMILIES GAO SAMPLED WERE ABOVE THE OFFICIAL POVERTY LINE DESPITE NOT WORKING

About 80 percent of the 1,061 active welfare cases in GAO's sample, which covered 23 counties in 13 States, had benefit/income packages exceeding the poverty line, 1/ with the overall annual average package being about $7,800 per family. Average packages in GAO's sample ranged from about $5,200 in Wilmington, Delaware, to about $9,900 in Madison, Wisconsin. The cash component alone would generally not exceed poverty; thus, the significance of inkind benefits is evident. Families that had earned income averaged about $2,600 per year more than their nonworking counterparts. (See app. V, p. 35.)

AFDC clients were generally eligible for other types of welfare programs and for the most part participated in them. AFDC clients generally did not take advantage of programs providing jobs, training, and higher educational opportunities, probably because most mothers in GAO's sample had very young children and were exempt by law from work requirements under current regulations, or because they lacked the necessary

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1/The annual 1979 poverty level for nonfarm families of various sizes is:

Family size	Poverty level
2	$4,500
3	5,600
4	6,700
5	7,800
6	8,900

secondary level of education required to take advantage of higher educational opportunities. (See pp. 16 and 17.)

EFFECTIVE TAX RATES ON AFDC CLIENT'S EARNINGS AND BENEFITS LOST DUE TO WORKING MAY LESSEN THE FINANCIAL INCENTIVE TO REMAIN WORKING

Based on hypothetical analyses, GAO found that an AFDC mother, working even at a full time minimum wage job, would improve her financial well-being. However, she would face the loss of significant welfare benefits as income is earned. These lost benefits can be construed as an additional tax on the income earned. The combined effect of employee taxes and lost benefits raises questions as to whether the client subject to them retains an adequate financial incentive to work. (See pp. 20 to 23.)

LIMITATIONS ON SCOPE

Because of the magnitude of public assistance programs and by agreement with the requestor, GAO used judgmental rather than statistical sampling. This precludes projecting data from the GAO sample to the national AFDC recipient population. Any observations made from these data apply only to the sample population. Also, county welfare officials, based on GAO instructions, selected the sample to expedite the analysis. These officials (or their staffs) compiled much of the case data which GAO verified to existing records.

In placing a value on the recipient's benefit package, GAO quantified inkind benefits using reasonable criteria. GAO believes the values assigned were conservative; that is, they tended to understate rather than overstate the actual worth. Since many benefits are noncash (Medicaid, housing, school meals, etc.), GAO combined their assigned benefit package value with the known cash benefits and earned income.

Detailed descriptions of the work steps, assumptions, and data limitations are in appendix II.

GAO limited the scope of the analysis on the work incentive issue because of a separate congressional request, which it is presently doing, and because of a detailed study made by the Congressional Research Service in June 1980. (See p. 23.)

C o n t e n t s

ABBREVIATIONS

AFDC	Aid to Families with Dependent Children
AFDC-UF	Aid to Families with Dependent Children - Unemployed Father
CETA	Comprehensive Employment and Training Act
GAO	General Accounting Office
SSI	Supplemental Security Income
USDA	U.S. Department of Agriculture

GLOSSARY

Benefit/income package	Total of cash and inkind benefits received from welfare-related programs, plus any cash received from wages, contributions, or other sources.
Effective tax rate	This refers to the effective tax on the gross earned income of an AFDC client, and is made up of two components: the actual Federal, State, and social security taxes on earned income and the benefits that are lost due to that income--mathematically:

$$\text{Effective tax rate} = \frac{\text{taxes on income + benefits lost}}{\text{gross earned income}}$$

Inkind benefits	Noncash benefits; goods and/or services provided to the AFDC recipient, such as Medicaid, Government housing subsidy, school meals, and supplemental food.
Minimum wage	At December 31, 1979, the federally mandated minimum wage was $2.90 per hour.
Need standard (or standard of need)	This standard represents the cost of basic living needs that the State recognizes as essential for all applicants or recipients under the assistance programs. It includes the kinds of needs considered to be basic needs that are also included in the standard of assistance. (App. II lists the needs which make up the need standard in our sample States.)
Payment standard	This represents the percentage of the need standard which the State pays to the AFDC recipient. For example, a need standard could be set at $400 per month, but the actual AFDC payment may only be 80 percent of the need standard, or $320.

Poverty line

The benchmark the Federal Government uses to determine whether a person is officially living in poverty. We used the nonfarm poverty line figures in our analyses because our data were compiled on welfare clients living in SMSAs (see below). In 1979, for nonfarm families, the poverty line was:

Family size	Amount
2	$4,500
3	5,600
4	6,700
5	7,800
6	8,900

SMSA (Standard Metropolitan Statistical Area)

A Bureau of the Census term describing the entire area in and around a city, in which the activities form an integral economic and social system, and which for many types of analyses needs to be considered as a unit.

Thrifty food budget

Department of Agriculture calculation of the average monthly cost of food for a person of specified age and sex. It is the lowest cost of four USDA food plans and is used as a basis for allotments under the Food Stamp Program. In our analyses, we calculated the thrifty food budget for each family size using its exact composition.

Welfare

Public assistance programs, including AFDC, Medicaid, Food Stamps, Housing, Basic Education Opportunity Grant, Social Services, and Child Nutrition programs. Eligibility for these programs is generally based on asset tests and needs.

CHAPTER 1

INTRODUCTION

The U.S. welfare system consists of a large number of overlapping programs which provide cash and inkind benefits to people eligible for public assistance. The programs are highly interrelated and spread across Federal, State, and local jurisdictions. Typically, the State and local programs supplement the Federal efforts or provide aid to persons not eligible for Federal aid. One of the largest welfare programs is the Aid to Families with Dependent Children (AFDC) program, which was enacted by the Congress in 1935 as a grant-in-aid program to assist the States in caring for poor families which had no employable father in the home.

AFDC is a joint Federal and State program with the Federal Government paying 50 percent of AFDC administrative costs and, depending upon the State, from 50 to 83 percent of AFDC benefit costs. Traditionally, AFDC has been considered as a program which could and should respond to individual needs and circumstances. State standards of need and payment are established with this goal in mind. During fiscal year 1979, over $12 billion was spent for program administration and benefit costs; the Federal Government's share was $6.5 billion. (See app. XVII for a brief description of other major public assistance programs in our review.)

OBJECTIVE, SCOPE, AND METHODOLOGY

Senator William V. Roth asked us to analyze what benefits (both cash and inkind) a welfare family of four (a mother and three children) could receive in selected States from various welfare programs including AFDC, Housing, Medicaid, and School Lunch. Under this mandate we attempted to determine (1) what welfare benefits are available and received in various locations, (2) how programs interact and affect benefits, and (3) the effect of a family's earned income on its welfare benefits.

To accomplish this, we approached our task from two directions. First, we visited 23 cities in 13 States and reviewed 1,061 active AFDC cases. We obtained actual data on the current benefit levels of recipients. From this data base, we made various analyses, including comparing benefit/income packages with the official Government poverty guidelines, measuring client financial well-being by determining their remaining disposable cash income after shelter and food expenses, and compiling profile and program participation data.

Second, we simulated welfare families in different locations using as much actual data from our sample cases as possible to establish reasonable parameters. Analyses similar to those done on our actual cases were performed. Also, we extended our study to include some analyses which were not possible using the actual data. For example, we developed effective tax rates on earnings which occur as welfare benefits are lost when income is earned. (See app. II for more details on our work steps, assumptions, and limitations.)

CHAPTER 2

SEPARATE STATE AFDC PROGRAMS MAKE

PLACE OF RESIDENCE THE MAJOR DETERMINANT OF THE

AMOUNT OF A RECIPIENT'S BENEFIT PACKAGE

The AFDC program, which is State administered, is a major welfare program paying cash benefits to low-income mothers with children. Each State defines the needs that AFDC grants are supposed to cover, sets the standard of need by family size for each area, and establishes the fraction of that need standard it will pay.

In addition, there are several AFDC program extensions that States may elect to implement. These include extending aid to families headed by an unemployed father or to a pregnant woman and making emergency assistance payments to recipients. Each extension has definite value to certain groups of people. Furthermore, anyone eligible for AFDC is also eligible for Medicaid. 1/ Services covered under Medicaid vary by State.

State control over the need standards and payment levels has resulted in a situation where the AFDC family's benefits are determined more by the State they live in than by what they need. Thus, significant variations exist between States concerning what total benefits a family can receive.

This chapter points out differences among States in AFDC grant levels, need standards and percentages of the need standard paid, and need coverage. It also highlights the AFDC program extensions which are offered or not offered in the various States and the effect on the families living in States not providing them.

AFDC GRANT AMOUNTS AND NEED STANDARDS SHOW WIDE VARIATIONS BETWEEN AND WITHIN STATES

Because the States control all aspects of the need standards, and because of different political, economic, and social

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1/Arizona does not offer Medicaid.

conditions between States, the actual grants paid to similarly situated families in different States vary widely. There are also significant variations within some States. Table 1 shows the basic need standard and grant amount paid to a family of four in selected localities.

Table 1

Standards of Need and AFDC Grant Levels for Selected Locations Family of Four March 1980

Location	Monthly standard of need	Maximum monthly AFDC grant	Maximum grant as a percentage of need paid
Milwaukee, WI	$579	$492	85
Elkhorn, WI (note a)	562	478	85
San Francisco, CA	511	487	95
Anchorage, AK	450	450	100
Hartford, CT	446	446	100
Danbury, CT (note a)	517	517	100
Waterbury, CT (note a)	434	434	100
Syracuse, NY	428	428	100
Wichita, KS	350	350	100
Overland Park, KS (note a)	375	375	100
Salina, KS (note a)	330	330	100
Fairfax, VA	372	372	100
Alexandria, VA	372	335	90
Culpepper, VA (note a)	292	263	90
Montgomery Co., MD	314	314	100
Wilmington, DE	312	312	100
Las Vegas, NV	341	297	87
Baton Rouge, LA	494	187	38
Reserve, LA (note a)	456	173	38
Savannah, GA	227	170	75
San Antonio, TX	187	140	75
Jackson, MS (note a)	252	120	48
Washington, D.C. (note a)	481	481	100

a/We did not visit these cities, but they were included for comparisons within States.

Table 1 highlights the significant differences that exist in AFDC grants between the States. A good example of the disparity between neighboring States with adjacent cities occurs between Kansas and Missouri. In Kansas City, Missouri, the AFDC mother of three receives $256 a month, while the same family in Kansas City, Kansas, would get $350. The difference in the grant is $94, yet the cities are right across the Missouri River from each other. Similarly, in the Washington, D.C., area, encompassing Maryland, Virginia, and the District of Columbia, the AFDC grants for a family of four are $314 (Montgomery County), $372 (Fairfax County), and $481 (D.C.), respectively, a difference of $167. The differences exist despite similar living costs in each area.

Several States have different need standards and grant amounts within the States. For instance, Kansas has five different levels, while Connecticut and Virginia have three each. The difference between the high and low maximum AFDC grant amounts in Virginia is $109 a month.

