

FINAL REPORT

EVALUATION OF

THE 1981 AFDC AMENDMENTS

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TABLE OF CONTENTS

	<u>Page</u>
EXECUTIVE SUMMARY	1
A. Introduction	1
B. Design of the Evaluation	3
C. Major Findings	5
1. Impact on AFDC Participation and Work Effort	5
2. Program Costs	8
3. Program Equity	10
Chapter 1. INTRODUCTION	1-1
A. Statement of Problem	1-1
B. Research Objectives and Hypotheses	1-5
C. Overview of Report	1-8
References	1-10
Chapter 2. RESEARCH DESIGN AND METHODOLOGY	2-1
A. Sample Design and Selection	2-3
1. Introduction	2-3
2. First Stage Sample	2-3
3. Second Stage Sample	2-7
4. Third Stage Sample	2-9
B. Data Collection and Management	2-11
C. Statistical Analysis	2-14
1. Analysis of Data from Complex Multi-Stage Surveys	2-14
2. Sampling Weights	2-15
References	2-16
Chapter 3. ANALYSIS OF CASE ABSTRACTS DATA	3-1
A. Introduction	3-1
B. Profiles of Base Period Caseload in Subsequent Months	3-5
1. Case Status	3-7
2. Work Effort	3-14
3. Grants	3-18

TABLE OF CONTENTS (continued)

	<u>Page</u>
Chapter 3. (continued)	
C. Multivariate Models of Case Experience	3-22
1. Case Status in Subsequent Months	3-31
2. Earnings	3-33
3. Summary and Conclusion	3-36
D. The Dynamics of Change in Case Status	3-37
1. Profile: Case Status One Year After the Base Period	3-38
2. Survival Analyses of Case Change	3-40
E. Program Equity	3-51
F. Program Costs	3-55
Chapter 4. ANALYSIS OF TELEPHONE SURVEY DATA	4-1
A. Description of Sample	4-1
B. Characteristics of Respondents	4-4
1. Personal Characteristics	4-4
2. Household Characteristics	4-9
3. Employment Characteristics	4-13
4. Other Income Characteristics	4-13
5. Living Expenses	4-16
C. Coping Strategies	4-21
D. Summary	4-21
Appendix A.1: COPIES OF THE DATA ABSTRACTION FORMS	
Appendix A.2: COPY OF THE TELEPHONE SURVEY INSTRUMENT	
Appendix A.3: SAMPLE DESIGN AND SELECTION	
Appendix A.4: SAMPLING WEIGHTS	

EXECUTIVE SUMMARY

A. Introduction

Although the employment and employability of welfare recipients has been a longstanding concern of policymakers and welfare administrators, amendments to the Aid to Families with Dependent Children (AFDC) program in 1981 reflected a new strategy for dealing with those who have been termed the "working poor." In contrast to previous policies that sought to establish work incentives for welfare recipients, key provisions of the Omnibus Budget Reconciliation Act of 1981 (OBRA) were aimed at creating disincentives to welfare dependency. Originally, for example, the \$30-and-1/3 earned income disregard was viewed as a means of reducing the so-called welfare tax and encouraging employment. The view that came to be embodied in the OBRA Amendments of 1981, however, was that this and other policies regarding the treatment of earned income in determining AFDC eligibility and benefit levels actually discouraged the transition from partial welfare dependency to full economic self-sufficiency. This was consistent with the expressed viewpoint of the Reagan Administration that AFDC was a temporary "safety net" for the "truly needy," a group whom former Secretary of Health and Human Services Richard Schweiker defined as "those people who, through no fault of their own, have no choice but to rely on Government programs for their basic needs" (Committee on Ways and Means, 1981: 25).

In choosing to reduce and target AFDC resources in this manner, it became necessary to design policy instruments that would insure that benefits were distributed accordingly. These mechanisms were clearly specified by OBRA. They included, first, a ceiling on total income

equal to 150 percent of the need standard established by each state. Only families whose total income is less than this amount are eligible for AFDC. The second set of provisions applied to earned income disregards. Regulations based on OBRA specified the amount of earnings to be disregarded in determining eligibility and benefit levels, as well as the sequence in which the disregards were to be applied. These rules established a standard \$75 work-expense disregard and limited allowances for child care to \$160 per month. They also stipulated that these disregards must be applied prior to application of the \$30-and-1/3 disregard. Furthermore, the \$30-and-1/3 disregard can be applied for only four consecutive months in determining a family's eligibility and benefits.