OPTIONAL EXTENSIONS OF AFDC PROGRAM CAN GREATLY INCREASE BOTH A WELFARE RECIPIENT'S BENEFITS AND THE AFDC CASELOAD

There are three major extensions of the AFDC program which can change the recipient's benefit package and standard of living and allow more families to receive benefits. The State has the option of offering these extensions to its poor.

The first program extension is AFDC for Unemployed Fathers (AFDC-UF) in which two-parent families headed by unemployed fathers are eligible for AFDC and Medicaid. The second is providing AFDC and Medicaid to a pregnant woman. The third is providing emergency assistance, in cash or services, to AFDC clients in a crisis. In States where these options are offered, more clients become eligible for benefits and can fare much better financially than those living in a State which does not offer such help.

About one-third of the States offer all three extensions to the AFDC program

Table 2 shows which States offer the AFDC extensions.

Table 2

States Offering AFDC Extension Programs

State	AFDC-UF	AFDC to pregnant women	Emergency assistance
Alabama		x	
Alaska			
Arizona			
Arkansas			x
California	x	x	
Colorado	x	x	
Connecticut	x		x
Delaware (note a)	x	x	x
D.C. (note a)	x	x	x
Florida		x	
Georgia			
Hawaii	x	x	
Idaho		x	
Illinois	x		
Indiana			
Iowa	x		
Kansas (note a)	x	x	x
Kentucky			x
Louisiana		x	
Maine			
Maryland (note a)	x	x	x
Massachusetts (note a)	x	x	x
Michigan (note a)	x	x	x
Minnesota (note a)	x	x	x
Mississippi			
Missouri	x		
Montana (note a)	x	x	x
Nebraska (note a)	x	x	x
Nevada		x	
New Hampshire			
New Jersey	x		x
New Mexico		x	
New York (note a)	x	x	x
North Carolina			
North Dakota		x	
Ohio (note a)	x	x	x
Oklahoma			x
Oregon		x	x
Pennsylvania (note a)	x	x	x
Rhode Island	x	x	
South Carolina		x	
South Dakota		x	
Tennessee		x	
Texas			
Utah	x	x	
Vermont	x	x	
Virginia			x
Washington (note a)	x	x	x
West Virginia (note a)	x	x	x
Wisconsin (note a)	x	x	x
Wyoming		x	x
Total	26	33	23

a/Locations where all three AFDC program extensions are offered.

The difference in benefits available to similarly situated families living in States which offer the extensions and those which do not is again quite substantial. The following table compares benefits between a Texas family of four headed by an unemployed father (without AFDC-UF) and its counterpart in Wisconsin (with AFDC-UF).

Table 3

Comparison Between Family of Four Headed by Unemployed Father in Texas and Wisconsin

	Texas	Wisconsin
AFDC grant	$ 0	$492
Medicaid	0	a/112
Food stamps	204	78
Total	$204	$682

a/Medicaid value is assumed to be equal to the 1979 Blue Cross/Blue Shield, Federal employee's high-option family premium (both Government's and employee's share). See appendix II for rationale for using this figure.

In 18 States, a pregnant woman with no other children is not eligible for AFDC until her baby is born. In States which offer the AFDC extension to a pregnant woman, there are significant differences between what she would receive besides the difference in basic grant levels. In some States, AFDC is granted to the woman as soon as the pregnancy is verified. In others, AFDC is paid only for the last 6 months or less of pregnancy. Sometimes the unborn child is included as an extra child on the grant and at other times the woman gets AFDC only for herself. Availability of this extension and how it is applied, therefore, can make the difference between the woman receiving about 7 months of AFDC for a family of two or not receiving any benefits.

Emergency assistance, a third AFDC extension, takes many forms in the States that offer it. For example, in Kansas, it can be granted to cover such emergencies as civil disorders and natural disasters, to avoid potential evictions, or to prevent utility shutoffs. In Virginia it covers only natural disasters and in Connecticut it covers only utility shutoffs. Assistance is usually provided as cash payments to the household or vendor payments to the party providing the service. While probably not having the impact of AFDC-UF or AFDC to pregnant women, emergency assistance can help those who receive it.

OTHER PROGRAMS ARE AFFECTED BY AFDC AND DIFFER BETWEEN STATES

Two other major welfare programs are affected by AFDC--Food Stamps and Medicaid--and the benefits they provide also differ from State to State. Food stamp allotments are based on the amount of AFDC and other income the recipient receives, minus certain work and housing expenses. For a given amount of income (minus expenses), food stamps are uniform by family size between States.

Medicaid coverages, however, are determined by the State and may be quite different between States. All States except Arizona offer a variety of basic required Medicaid services to their AFDC clients. However, depending on where the family lives, they may also be able to receive dental services, prosthetic devices, eyeglasses, chiropractor services, prescribed drugs, or private duty nursing under Medicaid. A welfare family requiring such services would be better off living in a State, such as Wisconsin, which provides all of them rather than Arizona, which provides none. Appendix XII shows the Medicaid services provided by each State as of June 1978.

Families who are eligible for AFDC are automatically eligible for Medicaid. Thus, families who are ineligible for AFDC because of either low need standards or State failure to exercise AFDC-UF or pregnant women options may be doubly hurt by failing to get both the AFDC payment and Medicaid benefits. However, States can declare families medically needy and provide them with Medicaid even without giving them AFDC.

NO RECURRING LOCAL ASSISTANCE PROGRAMS FOUND PROVIDING BENEFITS TO AFDC CLIENTS

During our visits to the 23 cities, we found no evidence that AFDC clients were also receiving continuing benefits from other State and local welfare programs. In the areas which did have State or locally funded general relief programs, the local officials transferred AFDC applicants from general relief to AFDC as soon as possible. General relief participants do not automatically qualify for Medicaid.

Each area visited had some kind of emergency assistance outlets, such as the Catholic Church, Salvation Army, or United Way, but none provided continuing cash assistance. Some local welfare agencies had a small fund set aside to buy emergency items, such as clothes or a day's worth of food, but all such benefits were temporary.

CHAPTER 3

CASE STUDIES SHOW WIDE RANGES OF BENEFITS RECEIVED BY AFDC FAMILIES, BUT MOST FAMILIES ARE ABOVE OFFICIAL POVERTY LEVEL

Most of the cases we sampled had benefit/income packages exceeding the official poverty level. However, cash and food stamp benefits 1/ alone would not put many families above the poverty level. Because of the variances in State standards of need and payments, available benefits differed significantly. Few families had a working mother, but those that did generally were better off financially when compared to nonworking families within the same States. Due to the interstate differences in AFDC payments, however, a family with a working mother in a State with low AFDC payments could have a lower benefit/income package than a similar nonworking family in a high AFDC payment State.

Cash benefits were sufficient to purchase food at the level of the U.S. Department of Agriculture's (USDA's) thrifty food plan. However, a recipient's ability to rent adequate housing was often hampered by such factors as available cash income, landlord reluctance to rent to welfare clients, tenant selection criteria used by housing authorities in placing applicants, and severe shortages of public or federally subsidized (section 8) housing. Families fortunate enough to obtain Government housing assistance were better off financially and had extra cash to meet other essential needs.

Because it was impractical for us to determine what the AFDC client actually spent for food, we assumed that expenditures would probably be equal to at least the USDA's thrifty

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1/Food stamps are considered as cash in our analysis even though their use is restricted to food and certain other commodities.

food plan. 1/ In all likelihood expenditures exceeded that amount. However, assuming food costs equaled USDA's thrifty food plan, most families had extra income after their food and shelter costs had been paid. The amount of such income remaining varied significantly, with families in the three southern States from our sample generally having the least extra income. Not surprisingly, working families and those in Government housing had the most left to spend for other needs. These other needs may have included food not covered by the thrifty food budget. (See app. VIII.)

AFDC families usually participated in several welfare-type programs simultaneously, with the Medicaid and Food Stamp programs having participation rates greater than 85 percent. Participation rates for others, such as Comprehensive Employment and Training Act (CETA), Supplemental Food Program for Women, Infants, and Children, and Basic Education Opportunity Grants, were much lower. Participation in housing programs was low, but waiting lists were always long. Families in both high and low AFDC paying States participated in about the same number of programs. (See app. IX for details on program participation.)

BENEFIT/INCOME PACKAGES VARY WIDELY, BUT MOST FAMILIES EXCEED POVERTY GUIDELINES

Although the benefits AFDC families receive differ widely between States (see app. VI), about 80 percent of the sample had a total income 2/ above the poverty

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1/The thrifty food plan is based on the general eating patterns of low-income households, modified to meet the recommended dietary allowances set by the National Academy of Science-National Research Council. Some nutritionists question the ability of anyone not having nutritional training to meet these standards because of the strict budgetary limitations of the plan. Likewise, in areas of high food prices or in families having teenage children or a pregnant member, it is increasingly difficult to purchase an adequate diet using the thrifty food plan.

2/We defined total income as the sum of cash (from work or programs) and food stamps, plus imputed values for Medicaid, housing subsidy, child nutrition, and other inkind benefits actually received by the family.

level. 1/ The average total annual income for a family of four in our sample in the continental United States ranged from $11,293 in Milwaukee, Wisconsin, to $6,476 in Baton Rouge, Louisiana. The average for all sampled families of four was $9,296 compared to the overall average of $7,812 for all 1,061 families. Appendix IV presents the total benefit/income packages for families ranging in size from two to six in all cities visited.

Appendix VI shows the number of families (both working and nonworking) above and below the poverty level in each area. In four cities (Madison, New Haven, Buffalo, and San Francisco) all families were above poverty. In four other cities, all families but one were above poverty. At the other end of the spectrum, five cities had less than 52 percent of their families above poverty. In Baton Rouge, only 13 of 46 cases were above poverty.

CASH INCOME AND FOOD STAMPS ARE USUALLY NOT ENOUGH TO EXCEED POVERTY

Clients received cash income from AFDC, employment, or contributions. In high AFDC-paying cities, such as Milwaukee, Wisconsin ($492), and San Francisco, California ($487), the flat AFDC grant 2/ alone for the family of four approaches the poverty line ($558). In contrast, low-paying cities, Baton Rouge, Louisiana ($187), Savannah, Georgia ($170), and San Antonio, Texas ($140), pay only a small fraction of the poverty line. When food stamps are added to the AFDC payment in Milwaukee ($78) and San Francisco ($91), the value of cash and food stamps together exceeds poverty.

1/We recognize that the poverty line has limitations. It is used in our study because of its general acceptance as a poverty indicator. We are currently studying the poverty line, looking at its meaning, development, and limitations.

2/In California and Wisconsin, the AFDC grant amounts were increased to these levels after our onsite reviews in July 1979. The amounts at the time of our review were $423 and $458, respectively, for a family of four.

WORKING FAMILIES ARE BETTER OFF FINANCIALLY THAN NONWORKERS

We compared the value of cash and food stamps received by each family in the sample with the poverty line and found that only 27 percent exceeded poverty. The cities in Wisconsin, California, and Connecticut had the greatest percentage of families whose cash and food stamps were above poverty; those in Georgia, Louisiana, and Texas had the lowest percentage. Appendix XIII makes these comparisons for all cities we visited.

Twenty percent of our sample families had earned income, which averaged $346 per family per month. Despite the benefits lost because of these earnings, these families were considerably better off financially than others in the same State who had to rely only on AFDC and food stamps.

The following comparisons between the working and nonworking families in our sample demonstrate the advantages of those with earned income. Specifically:

--Working family benefit/income packages averaged $9,911 annually compared to the nonworking average of $7,288. (See app. V.)

--Working families had over $225 per month more in cash and food stamps than did families without earned income. (See app. VIII.)

--Almost all (98 percent) families with earnings were above poverty, while only about 77 percent exceeded poverty without having earnings. (See app. VI.)

--Working families averaged almost $170 more per month after the thrifty food budget and shelter costs had been paid. (See app. VIII.)

--Of the 212 families that had earned income, 51 had more than $400 remaining after the thrifty food budget and shelter costs, and 138 had over $200 remaining. (See app. XIV.)

Working families also saved the Federal and State governments money in the form of AFDC and food stamp benefits not paid because these benefits would have been reduced as income was earned. These families also contribute to tax revenues during the year. However, these contributions would be offset to a degree by the amount of income taxes and earned income tax credits which might be refunded. We were not able to quantify the net savings accruing to the Government from those 212 persons in our sample who worked.

MOST WELFARE RECIPIENTS SHOULD HAVE INCOME REMAINING TO SATISFY ADDITIONAL NEEDS BESIDES FOOD AND SHELTER 1/

As a measure of the relative financial well-being of AFDC families, we analyzed their ability to satisfy essential needs of food and shelter using the cash and food stamps available to them. Assuming the reasonableness of our calculation of the thrifty food plan and the validity of reported shelter costs, we then computed the amount of income remaining to be spent on other needs.

Ninety-one percent of the families in our sample had income remaining after food and shelter were paid, and the average remaining monthly income was $146 per family. Again, there were significant differences between the cities. Families in Madison ($300) and Milwaukee ($242) had the highest average remaining incomes, due to high AFDC payments and a relatively high number of families with earned income. Working families had much higher remaining incomes than those not working. Families in Wilmington, Delaware ($67), had the lowest average remaining income, due to a fairly low AFDC payment and almost no employment. San Antonio, Texas, and Fairfax, Virginia, were also low ($93). Appendixes VIII and XIV compare the remaining incomes and their ranges for each city.

Although it appears that most families do have income remaining after food and shelter, other needs intended to be covered by AFDC grants vary, as shown in appendix III. Other needs that are to be covered by the AFDC grant may include clothing, transportation, recreation, household supplies, etc.

1/In the discussion under this caption, when we refer to remaining income, we mean a computed amount. We did not attempt to determine the actual remaining income of any of the AFDC clients in our sample. We assumed that each family's food cost equaled the USDA's "thrifty food plan." We obtained each family's rent and utility payments from their food stamp applications, which were usually verified by food stamp caseworkers from rent receipts and actual utility bills. The assumed food expense and reported shelter costs were subtracted from the available cash and food stamps to yield income remaining for other needs.

Conversely, using claimed (and usually documented) rent and utility payments, we found that about 90 families did not have enough to pay for food and shelter, much less other needs. Although we did not analyze these cases to determine how basic needs are met, it appears that the client either does not spend according to the full thrifty food plan, or is receiving income from some other source and not disclosing it on the AFDC and food stamps applications.

For 13 families in our sample, the thrifty food plan expense plus shelter costs exceeded available income by more than $100 per month.

GOVERNMENT HOUSING ALSO A KEY DETERMINANT OF AN AFDC FAMILY'S WELL-BEING

Besides having earned income and the amount of the AFDC payment, a family's financial well-being is most affected by the availability of Government housing assistance. About 28 percent of our sample received either public housing, section 8 housing assistance, or other forms of supplements with an average monthly subsidy value of $207. 1/ The average AFDC family in Government-subsidized housing had about $1,900 more in annual income (including the housing subsidy) than the average family in our sample. The remaining families either paid for housing at the going rate or shared living space with relatives or others at free or reduced rent.

In low AFDC areas, families sharing space for free or reduced rent were common. For example, from our sample in Dallas, 22 families (43 percent) shared space and did not pay rent, and 21 (41 percent) in Savannah, 22 (48 percent) in Baton Rouge, and 16 (52 percent) in Wilmington shared space for free or reduced rent. Conversely, in higher AFDC cities, such as Madison (13 percent), Milwaukee (18 percent), and San Francisco (11 percent), fewer families had this living arrangement. These statistics suggest that low AFDC payments force those who cannot obtain Government housing to move in or remain living with relatives or friends to reduce their housing costs. Appendix XVI shows the housing status and amounts of remaining income of housing recipients in our sample.

1/Housing subsidy was computed according to the procedures described in appendix II on page 28.

Rents under the Government's section 8 and public housing programs cannot exceed 25 percent of adjusted income. A family in one of these programs generally had considerably more cash income remaining than those paying full rent. The family would also, because of the substantial subsidy it receives, be better off in relation to the poverty line than its counterpart without housing assistance.

MOST AFDC FAMILIES TAKING ADVANTAGE OF ALL RELATED BENEFIT PROGRAMS EXCEPT JOB-RELATED AND HIGHER EDUCATION PROGRAMS

Families in our sample generally took advantage of several available benefit programs. They participated infrequently, however, in jobs, training, or higher education programs. Most participated in AFDC and Medicaid (100 percent), food stamps (85 percent), school lunch (48 percent), and school breakfast (36 percent) programs. The latter program was not always available in the places we visited. Appendix IX shows program participation for the sampled cases.

Two programs, the Work Incentive program and CETA program, are designed to assist low income and welfare families to receive training and obtain jobs. In addition, free day care for AFDC children is generally available to clients working, in training, or actively seeking work. Another program which assists the client to obtain a higher education is the Basic Education Opportunity Grant program.

Few clients in our sample took advantage of these jobs, training, education, and support programs. At the time of our review, only 17 families were receiving CETA training or allowances, 3 getting Work Incentive training allowances, and 4 benefiting from a Basic Education Opportunity Grant. We did not determine if people who were working had previously received jobs and training under CETA or Work Incentive, nor did we determine if those not working had been in the work force earlier.

WORK REGISTRATION NOT REQUIRED OF ALL AFDC MOTHERS ALTHOUGH SOME WHO WERE NOT REQUIRED TO REGISTER WORKED

One reason for the low participation in jobs and training programs could be that the work requirement regulations under the AFDC program exempt certain AFDC mothers from work registration. Mothers with children under age 6 are permitted to remain home to care for these children. Over 60 percent of AFDC families in our sample included a mother who had at least one child under age 6. Therefore, they were not required by law to register for work.

Of the 212 families in our sample who had some earned income, over 40 percent had children under age 6. These mothers did not have to register for work, yet they did work. Their earnings, however, were insufficient to remove them from the AFDC program.

CHAPTER 4

WELFARE FAMILIES CAN IMPROVE THEIR FINANCIAL CONDITION BY WORKING DESPITE LOSING BENEFITS

To enable us to determine the amount of benefits available to a family of four in various States, we used the results of our actual case sample to hypothesize a typical AFDC family in each State. In addition, we assumed the family participated in a selected number of welfare programs. We established two core groups of programs: (1) AFDC, Food Stamps, Medicaid, and School Meals and (2) the addition of a housing subsidy to the first group. The first core was based on the frequency of program participation in our actual sample. The second was based on Senator Roth's request that our analysis at least include AFDC, Medicaid, Housing Assistance, and School Lunch programs. This allowed us to establish a base level of benefits from which to perform other analyses.

We expanded our actual case study to accomplish several goals, which were attainable only by analyzing hypothetical situations. Specifically, we wanted to

--determine what a family of four could receive from a given set of programs in each area we visited, including the effect of program interrelationships, and

--compute the taxes and lost benefits which occur as income is earned.

The financial well-being of the AFDC mother can be improved by working at a minimum wage job even though she will lose some welfare benefits. Then as her earnings increase, additional benefits will be lost. Despite increased earnings and an improved financial position, the total real and imputed tax burden from earnings and benefits lost may be so high in certain situations that it raises the question as to whether the client still retains an adequate financial incentive to work. 1/ At some point, if she continues to work and earns more, she will lose eligibility for public assistance. The earnings level when this will occur varies by State.

1/We have another review underway looking at the many facets of the work incentive question.

BENEFITS AVAILABLE TO A NONWORKING AFDC MOTHER FROM A GIVEN SET OF PUBLIC ASSISTANCE PROGRAMS

The amount of benefits available to a welfare family varies by family size and State and county residence. A significant difference exists between the values of core program benefits. For instance, the benefits available to welfare recipients from the first core group of programs in San Francisco and New Orleans are presented in the following table.

Table 4

Available Program Benefits in First Core Group (Family of four)

Program	San Francisco	New Orleans
AFDC	$487	$187
Food stamps	91	196
Medicaid	112	112
School meals	44	16
Total	$734	$511

The benefits available in San Francisco would exceed the official Government poverty line, but not in New Orleans. Appendix XVIII shows a comparison of available benefits from this core of programs by family size and geographical location with the poverty line. In 6 out of 23 locations, the benefits would be less than the poverty line for the family of four. This result is not surprising because we found similar relationships to the poverty line in our actual case analyses.

The benefits available from the second core group of programs would produce different results because of the value assigned to the Government housing subsidy. The following table shows the available base level benefits from the second group.

Table 5

Available Program Benefits
Including Housing Subsidy
in the Second Core Group
(Family of four)

Program	San Francisco	New Orleans
AFDC	$487	$187
Food stamps	79	169
Medicaid	112	112
School meals	44	16
Housing subsidy	145	170
Total	$867	$654

These two benefit packages would exceed the Government poverty line. In addition, the interrelationship of housing and food stamps is evident. In San Francisco, by paying less for housing (receiving $145 subsidy) the client's food stamps are reduced by $12. However, in New Orleans, the client getting housing assistance receives $27 less in food stamps. Other program benefits would remain unchanged.

EFFECTIVE TAX RATES ON AFDC CLIENT'S EARNINGS AND BENEFITS LOST DUE TO WORKING MAY LESSEN THE FINANCIAL INCENTIVE TO REMAIN WORKING

We analyzed the effect that obtaining a full-time minimum wage job would have on the AFDC recipient's benefit packages from core programs described in the previous section. In San Francisco and New Orleans, the effective tax rate on the client's earnings ranged from 67 to 96 percent, respectively. When tax rates approach these levels, the question arises as to whether the client still retains an adequate financial incentive to work. This review did not answer that question.

In our analyses of effective tax rates, we assumed that the client in each city obtained a full-time minimum wage job (grossing $503 per month) and either did or did not receive a Government housing subsidy. We also assumed work expenses of $20 per month for transportation, $20 per month for mandatory meals, and computed the Federal and State payroll taxes on the minimum wage job. Then we computed the effective tax on earnings, which is composed of payroll taxes and lost benefits. The results of the analysis are shown below.