Some analysts have claimed that the marginal tax rate or "welfare tax rate" implicit in these policies would act as a disincentive to work. These claims are supported to a certain degree by the findings of earlier income maintenance research. If this were, in fact, the case, anticipated program savings would not be realized and the redistribution of resources to those most in need would not occur. Therefore, it was necessary to undertake this evaluation to determine if OBRA had a significant impact on the following aspects of the AFDC program:

- the nature and extent of work effort among public assistance recipients;
- the costs to federal and state governments of providing AFDC benefits; and
- the distribution of AFDC benefits among various recipient subgroups.

The manner in which the study was carried out is described in the next section.

B. Design of the Evaluation

This evaluation employed on a quasi-experimental design in which a national probability sample of AFDC cases was tracked from September, 1981 through October, 1982. Another sample of cases was tracked from September, 1980 through September, 1981 to provide a comparison group by which judgments about the effects of OBRA could be made. This tracking was accomplished by examining and recording information directly from the case records of the AFDC families selected for the study. An effort also was made to interview by telephone a small group of former-AFDC recipients whose cases appeared to have been discontinued because of OBRA.

This design was chosen because it affords a longitudinal perspective that yields heretofore unavailable information about caseload dynamics (i.e., entry and exit from the program, change in employment status, etc.). The use of a sample of 1980 cases as well as a sample of 1981 cases provides an important control that permits statements to be made about "normal" caseload dynamics compared to the pattern exhibited by cases that were affected by OBRA. The use of longitudinal data with a set of experimental and comparison groups represents a powerful analytical approach.

The case-record data used in this analysis were obtained by field staff of the Research Triangle Institute (RTI) directly from case files in 40 localities across the country. These areas constitute a stratified (by region, state payment level, and size of caseload) random sample of counties (or their equivalents). Their selection was the first of three stages of sampling. The second stage involved the selection of particular welfare offices in localities selected in the

first stage (in many cases, only one office was involved). The third stage of the sampling process entailed the selection of two samples of AFDC cases--one to represent the basic-AFDC caseload (Unemployed Parent cases were excluded from the sample, as were Foster Care cases) that existed in September, 1981 and the other to represent the September, 1980 caseload.

The interest in AFDC cases that had earnings required an extensive screening process in selecting cases because only about 15 percent of the caseload had this characteristic. Therefore, in attempting to generate samples of the following sizes, it was necessary for the field staff to screen nearly 10,000 case records and sort them into earner and non-earner categories before making the final selection of study cases:

	<u>1980</u>	<u>1981</u>	<u>Total</u>
Earners	440	880	1320
Nonearners	<u>220</u>	<u>220</u>	<u>440</u>
Total	660	1,100	1,760

Random sampling procedures were then employed in selecting the final samples of cases used in the analysis.

For each case in the sample, information was abstracted from the case record for the relevant base period (September 1980 or 1981). The same information was then obtained for each point over the next year at which there was a change in the grant received by the assistance unit or in its basic eligibility. These data provided the basis for the case record data analysis and were used to identify potential respondents for the telephone survey.

The population of interest for the telephone survey included persons from the 1981 sample whose AFDC case appeared to have been discontinued as a result of OBRA rules concerning the treatment of income. Approximately 42 percent of these former recipients were successfully contacted and interviewed. Therefore, the survey data collected for the evaluation provide some useful firsthand information about the experiences of families who lost AFDC benefits because of OBRA.

C. Major Findings

Three basic issues were examined in this evaluation. They include the impact of OBRA on AFDC participation and work effort, program costs, and program equity. The major findings in each area are summarized below.

1. Impact on AFDC Participation and Work Effort

The central issues here concern, first, the extent to which cases that had earnings at the time of OBRA implementation would be discontinued from the program or receive lower grants because of employment, and, second, the extent to which work behavior might change in ways that would offset anticipated program effects. This behavioral response might have been manifested through the return of discontinued earner cases to AFDC participation or through lower work effort among cases that continued to participate in AFDC.