Table 6

Comparison of Effective Tax Rates For Minimum Wage Earning Families With and Without Government Housing Subsidies

	New Orleans core group		San Francisco core group	
	First (without housing)	Second (with housing)	First (without housing)	Second (with housing)
Core program benefits (base)	$511	$654	$734	$867
Combined benefits and earnings	593	675	899	976
Net gain	82	21	165	109
Taxes and benefits lost	421	482	338	394
Approximate effective tax rate (percent)	84	96	67	78

The net gain to the client from earning $503 (gross) ranges from $165 for the San Francisco family without a housing subsidy to $21 per month for the New Orleans family with housing. In each case, the actual taxes are about $40, and lost benefits comprise the rest of the total tax.

The effective tax rates in New Orleans are much higher than in San Francisco because earning $503 in the former costs the AFDC recipient not only her entire AFDC grant, but also the $112 Medicaid benefit 1/ and a significant portion of her food stamps. The loss of AFDC and Medicaid occurs because of the relatively low AFDC payment standard ($187) in New Orleans. 2/

However, in San Francisco, because of the higher AFDC need and payment standards ($487), the client retains both an AFDC grant and Medicaid, although the AFDC grant was

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1/The law preserves Medicaid rights for 4 months for AFDC families who leave cash welfare rolls because of increased earnings.

2/Thirty-three jurisdictions offer Medicaid to the medically needy, in which Medicaid is provided after a "spend down" for medical expenses reduces the family income to a State-determined level.

reduced by $232, and food stamp allotments by $63 and $51 for the family with and without Government housing subsidy, respectively.

As the rent charged to tenants in public or subsidized housing is predicated on the tenant's income, increased income results in a larger monthly rental cost. 1/ Thus, in San Francisco and New Orleans, the AFDC family's housing subsidy would have been reduced by $68 and $79, respectively, because the client earned a minimum wage income.

As an AFDC mother continues to work and her wages increase, her total benefit/income package could rise so high as to make her financially ineligible for benefits from core programs. Benefits are lost in sequence as earnings increase, although the order and income level at which they are lost varies from place to place.

For example, in New Orleans, a working AFDC mother of three will lose AFDC and Medicaid when her monthly after-tax earnings approach $350 (see the above explanation), food stamps when her net food stamp income 2/ reaches $596, and school meals when monthly after-tax earnings are about $650. In New Orleans, with monthly after-tax earnings of $650, the family would be financially ineligible for core program benefits.

By contrast, in San Francisco, the AFDC mother of three would lose school meals at about $480 in after-tax earnings, food stamps at net income of $596, and AFDC and Medicaid when after-tax earnings approach $875.

- - - -

1/Depending on the housing authority, the increase in the family's rental payment may be effective as soon as they report the income increase or at the annual recertification of tenant income conducted by the authority.

2/This is the net income used to calculate a family's food stamp allotment under current regulations. It is derived by subtracting the following items from gross income: a $70 standard deduction, a 20-percent gross income deduction, and a deduction for excess shelter costs. Net food stamp income is not the same as after-tax earnings.

The information presented above illustrates the types and amounts of benefits available to a typical welfare client under different situations. It shows that in some locations the value of the benefits may be fairly high and in most cases will exceed the poverty line. Because of the AFDC earned income disregards, an AFDC client will be financially better off by working, although she will, in all locations, be paying a high effective tax on the income earned, and in some situations paying at a very high tax rate.

We are presently studying work incentives in welfare programs and plan to issue a report on this effort. For additional information about this issue, we suggest reading a recent publication of the Congressional Research Service, entitled "Work Disincentives and Income Maintenance Programs," dated June 12, 1980 (Report 80-111 EPW). It contains an overview of the issue and a detailed discussion of the financial work incentive aspects of public assistance programs.

From the above analyses it is evident that the complex interrelationships between programs and the need to value inkind benefits make it extremely difficult to determine precisely what any welfare family could receive from existing programs. Our analyses also illustrate, for a high- and low-paying AFDC State, what could happen to similar-size families, whose mothers decide to work at the minimum wage.

Similar analyses could be done for each location we visited, but the wide range in our illustration serves to demonstrate the complexities of the present welfare system.

WILLIAM V. ROTH, JR.
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United States Senate

WASHINGTON, D.C. 20510

COMMITTEES:
FINANCE
GOVERNMENTAL AFFAIRS
JOINT ECONOMIC COMMITTEE

November 9, 1978

The Honorable Elmer B. Staats
Comptroller of the United States
General Accounting Office
441 G Street
Washington, D. C. 20548

Dear Mr. Staats:

Several different legislative proposals have been offered as alternatives to the present welfare system, and it is clear welfare reform will be a priority of the next Congress.

The welfare reform issue is a complex one. The multiplicity of programs that provide aid to welfare families makes it difficult to precisely determine all of the benefits for which a welfare family may be eligible. Consequently, comparing present benefits to those proposed in welfare reform is almost impossible.

It would be extremely helpful to have an analysis of all programs from which an average family could receive aid as well as the cash equivalent of these services. Such a document would facilitate a comparison of proposals which will alter governmental assistance to the welfare population of the present system.

Since a mother and three children constitutes a welfare family of four, all calculations should be based on this family unit. Recognizing the variables on a state by state basis, perhaps it would be best to select a number of states representative of the entire nation. I would hope the following states might be included: Alaska, Connecticut, Delaware, Georgia, Hawaii, Kansas, Louisiana, Missouri, Nevada, New York, Oregon, Texas, Virginia and Wisconsin. The study should reflect all the cash assistance and cash equivalent programs available in these states for such programs, AFDC, housing assistance, school lunch program and Medicaid as a minimum.

Sincerely,

Bill Roth

William V. Roth, Jr.
U. S. Senate

WVR/jps

SCOPE AND METHODOLOGY

The multiplicity of welfare programs that provide public assistance to needy families makes it a formidable task to determine all of the benefits for which a welfare family may be eligible. Senator William V. Roth (Delaware) requested us to perform such a task. (See app. I.) To determine program interrelationships and calculate benefits, we approached our task in two ways.

First, we sampled actual welfare cases across the country to identify patterns of program participation, determined the amount of benefits that were being received, and obtained data on program interrelationships and their effect on total benefits. Analyses of actual case data are discussed in chapters 2 and 3.

Second, we analyzed hypothetical situations showing benefits available to a family of four in various locations and the effect of working. In this effort, we used as much actual case data as possible to ensure a realistic analysis. We also attempted to show the consequences of working on program participation and related benefits. Our analyses using hypothetical families in different situations are presented in chapter 4.

The following describe the detailed procedures we used in both sets of analyses.

ACTUAL CASE ANALYSES

Selection of counties visited

We made a broad-based review covering various parts of the country to provide a geographic representation and to include States that pay a various range of AFDC benefits.

We chose New York and Connecticut (high payments) from the Northeast; Virginia, Delaware, and Maryland (medium payments) from the mid-Atlantic area; Georgia and Louisiana (low payments) from the South; Kansas (medium payments) from the Midwest; Texas (low payments) from the Southwest; Wisconsin (high payments) from the North Central area; Nevada (medium payments) and California (high payments) from the West; and Alaska (high payments) from the Northwest. Alaska also gave us the chance to obtain data in an area with a special cost-of-living standard.

Within each State we chose from one to three counties within selected Standard Metropolitan Statistical Areas which included a large number of AFDC cases. This process ensured that a sufficient number of active clients would be available to be interviewed by case workers during their semiannual recertification.

Preliminary survey

In the beginning, we made a pilot study to (1) determine the type of data we could gather from welfare case files that would be useful to our analyses, (2) hold discussions with program officials, and (3) observe interviews with clients. We made this study in Virginia (three counties) and in Maryland and Delaware (one county each), spending 2 weeks in each county. We observed many recertification hearings and the data gathering process used by the case workers. From this effort, we decided to review about 50 cases and also interview program officials. We relied on the AFDC case workers to compile the necessary client data before we arrived so that our staff time in the location could be best used. We sent certain documents and forms to each county AFDC office before our visit so that the case workers could gather the necessary data on each client and assemble the official AFDC and food stamp records. We used these records to verify much of the data independently compiled by the case workers.

Case selection

We asked all county AFDC directors to have their case workers compile the requested data on each of the first 50 clients coming in for recertification. This was the only extent to which the cases were randomly selected. Some directors chose all or most of their cases from one intake center in the city; others spread them out over several intake centers. We did not suspect any bias in the selection process, i.e., keeping certain types of cases from us. We ultimately got 1,061 usable cases from 23 counties in 13 States.

Statistical data cannot be projected

Due to the size of the AFDC program and the dispersion of recipients throughout the States, we decided that an extensive statistical sample would be impractical. To expedite our work, we decided on the course of action described above. Given that no projections are possible, our methodology involved the following factors that must be understood in reading this report.

1. Since different case workers assembled some of the data, there may have been a problem of consistency between States and counties within the States.

2. The type of data requested was slightly modified after the pilot study as we became aware of problems involved and the complex interrelationships among programs. The pilot study data are included in the overall averages. We do not believe the differences in the pilot data were significant enough to distort our overall statistics.

3. In some cases, client-supplied data differed from that found in the official case record. In such cases, we used our best judgment in deciding on the correct amounts to use.

4. We made several assumptions in placing a value on inkind benefits, which are listed below:

    --If the client indicated she was receiving Women, Infants, and Children's Supplemental Food Program benefits, we assigned the statewide average value of such benefits.

    --For Medicaid, we used the statewide average vendor payment calculated for the particular family configuration, using the latest average figures (1978).

    --For families on public or section 8 housing, we calculated a housing subsidy value. To do this, we subtracted their claimed rent and utilities from the Department of Housing and Urban Development-approved Fair Market Rent for the number of bedrooms they occupied. Where data on individual utilities were unavailable, we used the statewide utility standards as specified in food stamp regulations.

    --When the client indicated that her children received free or reduced price school meals, we used the county price for lunches and breakfasts for all children in that family between ages 6 and 18, assuming 20 meals per month.

5. Data were gathered from April to October 1979. We used the financial information and program participation as we found it on the day we reviewed the case. We did not update benefit levels which may have changed since our review. In computing yearly benefits, we annualized the monthly benefit totals since it would be impossible to capture all the variables that might affect the family in a given year. For example, family size could change; ages of children change; additional benefits, such as emergency fuel assistance, might be received; etc.

6. We defined the family unit as a mother on AFDC, all her children living in the home (unless they were on their own AFDC grant), her husband, and dependent relatives.

7. We defined net earned income as gross wages minus taxes, medical insurance, and day care expenses claimed by the client.

County officials interviewed

In each county, we interviewed officials from the local CETA, Housing, Community Action, School Meals, Supplemental Food Program for Women, Infants, and Children, and Food Stamp agencies to

--obtain statistics on benefits available and received,

--determine how their programs operated, and

--find if other State and local welfare programs existed which provided continuing cash benefits.

Computerized data base

Program and financial data were transcribed by our staff and keypunched by a private contractor. We verified the accuracy of a 20-percent random sample of the contractor's keypunching. Computer analyses were performed using the National Institutes of Health's Statistical Package for Social Sciences software and our programs.

HYPOTHETICAL ANALYSES

To understand this set of analyses, the reader should know of the various assumptions we made. They are grouped into three categories: (1) family composition, (2) benefit valuation, and (3) program participation. These assumptions were closely aligned with the data compiled during our fieldwork so that similar analyses were performed.