Study findings that bear on these issues include:

- (a) Earners in the 1981 sample were substantially more likely than pre-OBRA earners to be off the AFDC rolls a year later: 55 percent of 1981 earner cases were not on AFDC at this time, compared with 28 percent of 1980 earners.

Furthermore, survival analyses showed that the probability that a case would close was nearly two-thirds (65 percent) for 1981 earners, compared with one about one-third (33 percent) for 1980 earners. The rate of return to AFDC after discontinuation were similar for the two years for cases that had earnings at the time of case closing.

- (b) As was expected, the OBRA Amendments had little effect on cases that did not have earnings at the time of OBRA implementation. The large majority (76 percent) of these cases were participating in AFDC a year after implementation, a figure not significantly different from the comparable figure (83 percent) for the nonearner cases in the 1980 sample.
- (c) In each study period, earners were significantly more likely than nonearners to be off the AFDC rolls a year later. However the difference was greater in 1981 than in 1980: for 1981, the figures were 55 percent and 24 percent for earners and nonearners, respectively; for 1980, the corresponding figures were 28 percent and 17 percent. (As noted in points 1 and 2 above, the difference between years was significant for earners, but not for nonearners.)
- (d) Data on case closings for earner cases suggest that the major impact of OBRA on the eligibility of earner cases was felt within a relatively short period of time. This is evidenced in the fact that the proportion of earner

cases not open increased only from 52 percent to 55 percent between May and September of 1982.

- (e) Data for both 1980 and 1981 earners reveal that, by a year after the base month, approximately 18 percent of the cases were receiving AFDC and did not have earnings. This similarity between the two years suggests that the observed change in both periods represents a "normal" rate of job loss by AFDC recipients. If a widespread behavioral response to the new rules had occurred, it would be expected to have been manifested in a difference between the two samples, with the 1981 sample exhibiting a higher proportion without jobs.
- (f) Another issue in the study of OBRA effects on work effort concerns the uptake of work by those who were not employed at the time of implementation. Data for cases that did not have earnings in the base period show that few of them had earnings in later months--less than 5 percent for nonearners in either study year.
- (g) A series of multivariate models was constructed to examine the differences between the study years in program participation levels, presence of earnings, and earnings level for cases that had earnings in the base periods for the two years. An important objective of these analyses was to control for possible differences in the impact on earners that might be attributable to differences between the years in the unemployment rate in the areas where the study sample members lived. The findings of important

differences between the two years, reported above, were supported by these analyses: the observed differences between the two years, particularly in AFDC eligibility persisted, even after unemployment rate and other factors were statistically controlled. In fact, contrary to expectations, the results of these analyses suggest that the unemployment rate has relatively little effect on AFDC participation and on earnings of AFDC recipients. One possible explanation is that the unemployment rate is not a particularly sensitive measure of the opportunities for employment available to AFDC recipients.

- (h) The survey followup of former AFDC recipients found that about eight percent of the respondents returned to AFDC after their closed case record had been reviewed by field staff (case-record abstractions were performed as early as November and the survey was administered during February and March). Among the respondents who were not receiving AFDC, approximately 87 percent were working. Their average monthly earnings were \$704, about 61 percent higher than the average earnings of employed AFDC caretaker relatives in May, 1981. These data must be interpreted cautiously, however, because of non-response to the survey.

2. Program Costs

- (a) The data evidenced a consistent reduction in average grants (including \$0 for discontinued cases) for earners and nonearners during both 1981 and 1982. Whereas grant

amounts were equivalent for 1980 and 1981 earners in the base periods, grants for 1981 earners were about \$57 less in September, 1982 than those awarded to 1980 earners in September, 1981. This amounts to a savings of approximately \$24.4 million for September, 1982. The savings for January and May, 1982 were, respectively \$20.3 million and \$26.6 million. These estimates are based on savings of approximately \$48 and \$62 per case for January and May.