Family composition

Primary measurements were done using a family of four, which was requested by Senator Roth. (See app. I.) The ages of the children were the averages of the families of four in each of the cities visited. For instance, in San Francisco, the actual ages (average) of the three children in the four-person unit were 10, 7, and 5. Similarly, we calculated and used the average actual ages of children in each city. This assumption of ages allowed for diversity because the ages can affect the number of programs a family can participate in. For example, a family with all children younger than school age could obviously not benefit from the school meals programs.

Benefit valuation

In assigning values to program benefits, the following assumptions were made:

1. Medicaid - We used the 1979 high option, Federal Government employee family plan, Blue Cross/Blue Shield monthly premium rate. This amount was $112, which included both the Government's and employee's share. Also, we wanted a constant value so that many of our conclusions would not be affected. Eliminating the Medicaid benefit would decrease the benefit package's value, but not distort the conclusions.

2. Housing Subsidy - To calculate a housing subsidy, we first determined the Housing and Urban Development-approved Fair Market Rent for a two-bedroom unit in each city. To safeguard against overstating our housing subsidy valuation, we used 80 percent of the Fair Market Rent as unsubsidized rent, even though in several places we visited, section 8 rents were 110 or 120 percent of the Fair Market Rent (as permitted by the Department of Housing and Urban Development regulations). Next, we multiplied the

family's adjusted income by 25 percent (under section 8 housing standards) to find the recipient's maximum rental contribution. The subsidy was derived by subtracting the rental contribution from the unsubsidized rent.

3. School Meals - We used the actual value of breakfasts and lunches in the schools in the particular county. We assumed 20 lunches and breakfasts per month for each child 6 to 18 years of age in the cities where both were offered. The typical monthly value was about $12 for lunches and $5 for breakfasts.

4. AFDC - We used the actual AFDC payment schedule in each State, effective in March 1980. When earned income was included, we applied AFDC rules regarding earned income disregards to determine the correct AFDC payment.

5. Food Stamps - For food stamps we calculated the allotment using the July 1979 updated national food stamp tables and regulations.

6. Minimum Wage Job - When a minimum wage job was assumed, we calculated gross wages of $2.90 per hour for 173 hours per month equaling $503. From this we subtracted Federal income and social security taxes obtained from the Internal Revenue Service and State income taxes obtained from the local taxing authority. 1/

Program participation

Our criteria for selecting a core group of programs were based on the results of our actual sample as well as Senator Roth's expressed interest. For the first group, we determined the programs most participated in by the families sampled and established them as the base. Housing assistance was not included in the base. It was, however, because of Senator Roth's request included as part of the second core group of programs.

1/We recognize that, at the tax year's end, most if not all State and Federal income taxes would be refunded to the minimum wage earner. However, our analyses were based on monthly available income, and on a monthly basis, those taxes are withheld.

APPENDIX III

AFDC STANDARDS OF ASSISTANCE

State	Basic needs	Special circumstance items
Wisconsin	Food and other maintenance items, including shelter, fuel, and utilities.	None.
Alaska	Food, clothing, shelter, utilities, household supplies, personal care items, medical incidentals, and educational allowances.	None.
California	Food, clothing, shelter, utilities, items for household operation needs, recreation, education and incidentals, insurance, essential medical, dental, or other remedial care not otherwise provided at public expense.	Provisions for recurring special needs not common to majority of recipients: special diets, special telephone costs, excess utilities, laundry, transportation, and replacement of clothing and certain household items because of sudden or unusual circumstances beyond control of family.
Connecticut	Food, clothing, shelter, utilities, household supplies, personal care items, transportation, special clothing, scout uniforms, installment payments, insurance premiums, telephone, garbage collection, special diets, appliance installation, chore boy service, repairs, appliances, furnishings, excess utilities shutoff, summer camp costs, deposits, property repairs, expenses for securing employment, and laundry.	Security deposits, property repair, employment expenses, moving expenses, storage, catastrophic or eviction expenses, and special needs for special school expense.

State	Basic needs	Special circumstance items
New York	Food, clothing, household supplies, personal care items, transportation, recreation, fuel for heating when shelter does not include heat, household furnishings, and education expense. Shelter in addition as paid to a maximum.	Provisions for supplies for college or training school; attendant camp fees; life insurance premium home-delivered meals, replacement of clothing lost in fire, flood, or other catastrophe; purchase of essential furniture required for establishment of a home; repair of essential heating equipment, cooking stoves, and refrigerators; property repair on own property; household moving expense; rent deposit and brokers/finders fees; storage of furniture and personal belongings; restaurant allowances; temporary shelter in hotel/motel; and allowance to meet increased needs of pregnant mother.
Virginia	Food, clothing, shelter including utilities, insurance, household supplies, personal care items, housekeeping or chore service, household equipment, taxes, repairs, installations, water, sewage, trash, disposal, school expenses, laundry, and telephone.	None.
Kansas	Food, utilities, household supplies, personal care items, transportation, special diets, telephone, laundry, household furnishings, special clothing, and activity expense and lab fees for school. All items except shelter are in "consolidated grant," shelter is paid by number of persons and by five geographic areas.	Provisions for housing repair, moving costs, replacement of lost or stolen items, warrants, and education and training allowances.

State	Basic needs	Special circumstance items
Nevada	Food, clothing, shelter, utilities, household supplies, personal care items, recreation, and medical chest supplies.	Provisions for special allowance for pregnant mother.
Delaware	Food, clothing, shelter, utilities, household supplies, personal care items, transportation, recreation, school expense, and medical supplies.	Provisions for special diets and insurance.
Maryland	Food, clothing and special clothing allowance, shelter, utilities, household supplies, personal care items, transportation, school supplies, special diets, laundry, special allowances while in institutions, essential medical appliances, insurance premiums, and needs of an unborn child after medical verification.	None.
Louisiana	Food, clothing, shelter, utilities, household supplies, personal care items, transportation, housekeeping services, and routine medical care.	Provisions for training expenses (when applicable); cost of transportation under Exceptional Children Act.
Georgia	Food, clothing, shelter, utilities, and personal care items.	None.
Texas	Food, clothing, shelter, utilities, household supplies, personal care items, transportation, recreation, special diets, school supplies, social care, medicine chest supplies, telephone, laundry, and insurance premiums.	None.

Source: Characteristics of State Plans for AFDC under the Social Security Act, Title IV-A, 1978 Edition.

AVERAGE TOTAL ANNUAL INCOME BY URBAN LOCATION AND FAMILY SIZE (note a)

Location (note b)	Family size (note c) 2	3	4	5	6
Hartford, CT	6,028	8,823	10,619	11,537	12,407
Madison, WI	8,531	10,099	11,069	d/22,453	11,405
Milwaukee, WI	8,154	9,986	11,293	11,244	13,068
Anchorage, AK	8,537	11,714	11,658	12,456	15,264
Syracuse, NY	6,555	8,397	9,183	11,516	12,303
San Francisco, CA	6,490	9,230	10,424	12,092	14,728
New Haven, CT	6,033	8,439	9,512	10,346	12,814
San Diego, CA	7,007	8,254	10,812	12,790	12,756
Fairfax, VA	5,498	7,104	9,806	12,987	16,476
Montgomery Co., MD	6,144	8,115	9,370	13,581	-
Kansas City, KS	5,995	8,075	8,376	10,668	12,882
Alexandria, VA	5,561	7,367	9,383	10,488	14,151
Wichita, KS	6,103	7,749	8,916	10,156	12,528
Las Vegas, NV	5,420	7,025	9,425	10,388	12,385
Atlanta, GA	4,731	7,354	9,215	9,159	10,284
San Antonio, TX	5,070	7,276	7,148	8,804	9,267
Buffalo, NY	6,886	7,655	9,454	-	-
Arlington, VA	5,440	6,890	9,128	10,434	11,952
Dallas, TX	5,211	6,410	7,022	8,323	7,896
New Orleans, LA	3,922	6,066	6,932	8,174	9,204
Savannah, GA	3,731	5,017	7,876	8,621	10,494
Baton Rouge, LA	3,703	5,142	6,476	8,484	9,918
Wilmington, DE	4,220	6,134	7,140	7,512	-

a/Income includes all cash and food stamps, plus imputed inkind value of housing subsidy, and statewide average Medicaid vendor payments, if the benefits were actually received by the family in 1979.

b/We visited county welfare offices which were located in the cities as shown in this and the following tables.

c/Family size data not shown for families greater than 6.

d/Only one family in sample.

COMPARISON OF AVERAGE INCOME LEVELS FOR WORKING AND NONWORKING FAMILIES BY URBAN LOCATION (note a)

Location	Overall average income	Working families		Nonworking families		Income variance
		Number	Average income	Number	Average income	
Anchorage, AK	10,005	10	10,433	23	9,819	614
Milwaukee, WI	9,732	11	12,885	38	8,819	4,066
Madison, WI	9,893	24	10,254	23	9,516	738
Hartford, CT	9,238	10	11,050	29	8,613	2,437
San Francisco, CA	9,182	9	8,879	37	9,255	-376
San Diego, CA	9,027	12	11,734	36	8,124	3,610
New Haven, CT	8,878	8	7,986	46	9,033	-1,047
Syracuse, NY	8,711	15	9,462	32	8,359	1,103
Fairfax, VA	8,022	12	10,664	31	6,999	3,665
Buffalo, NY	7,930	6	9,325	30	7,650	1,675
Kansas City, KS	7,913	9	10,680	42	7,320	3,360
Montgomery Co., MD	7,858	12	10,934	27	6,491	4,443
Las Vegas, NV	7,749	8	9,992	42	7,321	2,671
Wichita, KS	7,527	8	9,761	42	7,101	2,660
San Antonio, TX	7,447	4	7,692	46	7,425	267
Alexandria, VA	7,427	12	10,670	38	6,403	4,267
Atlanta, GA	7,092	11	8,625	40	6,671	1,954
Arlington, VA	6,672	7	8,043	42	6,444	1,599
Dallas, TX	6,557	7	8,175	44	6,299	1,876
Baton Rouge, LA	6,022	4	6,621	42	5,965	656
Savannah, GA	6,001	6	8,504	45	5,668	2,836
New Orleans, LA	5,965	6	8,770	44	5,582	3,188
Wilmington, DE	5,162	1	5,364	30	5,155	209
Total		212		849		
Average	7,812		9,911		7,288	2,623

a/See page 34, footnote a.

NUMBER OF SAMPLED FAMILIES BY URBAN LOCATION COMPARED TO OFFICIAL POVERTY LINE

Location	Families with income greater than poverty (note a)				Families with income less than poverty (note a)			
	Number	Percent	Working	Not working	Number	Percent	Working	Not working
New Haven, CT	54	100	8	46	0	0	0	0
Madison, WI	47	100	24	23	0	0	0	0
Buffalo, NY	36	100	6	30	0	0	0	0
San Francisco, CA	46	100	9	37	0	0	0	0
Wichita, KS	49	98	8	41	1	2	0	1
Milwaukee, WI	48	98	11	37	1	2	0	1
San Diego, CA	47	98	12	35	1	2	0	1
Syracuse, NY	46	98	15	31	1	2	0	1
Hartford, CT	38	97	9	29	1	3	1	0
Anchorage, AK	32	97	10	22	1	3	0	1
Kansas City, KS	49	96	9	40	2	4	0	2
Fairfax, VA	39	91	12	27	4	9	0	4
Alexandria, VA	45	90	12	33	5	10	0	5
Las Vegas, NV	45	90	8	37	5	10	0	5
Montgomery Co., MD	31	80	12	19	8	20	0	8
Arlington, VA	40	82	7	33	9	18	0	9
Atlanta, GA	34	67	9	25	17	33	2	15
San Antonio, TX	33	66	3	30	17	34	1	16
Dallas, TX	26	51	7	19	25	49	0	25
New Orleans, LA	24	48	6	18	26	52	0	26
Savannah, GA	21	41	6	15	30	59	0	30
Wilmington, DE	12	39	0	12	19	61	1	18
Baton Rouge, LA	13	28	4	9	33	72	0	33
Total	855	81	207	648	206	19	5	201

a/See page 34 footnote a.

APPENDIX VI

NUMBER OF SAMPLED FAMILIES

BY FAMILY SIZE COMPARED TO OFFICIAL POVERTY LINE

Family size	Number of families	Families with income greater than poverty (note a)		Families with income less than poverty	
		Number	Percent	Number	Percent
2	418	312	75	106	25
3	295	247	84	48	16
4	168	144	86	24	14
5	111	91	82	20	18
6	49	41	84	8	16
7	15	15	100	0	0
8	2	2	100	0	0
9	0	0	0	0	0
10	2	2	100	0	0
11	1	1	100	0	0
Total	1,061	855	81	206	19

a/See page 34, footnote a.

STATISTICAL DATA BY URBAN LOCATION SHOWING AVERAGES FOR CASH INCOME, THE AVERAGE THRIFTY FOOD BUDGET AND HOUSING EXPENDITURES, AND REMAINING INCOME TO SATISFY OTHER BASIC NEEDS

	Average cash and food stamps			Average food (note a) and housing (note b)			Average remaining income		
Location	Over-all	Working families	Non-working families	Over-all	Working families	Non-working families	Over-all	Working families	Non-working families
Dallas, TX	315	485	288	206	228	202	109	257	86
San Antonio, TX	330	366	327	237	277	234	93	89	93
San Francisco, CA	521	546	515	347	341	348	174	205	167
San Diego, CA	559	775	487	359	360	359	200	415	128
Milwaukee, WI	581	859	500	339	330	341	242	529	159
Madison, WI	627	695	556	327	317	338	300	378	218
Atlanta, GA	338	461	304	204	263	188	134	198	116
Savannah, GA	322	498	298	203	243	197	119	255	101
New Orleans, LA	336	584	302	232	317	221	104	267	81
Baton Rouge, LA	351	429	343	247	248	247	104	181	96
Las Vegas, NV	425	576	397	279	283	278	146	293	119
Anchorage, AK	587	691	541	380	406	368	207	285	173
Wichita, KS	425	601	391	308	324	304	117	277	87
Kansas City, KS	431	644	385	303	403	282	128	241	103
New Haven, CT	534	534	534	380	365	382	154	169	152
Hartford, CT	555	746	489	347	394	331	208	352	158
Syracuse, NY	502	592	459	330	365	312	172	227	147
Buffalo, NY	439	573	412	298	324	293	141	249	119
Alexandria, VA	428	642	361	324	388	304	104	254	57
Arlington, VA	397	498	381	299	310	298	98	188	83
Fairfax, VA	485	695	403	392	551	329	93	144	74
Montgomery Co., MD	443	672	341	276	309	261	167	363	80
Wilmington, DE	317	360	316	250	450	244	67	-90	72
Average	443	626	398	298	345	285	c/146	281	113

a/Assumed Average Thrifty Food Budget Plan derived from USDA data.

b/Combined rent and utilities as reported by recipient to welfare agencies.

c/Due to rounding, subtracting the average thrifty food budget and housing from the average cash and food stamps will not always equal remaining income.

PROGRAM PARTICIPATION FOR AFDC CASES IN SAMPLE AT TIME OF REVIEW

Location	AFDC (note a)	Medi-caid	Food stamps	Supple-mental food	School lunch	School break-fast	Work incen-tive allow-ance	CETA train-ing	Basic educa-tion oppor-tunity grant	Housing subsidy	SSI	Average number pro-grams
Dallas, TX	51	51	46	1	22	17	0	0	0	18	3	4.4
San Antonio, TX	50	50	49	4	35	29	0	1	0	27	4	5.2
San Francisco, CA	46	46	43	0	15	8	0	1	0	13	4	4.1
San Diego, CA	48	48	34	1	20	9	0	1	0	4	4	4.2
Milwaukee, WI	49	49	40	8	18	6	0	0	0	9	2	3.1
Madison, WI	47	46	40	11	12	1	0	0	1	8	1	4.2
Atlanta, GA	51	51	47	6	34	18	0	0	0	29	1	4.9
Savannah, GA	51	51	38	9	23	8	0	1	0	15	2	4.4
New Orleans, LA	50	50	48	0	25	8	0	0	0	17	3	4.1
Baton Rouge, LA	46	46	43	9	26	23	0	0	0	6	4	4.5
Las Vegas, NV	50	50	44	10	22	10	0	3	0	14	4	4.3
Anchorage, AK	33	33	24	0	9	0	0	0	0	9	2	3.4
Wichita, KS	49	50	42	11	25	0	0	0	0	6	4	4.2
Kansas City, KS	51	51	38	6	30	0	0	0	0	10	6	4.5
New Haven, CT	54	54	45	11	39	0	1	2	0	11	3	5.1
Hartford, CT	39	39	31	9	28	2	0	0	0	14	1	5.0
Syracuse, NY	47	47	43	7	27	12	1	1	1	13	1	4.6
Buffalo, NY	36	35	35	2	25	14	1	0	2	10	0	5.1
Alexandria, VA	50	50	43	9	29	15	0	3	0	14	0	4.8
Arlington, VA	49	49	37	5	(b)	(b)	0	1	0	11	0	3.7
Fairfax, VA	43	43	34	4	18	5	0	0	0	14	1	4.0
Montgomery Co., MD	39	39	35	8	19	6	0	2	0	17	2	4.4
Wilmington, DE	31	31	26	1	11	3	0	1	0	5	0	3.8
Total	1,060	1,059	905	132	512	194	3	17	4	294	52	4.4
Percent	100	100	85	12	48	18	0	2	0	28	5	

a/One case in sample was removed from welfare the day of our visit and is not included in the total.

b/No breakout between school lunch and school breakfast programs. Actually 14 participated in either school lunch or breakfast. Would only have changed percentage by one.

APPENDIX IX

WORK STATUS OF SAMPLED CASES

Location	Total families in sample	Type of work exemption (note a)			Total families not work exempt	Total number working families	Number of work-exempt families who worked (note b)
		Child less than 6 years	Medical and other	Total			
Dallas, TX	51	39	4	43	8	7	6
San Antonio, TX	50	32	5	37	13	4	1
San Francisco, CA	46	27	5	32	14	9	3
San Diego, CA	48	18	0	18	30	12	1
Madison, WI	47	32	3	35	12	24	10
Milwaukee, WI	49	32	3	35	14	11	6
Atlanta, GA	51	34	1	35	16	11	6
Savannah, GA	51	39	2	41	10	6	4
New Orleans, LA	50	31	3	34	16	6	3
Baton Rouge, LA	46	33	4	37	9	4	2
Las Vegas, NV	50	35	0	35	15	8	6
Anchorage, AK	33	26	3	29	4	10	7
Wichita, KS	50	36	5	41	9	8	5
Kansas City, KS	51	23	6	29	22	9	4
New Haven, CT	54	25	1	26	28	8	3
Hartford, CT	39	17	1	18	21	10	2
Syracuse, NY	47	28	0	28	19	15	5
Buffalo, NY	36	17	3	20	16	6	2
Alexandria, VA	50	31	11	42	8	12	3
Arlington, VA	49	33	8	41	8	7	4
Fairfax, VA	43	22	6	28	15	12	5
Montgomery Co., MD	39	22	6	28	11	12	3
New Castle, DE	31	20	0	20	11	1	0
Total	1,061	652	80	732	329	212	91
Percent of total sample	100	61	8	69	31	20	9

a/In the AFDC program, several categories of persons are exempted from registering for the Work Incentive Program. A major exemption category is having a child under age 6 in the home.

b/These families were working despite being work-exempted because they had a child under age 6 in the home.

SELECTED PERSONAL CHARACTERISTICS FOR SAMPLE AFDC CASES

Location	Education characteristics: Average education level	Education characteristics: Completed grade 0-6	Education characteristics: Completed grade 7-11	Education characteristics: Completed grade 12 or higher	Client marital status: Married	Client marital status: Never married	Client marital status: Separated	Client marital status: Divorced	Client marital status: Widowed	Client age data: Average age	Client age data: Under 19	Client age data: Ages 20-29	Client age data: Ages 30-39	Client age data: Ages 40 and up
Dallas, TX	9.6	6	31	13	2	28	12	9	0	28.4	8	26	10	7
San Antonio, TX	8.6	13	20	15	4	23	9	13	0	33.7	1	20	17	12
San Francisco, CA	10.4	7	14	19	10	20	8	4	4	30.6	6	19	14	7
San Diego, CA	11.0	3	17	27	8	15	13	12	0	30.5	2	20	20	6
Milwaukee, WI	10.7	3	23	23	4	29	7	7	1	29.3	4	29	10	6
Madison, WI	11.6	0	17	30	2	18	7	19	0	30.5	3	21	17	6
Atlanta, GA	11.1	0	27	24	1	24	13	13	0	28.5	1	34	11	5
Savannah, GA	10.6	2	26	23	0	31	9	11	0	26.6	6	30	13	2
New Orleans, LA	9.9	4	29	12	2	23	18	7	0	34.1	0	24	18	8
Baton Rouge, LA	10.2	6	18	22	0	30	7	7	2	29.7	3	23	15	5
Las Vegas, NV	10.7	4	22	24	3	23	9	14	1	30.3	5	26	10	9
Anchorage, AK	11.6	0	9	23	1	8	4	19	1	26.2	0	26	6	1
Wichita, KS	10.5	1	29	20	2	18	8	20	1	28.8	5	24	11	10
Kansas City, KS	11.0	0	26	23	3	16	9	21	2	31.9	3	20	18	10
New Haven, CT	10.3	4	26	24	4	19	16	13	1	32.8	1	19	26	8
Hartford, CT	9.5	3	25	11	1	9	14	13	2	36.0	1	12	13	13
Syracuse, NY	10.9	2	21	24	0	17	9	21	0	29.5	2	23	16	6
Buffalo, NY	11.6	0	10	24	0	15	16	4	0	28.5	1	23	8	4
Alexandria, VA	10.7	2	24	21	1	29	11	6	3	28.8	6	28	10	6
Arlington, VA	10.7	2	18	23	0	21	17	10	1	27.9	4	24	18	3
Fairfax, VA	11.4	0	16	22	3	12	16	11	1	32.5	1	20	13	9
Montgomery Co., MD	10.0	2	18	6	3	15	14	5	2	30.2	3	21	7	8
New Castle, DE	10.4	1	21	9	1	18	5	7	0	29.2	3	18	6	4
Overall average	10.6	65	487	462	55	461	251	266	22	30.2	69	530	307	155
Percent		6.1	45.9	43.5	5.2	43.4	23.7	25.1	2.1		6.5	50.0	28.9	14.6

APPENDIX XI

MEDICAID SERVICES STATE BY STATE,

JUNE 1, 1978

* BASIC REQUIRED MEDICAID SERVICES Every Medicaid program must cover at least these services for at least everyone receiving federally supported financial assistance: inpatient hospital care, outpatient hospital services, other laboratory and X-ray services, skilled nursing facility services and home health services for individuals 21 and older, early and periodic screening, diagnosis, and treatment for individuals under 21, family planning, and physician services. Federal financial participation is also available to States electing to expand their Medicaid programs by covering additional services and/or by including people eligible for medical but not for financial assistance. For the latter group States may offer the services required for financial assistance recipients or may substitute a combination of seven services.