- (b) Although the decline in average grants among 1981 non-earners was greater than that which occurred among the 1980 nonearners it cannot be concluded, based on the number of nonearner cases incorporated into the sample design, that this difference is statistically significant. The manner in which the sample was allocated for this study gave priority to making precise inferences about cases with earnings, the group expected to be affected most directly by the income-related provisions of OBRA. As a result, it was not possible to include a sufficiently large sample of cases to draw conclusions about small changes among cases that did not have earnings in the base period. It is recommended, on the basis of evidence suggesting a possible trend, that further attention be given to measuring the cost effects associated with changes among nonearners. Although the effect on individual cases is apparently small, the aggregate impact on program costs could be substantial in

view of the numerical predominance of nonearners in the AFDC population.

3. Program Equity

The issue of program equity concerns the distribution of AFDC resources among poor families with dependent children. A conclusion to be drawn from this analysis is that there has been a reallocation of resources among earners, with cases involving high earnings more likely to have been discontinued. In contrast, the remaining earner cases were primarily those with lower earnings in the base period and correspondingly higher grants.

Chapter 1

INTRODUCTION

A. Statement of Problem

In announcing rules that implemented changes in the Aid to Families with Dependent Children (AFDC) program required by the Omnibus Budget Reconciliation Act of 1981 (OBRA), the Social Security Administration (SSA) stated:

Their aim is fair allocation of scarce resources among the most needy, cost savings through more efficient program administration, and increased opportunities for work that will be of value both to the recipients and their communities (47 FR 5648).

Two sets of provisions designed to target assistance to those most in need also were expected to result in reductions in spending for AFDC.

The first of these is a ceiling on total income of an amount equal to 150 percent of the need standard established by the state in which a family applies for assistance. Only families whose total income is less than this amount are eligible under the new regulations.

The second set of provisions applies to earned income disregards. The new regulations specify the amounts of earned income to be disregarded in determining eligibility and payment levels for families with earned income, as well as the sequence in which the disregards are to be applied. Now, a maximum standard \$75 work-expense disregard and child-care expenses up to \$160 per month per child or incapacitated adult are to be applied prior to the traditional \$30-and-1/3 disregard. In addition, eligibility for the \$30-and-1/3 disregard is limited to four months. Only if a family does not receive AFDC for twelve consecutive

months can they again become eligible for this disregard (see 47 FR 5674-5677).

These provisions of OBRA address several persistent issues in welfare policy and are reflective of the Reagan Administration's view of the role of AFDC in dealing with poverty. First, AFDC is seen as a safety net for the "truly needy," a group whom former Secretary of Health and Human Services (HHS) Schweiker defined as "those people who, through no fault of their own have no choice but to rely on Government programs for their basic needs" (Committee on Ways and Means, 1981:25). Having chosen to target the program's resources in this manner, the crux of the issue then became one of designing mechanisms which insured that benefits were distributed in accordance with this view. In this case, the chosen policy instruments were the 150 percent-of-need ceiling on income and the standardization and re-sequencing of earned income disregards. The effect of both changes was expected to be the imposition of lower limits on maximum allowable income levels for the AFDC program. This would preclude, for example, the participation of persons with high levels of income who were previously eligible due to large work expenses. It would not eliminate, however, the variation across states which results from widely different standards of need (see Committees on Ways and Means and Energy and Commerce, 1981:90).

Another view expressed by the Administration is that AFDC is a temporary safety net, a perspective which challenges the thesis that most AFDC recipients are part of a "welfare class." This viewpoint is consistent with the conclusion Rein and Rainwater (1977:22-23) reached after analyzing data from the Panel Study of Income Dynamics:

At present, welfare seems to serve primarily as a way for society to cope with two of its problems--family disruption and labor market inadequacy. The dominant issues in welfare reform, therefore, should be those having to do with the life situations, needs, and incentives of the larger group of welfare recipients [who do not experience a lifetime of dependency].

Yet, while Rein and Rainwater advocated an expanded system of benefit programs to address these problems, the Reagan Administration has taken a different approach in light of data which indicated that only slightly more than one-fourth of the recipients of AFDC in 1979 had received benefits for more than five years (Committee on Ways and Means, 1982: 149). That approach was to reduce incentives for recipients to remain solely dependent on AFDC or to maintain partial dependency after obtaining employment. Therefore, in contrast to earlier policies that sought to establish work incentives, the approach taken in 1981 was to create dependency disincentives as reflected in, for example, the four-month limit on applying the \$30 and 1/3 earned income disregard (Committee on Finance, 1981:32).