Services provided only under the Medicare buy-in or the screening and treatment program for individuals under 21 are not shown on this chart.

Definitions and limitations on eligibility and services vary from State to State. Details are available from local welfare offices and State Medicaid agencies.

● offered for people receiving federally supported financial assistance

+ offered also for people in public assistance 2/ and SSI 3/ categories who are financially eligible for medical but not for financial assistance

Additional services for which Federal financial participation is available to States under Medicaid

FMAP 4/	BASIC* REQUIRED MEDICAID SERVICES (SEE ABOVE)	State	Clinic services	Prescribed drugs	Dental services	Prosthetic devices	Eyeglasses	Private duty nursing	Physical therapy and related services	Other diagnostic, screening, preventive and rehabilitative services	Emergency hospital services	Skilled nursing facility services for patients under 21	Optometrists' services	Podiatrists' services	Chiropractors' services	Care for patients 65 or older in institutions for mental diseases	Care for patients 65 or older in institutions for tuberculosis	Care for patients under 22 in psychiatric hospitals	Institutional services in intermediate care facilities	
73	●	Alabama		●		●	●				●	●	●			●	●	●	● 5/	AL
50	●	Alaska	●				●				●	●	●			●		●	● 5/	AK
61		Arizona																		AZ
72	+	Arkansas	+	+	+	+	+				+	●	+		+	+	+	+	● 5/	AR
50	+	California	+	+	+	+	+		+	+	+	+	+	+	+	+	+	+	+ 5/	CA
54	●	Colorado		●		●			●		●	●		●		●		●	● 5/	CO
50	+	Connecticut	+	+	+	+	+	+	+	+		+	+	+	+	+		+	+ 5/	CT
50	●	Delaware	●	●					●					●		●			● 5/	DE
50	+	D.C.	+	+		+	+		+	+	+	+	+	+		+	+	+	+ 5/	DC
57	●	Florida		●							●					●	●	●	● 5/	FL
66	●	Georgia	●	●		●						●		●		●	●		● 5/	GA
50	+	Guam	+	+	+	+	+		+		+									GU
50	+	Hawaii	+	+	+	+	+		+	+	+	+	+	+					+	HI
64	●	Idaho	●	●							●	●	●	●	●	●			● 5/	ID
50	+	Illinois	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+ 5/	IL
58	●	Indiana	●	●	●	●	●	●	●	●	●	●	●	●	●	●		●	● 5/	IN
52	●	Iowa		●	●	●	●		●	●	●	●	●	●	●				● 5/	IA
52	+	Kansas	+	+	+	+		+	+		+	+	+	+	+	+	+	+	+ 5/	KS
70	+	Kentucky	+	+	+	+			+		+	+				+	+	+	+ 5/	KY
70	+	Louisiana	+	+		+					+	●			+	●	●	●	● 5/	LA
70	+	Maine	●	+		+			+	+	●	+		+	+	+		+	+ 5/	ME
50	+	Maryland	+	+		+	+				+		+	+		+	+		● 5/	MD
52	+	Massachusetts	+	+	+	+	+	+	+	+	+	+	+	+		+	+		+ 5/	MA
50	+	Michigan	+	+	+	+	+		+		+	+	+	+	+	+		+	+ 5/	MI
55	+	Minnesota		+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+ 5/	MN
78	●	Mississippi		●	●							●				●	●		● 5/	MS
61	●	Missouri		●	●					●	●		●			●	●		● 5/	MO
61	+	Montana	+	+	+	+	+	+	+	+	+	+	+	+		+		+	+ 5/	MT
53	+	Nebraska	+	+	+	+	+	+	+		+	+	+	+	+	+	+	+	+ 5/	NB
50	●	Nevada	●	●		●	●	●	●		●	●	●	●	●	●			● 5/	NV
63	+	New Hampshire	+	+		+	+	+	+	+	+	+	+	+	+	+			● 5/	NH
50	●	New Jersey	●	●	●	●	●		●	●	●	●	●	●	●	●	●	●	● 5/	NJ
72	●	New Mexico	●	●	●	●	●	●	●		●	●	●	●					● 5/	NM
50	+	New York	+	+	+	+	+	+	+	+	+	+	+			+	+	+	+ 5/	NY
68	+	North Carolina	+	+			+			+		+	+	+	+	+	+	+	+ 5/	NC
51	+	North Dakota		+	+	+	+	+	+	+	+	+	+	+	+	+		+	+	ND
55	●	Ohio	●	●	●	●	●	●	●		●	●	●	●	●	●		●	● 5/	OH
65	+	Oklahoma		+	+	+								+		+		+	+ 5/	OK
57	●	Oregon	●	●	●	●	●	●		●	●	●	●	●	●	●		●	● 5/	OR
55	+	Pennsylvania	+	●	●	●					+	+	+	●	+	+		+	+ 5/	PA
50	+	Puerto Rico	+	+	+				+	+	+						+			PR
57	+	Rhode Island		+	+	+	+					+	+	+		+			● 5/	RI
72	●	South Carolina	●	●	●	●					●	●		●	●	●	●	●	● 5/	SC
64	●	South Dakota	●	●	●	●			●		●	●				●			● 5/	SD
69	+	Tennessee	+	+		+					+					+	+	+	+ 5/	TN
61	●	Texas		●		●	●				●		●	●	●		●		● 5/	TX
69	+	Utah	+	+	+	+	+	+	+		+	+	+	+	+	+		+	+ 5/	UT
68	+	Vermont	+	+		+					+	+		+		+		+	+ 5/	VT
50	+	Virgin Islands	+	+	+	+	+													VI
57	+	Virginia	+	+			+		+		+	+	+	+		+	+		+ 5/	VA
52	+	Washington	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	●	+ 5/	WA
70	+	West Virginia	+	+		+	+	+	+			+	+	+	+	+	+		+	WV
59	+	Wisconsin	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+ 5/	WI
53	●	Wyoming				●						●	●						●	WY
●	20	●	13	18	11	15	10	5	9	5	17	18	13	14	9	17	9	11	25	
+	33	+	28	33	22	29	24	14	23	16	26	25	24	24	18	29	18	21	25	
	53	Total	41	51	33	44	34	19	32	21	43	43	37	38	27	46	27	32	50	

Intermediate Care Facilities (ICF): P.L. 92-223 transferred the ICF program to Medicaid (Title XIX) as an optional service, effective 1-1-72. States may at their option include institutions for the mentally retarded. See footnote five.

1/ Data from Regional Office reports of characteristics to State programs and State plan amendments.
2/ People qualifying as members of families with dependent children (usually families with at least one parent absent or incapacitated).
3/ People qualifying as aged, blind, or disabled under the Supplemental Security Income program.
4/ FMAP - Federal Medicaid Assistance Percentage. Rate of Federal financial participation in a State's medical vendor payment expenditures on behalf of individuals and families eligible under Title XIX of the Social Security Act. Percentages, effective from October 1, 1977, through September 30, 1979, are rounded.
5/ Including ICF services in institutions for the mentally retarded.

UNITED STATES DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE — Health Care Financing Administration — Medicaid Bureau

Division of State Management

(HCFA) 78-24801

NUMBER OF FAMILIES WITH CASH

AND FOOD STAMPS GREATER THAN POVERTY

Location	Families with cash and food stamps greater than poverty: Number	Families with cash and food stamps greater than poverty: Percent of total in that location	Families earning income with cash and food stamps greater than poverty: Number	Families earning income with cash and food stamps greater than poverty: Percent of those working in that location
Dallas, TX	6	12	3	43
San Antonio, TX	1	2	0	0
San Francisco, CA	16	35	8	89
San Diego, CA	17	35	11	92
Milwaukee, WI	29	59	10	91
Madison, WI	40	85	24	100
Atlanta, GA	5	10	3	27
Savannah, GA	3	6	2	33
New Orleans, LA	2	4	2	33
Baton Rouge, LA	3	7	1	25
Las Vegas, NV	10	20	6	75
Anchorage, AK	20	61	9	90
Wichita, KS	10	20	7	88
Kansas City, KS	10	20	5	56
New Haven, CT	20	37	7	88
Hartford, CT	17	44	9	90
Syracuse, NY	19	40	12	80
Buffalo, NY	9	25	6	100
Alexandria, VA	14	28	11	92
Arlington, VA	7	14	4	57
Fairfax, VA	16	37	10	83
Montgomery Co., MD	13	33	11	92
Wilmington, DE	2	7	0	0
Total	289	27	a/161	76

a/In total, 212 families in the sample were working, of which 161 (76%) had cash and food stamps exceeding poverty.