These policy changes were expected to have an impact both on individual families and on a programmatic basis. The immediate impact of these revisions in the AFDC program was expected to be the elimination from the rolls of families who had income other than public assistance that exceeded 150 percent of the state's standard of need. Of those families with earned income who remained eligible for the program, the following illustration indicates how their AFDC benefits would be affected under the new regulations (Committee on Ways and Means, 1982: 127).

	Prior Law	Current Law	
		First 4 Months	After 4 Months
Gross earnings	581	581	581
Plus earned income credit	+32	+32	+32
Minus disregards:			
Initial disregards	-30	-105 (30+75)	-75
One-third of rest	-194	(*)	(*)
Child care	-100	-100	-100
One-third of rest	(*)	-136	0
Other expenses (e.g., payroll tax and transportation)	-70	0	0
Total disregards	394	341	175
Total income to count against AFDC benefits	219	272	438
AFDC benefits	201	148	0

*Not applicable

This hypothetical case illustrates the potentially significant impact of changes in the application of earned income disregards on AFDC recipients who work.^{1/}

The effect of the 1981 amendments on participation in and spending for the AFDC program also was expected to be significant. The savings HHS anticipated over the next five years as a result of these and other AFDC reforms enacted by OBRA amounted to more than \$6 billion in federal funds (47 FR 5648). Based on initial estimates (Committee on Ways and Means, 1981:20), more than 700,000 of the approximately 3.75 million families receiving AFDC were expected to have their benefits reduced or eliminated. Later estimates, however, indicated that as many as 560,000 families would be affected directly by the tightening of earned income disregards (Committee on Ways and Means, 1982:312). According to the

^{1/} This case assumes full-time employment at the minimum wage and a state standard of need of \$420 per month.

same estimates, families that remained eligible would experience an average \$1,400-per-year loss of benefits.

The savings projected by the Congressional Budget Office (CBO) were somewhat more conservative than those forecast by HHS. During the first three years of operation under these regulations, CBO estimated that slightly more than \$2 billion in savings would be realized from all AFDC policy changes. Savings attributable to the revised treatment of earnings disregards and the ceiling on total income were forecast to amount to \$377 million for fiscal years 1982 through 1984 (Committee on Ways and Means, 1982:334).

Original CBO estimates of the savings expected from these two sets of program amendments were set at \$1.3 billion. The significant downward revision is attributable to modified assumptions concerning the response of employed and employable AFDC recipients to these changes in policy (Committee on Ways and Means, 1982:334). The assumption used in arriving at the revised CBO estimate was that recipients would significantly reduce their work effort in response to the way earnings would be treated. To a large extent, then, the achievement of the Reagan Administration's goals of providing assistance only to those most in need, reducing long-term welfare dependency, and reducing program costs hinges on the issue of work effort.

B. Research Objectives and Hypotheses

If the pattern of employment exhibited by AFDC recipients prior to the 1981 amendments persisted in the period following implementation of relevant provisions of OBRA, substantial savings would be realized. If, on the other hand, recipients reduced their work effort (i.e., ceased to

be employed at pre-implementation levels or to pursue job opportunities as aggressively), an even greater drain on program resources might occur. Ultimately, this would detract from the program's ability to serve those most in need, thereby undermining one of the original objectives of the 1981 AFDC amendments.

In order to determine the degree to which AFDC program funds might have been saved and distributed according to new definitions of need, an accurate appraisal first has to be made of the impact of recent policy changes on recipients' work effort. Given that this issue was central to the proposed evaluation, it was appropriate that it be the subject of the major hypothesis (stated as a null hypothesis) that was tested in this study:

H_1 : No difference exists in the work effort exhibited by AFDC recipients prior to and following implementation of the 1981 amendments to the program.