RANGE AND AVERAGE OF REMAINING MONTHLY INCOMES FOR WORKING AND NONWORKING FAMILIES (note a)

Number of families in each range of remaining income

Location	Below-$200 (note b)		-$199 to $100 (note b)		-$99 to 0 (note b)		0 to $99		$100 to $199		$200 to $299		$300 to $399		$400 to $499		$500 or more	
	Working	Non-working (note c)	Working	Non-working	Working	Non-working	Working	Non-working	Working	Non-working	Working	Non-working	Working	Non-working	Working	Non-working	Working	Non-working
Dallas, TX	0	0	0	1	0	2	1	19	2	18	2	4	1	0	0	0	1	0
San Antonio, TX	0	0	0	0	1	3	2	21	0	21	1	1	0	0	0	0	0	0
San Francisco, CA	0	0	0	0	1	1	3	12	0	11	3	8	0	3	2	0	0	2
San Diego, CA	0	0	0	1	0	1	0	16	2	10	3	6	0	0	3	0	4	2
Milwaukee, WI	0	0	0	0	0	5	1	7	0	11	0	10	4	4	1	1	5	0
Madison, WI	0	0	0	0	0	0	0	6	1	10	6	2	9	4	1	0	7	1
Atlanta, GA	0	0	1	0	1	1	0	17	4	20	2	0	1	2	1	0	1	0
Savannah, GA	0	0	0	0	0	2	1	23	2	13	1	6	1	1	0	0	1	0
New Orleans, LA	0	0	0	1	0	4	0	17	3	21	0	1	1	0	2	0	0	0
Baton Rouge, LA	0	0	0	0	0	7	1	16	2	15	0	3	0	0	1	0	0	1
Las Vegas, NV	0	0	0	1	1	3	1	17	1	13	0	5	3	2	1	1	1	0
Anchorage, AK	0	1	0	0	1	1	0	4	2	6	0	6	5	5	2	0	0	0
Wichita, KS	0	0	0	0	0	3	0	22	2	11	2	6	3	0	1	0	0	0
Kansas City, KS	0	0	0	0	0	4	1	17	4	17	2	3	1	1	0	0	1	0
New Haven, CT	0	0	0	0	1	2	0	13	4	16	3	11	0	4	0	0	0	0
Hartford, CT	0	1	0	0	0	0	0	5	3	10	0	9	4	4	1	0	2	0
Syracuse, NY	0	0	0	0	2	1	0	5	2	17	8	8	1	1	1	0	1	0
Buffalo, NY	0	0	0	0	0	1	0	8	2	19	3	2	1	0	0	0	0	0
Alexandria, VA	0	1	1	0	0	5	2	17	1	13	1	1	4	1	2	0	1	0
Arlington, VA	0	0	0	2	0	7	2	12	1	18	2	3	2	0	0	0	0	0
Fairfax, VA	1	0	0	1	0	8	4	10	1	8	3	4	0	0	0	0	3	0
Montgomery Co., MD	0	0	0	0	0	4	0	9	4	14	1	0	3	0	0	0	4	0
Wilmington, DE	0	0	0	0	1	4	0	15	0	9	0	2	0	0	0	0	0	0
Total	1	3	2	7	9	69	19	308	43	321	43	101	44	32	19	2	32	6

a/Remaining income is defined as cash plus food stamps minus the thrifty food budget plan and reported shelter costs.

b/The negative ranges reflect the amount by which the thrifty food plan and shelter costs exceeded the available cash and food stamps.

c/The first column in each remaining income range reflects the number of working families in each category. The second column shows the number of nonworking families in that category.

APPENDIX XIV

AVERAGE CASH AND FOOD STAMPS BY FAMILY SIZE

Location	Family size 2	3	4	5	6
Dallas, TX	229	324	295	444	381
San Antonio, TX	222	267	331	412	475
San Francisco, CA	387	504	596	590	909
San Diego, CA	444	514	699	766	720
Milwaukee, WI	543	593	597	623	710
Madison, WI	544	689	634	a/1,605	749
Atlanta, GA	220	359	448	410	490
Savannah, GA	204	272	405	490	524
New Orleans, LA	212	337	398	489	475
Baton Rouge, LA	239	310	380	455	636
Las Vegas, NV	317	393	515	559	631
Anchorage, AK	531	600	703	a/819	a/627
Wichita, KS	345	448	501	a/583	a/609
Kansas City, KS	335	448	400	560	676
New Haven, CT	396	515	556	631	686
Hartford, CT	376	532	610	706	(b)
Syracuse, NY	406	448	525	646	728
Buffalo, NY	391	434	483	(b)	(b)
Alexandria, VA	332	424	500	726	763
Arlington, VA	336	418	507	580	a/601
Fairfax, VA	360	414	559	729	1,056
Montgomery Co., MD	354	447	534	736	(b)
Wilmington, DE	264	363	489	495	(b)
Poverty level	375	466	558	650	742

a/Only one case in this location.

b/Indicates no families of that size in the sample.

HOUSING CHARACTERISTICS BY COUNTY

Location	Family living arrangements: Rent free	Family living arrangements: Reduced rent	Family living arrangements: Public housing	Family living arrangements: Section 8 housing	Family living arrangements: Other (rent supplement)	Annual average total income of families with housing subsidy	Housing subsidy statistics: Monthly average housing subsidy	Housing subsidy statistics: Monthly average income remaining for families with housing subsidy (note a)
Dallas, TX	22	0	9	7	1	8,931	276	139
San Antonio, TX	5	4	9	14	1	8,760	243	106
San Francisco, CA	0	5	9	4	0	10,794	234	234
San Diego, CA	4	8	1	3	0	11,871	209	310
Milwaukee, WI	1	8	3	0	5	13,157	164	408
Madison, WI	3	3	3	7	1	10,561	178	322
Atlanta, GA	5	8	17	12	0	8,978	226	171
Savannah, GA	17	4	10	3	2	8,994	190	186
New Orleans, LA	3	11	17	0	0	7,676	206	133
Baton Rouge, LA	12	10	5	1	1	10,908	254	215
Las Vegas, NV	6	13	12	3	1	11,237	224	222
Anchorage, AK	0	7	2	6	1	12,671	376	251
Wichita, KS	1	15	6	0	0	11,258	112	205
Kansas City, KS	1	8	6	4	1	9,602	159	145
New Haven, CT	0	2	10	1	0	11,294	209	252
Hartford, CT	0	2	9	5	0	10,467	182	264
Syracuse, NY	0	9	9	3	0	9,499	128	194
Buffalo, NY	2	2	6	3	0	8,901	122	149
Alexandria, VA	1	11	11	2	1	10,000	216	213
Arlington, VA	5	8	0	11	0	9,213	191	163
Fairfax, VA	4	10	3	2	9	9,939	167	172
Montgomery Co., MD	4	11	4	10	3	9,592	191	201
New Castle, DE	0	16	1	3	1	7,092	161	109
Total or average	96	175	162	104	28	9,784	207	194

a/ See page 34, footnote a.

APPENDIX XVI

CHARACTERISTICS OF PUBLIC ASSISTANCE PROGRAMS ENCOUNTERED DURING REVIEW

	Purpose	Basic eligibility	Financing	Administration	Form of benefit	1980 budget estimates
AFDC	Furnish assistance to needy dependent children in their own home or relatives home	Needy children lacking parental support	Open-ended Federal appropriation for 50 to 83 percent of State payments	State or local administration	Cash	$ 7.079 billion
Food stamps	Help persons and families with low incomes obtain a more nutritious diet	Persons with low incomes	Open-ended Federal appropriations pay all food costs	USDA through State and local welfare offices	Food stamp coupons	6.927 billion
Medicaid	Furnish medical assistance to needy families with dependent children or aged, blind, or disabled individuals	AFDC or SSI recipients, or designated medically needy by the State	Open-ended Federal appropriation for 50 to 83 percent of State payments for medical services	State administration	Medical	12.617 billion
Public housing	Provide safe, decent sanitary housing and related facilities for low-income families	Families of low income	Federal subsidies to cover debt service requirements	Public housing agencies	Rent supplement	6.913 billion
Section 8	To aid lower income families in obtaining decent, safe, and sanitary housing in private accommodations	Low and very low income families-- 30 and 50 percent of local median income	Federal assistance payments to private owners and public housing agencies	Public housing agencies	Rent supplement	20.045 billion
CETA	Provide job training and employment opportunities to disadvantaged, unemployed, or underemployed persons	Economically disadvantaged, unemployed, or underemployed	Federal	Local organizations	Training allowances, training, jobs	6.964 billion
Women, Infants, and Children's Supplemental Food Program	Provide nutritious foods to mothers, infants, and children judged to be at nutritional risk	Needy mothers and children up to 5 who are nutritionally deficient	Federal	USDA through local health clinics	Food vouchers	771.5 million
School lunch/ breakfast	By providing cash and commodities, maintain health and proper physical development of American children	School age children from low-income families	Federal-State matching	State educational agencies	Meals	959.5 million
Basic Education Opportunity Grant	To assist qualified students to obtain post-secondary education	Student enrolled full or half-time at eligible institution	Federal funds	Office of Education and agencies contracted to process application	Tuition and books with maximum $1,800	1.796 billion
SSI	To provide supplemental income to persons 65 and over, blind, or disabled	Low income, 65, blind, or disabled	Federal with some State supplements	Social Security Entitlement Office	Cash	6.396 billion
Title XX Daycare	To enable States to provide day care services to public assistance and other low-income families	Public assistance mothers and selected low income less 115 percent median income	75 percent Federal matching of State funds, with $2.5 billion ceiling	State agencies	Daycare services	596 million

APPENDIX XVII

MONTHLY CASH AND INKIND BENEFITS

BY FAMILY SIZE, RANKED BY LOCATION (note a)

Family size-2	Family size-3	Family size-4	Family size-5	Family size-6
Milwaukee (537)	Anchorage (692)	Anchorage (793)	San Francisco (881)	Anchorage (996)
Madison (533)	San Francisco (649)	San Diego (740)	San Diego (844)	San Francisco (992)
San Francisco (526)	San Diego (638)	San Francisco (734)	Anchorage (821)	San Diego (959)
San Diego (521)	Milwaukee (629)	Madison (724)	Milwaukee (819)	Hartford (925)
Anchorage (517)	Madison (615)	Milwaukee (709)	Hartford (818)	Madison (919)
Hartford (506)	Hartford (618)	Hartford (716)	Madison (811)	Syracuse (912)
New Haven (501)	New Haven (608)	New Haven (700)	Arlington (798)	New Haven (904)
Buffalo (498)	Syracuse (580)	Syracuse (689)	New Haven (798)	Buffalo (902)
Wichita (480)	Fairfax (577)	Arlington (686)	Syracuse (789)	Milwaukee (895)
Arlington (479)	Buffalo (575)	Fairfax (673)	Fairfax (778)	Arlington (895)
Fairfax (475)	Arlington (565)	Buffalo (674)	Buffalo (773)	Fairfax (884)
Syracuse (471)	Kansas City (560)	Wichita (666)	Wichita (760)	Montgomery (830)
Kansas City (467)	Wichita (553)	Montgomery (644)	Alexandria (743)	Alexandria (827)
Alexandria (440)	Montgomery (543)	Alexandria (644)	Montgomery (738)	Wilmington (825)
Montgomery (435)	Alexandria (538)	Kansas City (638)	Wilmington (734)	Las Vegas (808)
Las Vegas (433)	Las Vegas (531)	Las Vegas (623)	Kansas City (722)	Kansas City (808)
Wilmington (415)	Wilmington (515)	Wilmington (614)	Las Vegas (695)	Wichita (785)
Poverty line (375)	Poverty line (466)	Poverty line (558)	Poverty line (650)	Poverty line (742) (note b)
Savannah (375)	Savannah (461)	Atlanta (541)	Baton Rouge (606)	Baton Rouge (701)
Atlanta (345)	Baton Rouge (461)	Baton Rouge (531)	Savannah (596)	Savannah (683)
Dallas (337)	Atlanta (434)	New Orleans (511)	San Antonio (592)	Dallas (663)
Baton Rouge (334)	New Orleans (433)	Savannah (509)	Atlanta (587)	New Orleans (662)
New Orleans (334)	Dallas (432)	Dallas (488)	New Orleans (579)	San Antonio (656)
San Antonio (326)	San Antonio (405)	San Antonio (488)	Dallas (576)	Atlanta (651)

a/Based on the value of AFDC, food stamps, Medicaid, and school meals for a hypothetical family of the size indicated.

b/Poverty line in Anchorage, Alaska, is $523 for family of 2; $650, family of 3; $777, family of 4; $904, family of 5; and $1,030, family of 6.

APPENDIX XVIII

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