The term "work effort" has been defined in terms of observed changes in earnings and employment status (full-time, part-time, or unemployed). The amendments mentioned in this hypothesis refer to the 150-percent ceiling on total income and the revised set of earned income disregards. The latter set of amendments was expected to result in payment reductions in the initial implementation period and in case terminations after the first four months of implementation.

Although program regulations include sanctions for quitting work or failing to pursue job opportunities if required to register with the Employment Service, previous research in the area of work incentives and welfare had suggested that changes in work effort might have been observed in the post-implementation period. For example, the Seattle and Denver Income Maintenance Experiments (SIME/ DIME) revealed that poor

families worked fewer hours under negative income tax systems in which income subsidies were provided (Robins, et al., 1980). Models of entry and exit transitions in the AFDC program also suggested that benefit levels affected participation decisions by applicants and recipients of public assistance (Hutchens, 1981).

In order for an income maintenance program to provide an incentive to work, the marginal tax rate--the amount of decrease in the household's benefit for each additional dollar of gross earned income--must be acceptable to the client. Under the 1967 AFDC amendments, the marginal tax rate was \$.37 on each dollar of earnings (Boheim, 1982). A study of the Massachusetts AFDC program found that under the 1981 OBRA amendments, the marginal tax rate rises to \$.47 for the first four months. After the fourth month, the marginal tax rate rises to \$.70. It is plausible that a marginal tax rate of this magnitude might function as a disincentive to work. If this were the case, anticipated savings would not be realized and redistribution of resources to those most in need would not occur.

A second hypothesis addressed the issue of program savings:

H₂: No difference exists in program expenditures prior to and following implementation of the 1981 amendments to the AFDC program.

The key issue that must be resolved in testing this hypothesis is correctly attributing savings to the 150-percent ceiling on earned income or the new procedures for applying earned income disregards. This cannot be done using aggregate program cost data. It must be based on a thorough review of case histories which identify the factors related to changes in benefit levels during the review period. For the purposes of

this analysis, the focus was solely on program expenditures associated with the costs of AFDC payments themselves, without taking into account any changes in administrative costs that might have been associated with the implementation of OBRA.

A third hypothesis pertained to the manner in which AFDC benefits are distributed following implementation of the 1981 reforms:

H₃: No differences exist in the level and distribution of AFDC benefits among recipient subgroups in the periods prior to and following implementation of the 1981 AFDC amendments.

Again, this hypothesis refers to the income ceiling and the earned income disregards when discussing the 1981 amendments. The AFDC recipient subgroups mentioned in the third hypothesis include categorizations based on such factors as level and sources of income. The level and distribution of AFDC benefits refer to the average amount of benefits per family in each subgroup and the proportionate distribution of benefits among various subgroups. The primary purpose of this line of analysis is to determine if the pattern of resource distribution in the post-implementation period conforms to the goal of distributing a greater share of resources to those most in need.

C. Overview of Report

The second chapter of this report describes in detail the design of the study to examine the impact of the 1981 Amendments. The discussion includes the sample design used in selecting cases for review, a description of the data sets constructed for the analysis, and the procedures for analyzing the data. The next section also includes a description of the tasks that were performed in the evaluation and the schedule by which they were completed.

In the third chapter, the results of an analysis of AFDC case record data are presented. This analysis is designed to determine the degree to which implementation of OBRA had a significant impact on the following aspects of the AFDC program:

- the nature and extent of work effort among recipients of public assistance;
- the costs to federal, state, and local governments of providing AFDC benefits; and,
- the level of need of AFDC recipients.

The fourth chapter is a summary of the findings of a telephone survey of former AFDC recipients whose cases were discontinued as a result of income-related provisions of OBRA. The emphasis of that part of the study was on ascertaining the impact of the 1981 Amendments, particularly how families coped financially with the loss of AFDC benefits.

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Chapter 2

RESEARCH DESIGN AND METHODOLOGY

Implicit in the research questions identified in the first chapter is the need for particular types of data. First, an assessment of the overall impact of OBRA in terms of case discontinuation, changes in grant amounts, and the return of cases to the rolls would require longitudinal data. Furthermore, these data would have to be obtained from official records if they were to be valid and reliable. AFDC recipients could not be expected to provide precise information about their circumstances in the past or the reasons that certain actions had been taken with regard to their AFDC case. Therefore, the strategy adopted for this evaluation focused on the collection of case record data that would provide a minimum of thirteen months data for each case in the sample.

The second type of data required for this evaluation was information about normal (i.e., pre-OBRA) caseload dynamics; that is, the pattern of case closings and openings, employment and unemployment, and so on that was exhibited by the AFDC caseload prior to the implementation of OBRA. This information would be necessary if any judgments were to be made concerning observed changes in the status of cases affected by OBRA. In effect, this drove the evaluation in the direction of a pretest/posttest design.

A third need implicit in the research questions identified in Chapter 1 concerns the types of cases that had to be included in the study. Obviously, the impact of the income-related provisions of the 1981 AFDC Amendments was expected to bear most directly on cases with

earnings. Therefore, it was necessary to collect data from enough of these cases that valid and precise inferences could be made about them. This required special efforts, however, because this group of cases constituted only 15 percent of the AFDC caseload nationally.

Finally, having decided to rely primarily on case-record data, it was clear that obtaining some firsthand information from persons affected by OBRA would be desirable. This was important because case records contain no post-discontinuation data. As a result, an effort was made to contact a sub-sample of persons whose AFDC cases had been discontinued because of the Amendments.

The research design that was ultimately devised for this evaluation is basically quasi-experimental. Data were collected for two samples of cases--AFDC cases that were active just before the implementation of OBRA and AFDC cases that had been active a year earlier. National probability samples of cases drawn from the September, 1981 caseload and the September, 1980, caseload were tracked from those base periods through the succeeding twelve months. After collecting baseline data for September, 1980 or 1981, information about changes in eligibility, grant amount, earnings and other case characteristics was obtained for each case in the two samples.^{1/} This provided the necessary longitudinal data for the pre-implementation and post-implementation periods, and permitted the identification of potential respondents for the survey of former AFDC recipients.^{2/}

^{1/}A copies of the data abstraction forms used in this process are appended.

^{2/}A copy of the telephone survey instrument is appended.

This chapter provides a description of the sample design used in this study, the procedures used in collecting and managing data, and some important facets of the analysis that was performed with those data. The discussion begins with a discussion of the sample design and sample selection procedures.

A. Sample Design and Selection

1. Introduction

This section gives an overview of the sample design used to select cases (assistance units) for this survey. A detailed description of the design is provided in Appendix A.3. The design is probability-based and allows statistically valid inferences to be made from the case record samples to the target populations. There are two populations of inferential interest, or target populations, for this study--(1) AFDC cases active in September 1980 and (2) AFDC cases active in September 1981. Within each of the two time periods, the target population consists of all active AFDC cases in the conterminous United States; it does not include cases in Alaska, Hawaii, or U.S. possessions. Additionally, AFDC-UP (Unemployed Parent) and AFDC-FC (foster care) cases are not included in the study population.

The sample design is a three stage, stratified design, and the third stage of sampling consists of two phases. First stage sampling units are counties, second stage units are offices within counties, and third stage units are cases (assistance units). Third stage samples of cases are selected independently for the two study periods.

2. First Stage Sample

The first stage sampling frame, or list of first stage units in the target population, consists of all counties in the conterminous

United States. A sample of 40 counties was selected from the first stage frame using Chromy's method of sequential selection (Chromy, 1979; Williams and Chromy, 1980). Chromy's method utilizes a combination of stratification and ordering within strata to maximize control of the sample distribution. Units are selected with probability proportional to size and with minimum replacement.

Implicit stratification of the sampling frame (list of counties) was provided by a hierarchic serpentine ordering (see Williams and Chromy, 1980) according to three variables--payment standard category, geographical region, and estimated AFDC-Basic caseload. Payment standard category was the first (i.e., highest level) stratification variable used in ordering the counties on the sampling frame. The three payment standard categories--low, medium, and high--are displayed in Table 2.1. States, and the counties therein, were assigned to categories based on the amount of State assistance payment to a family of two persons with no income as of October 1, 1980 (USDHHS, 1981). Categories were constructed so that each category would contain an approximately equal number of AFDC-Basic cases.

Within payment standard categories, counties in the first stage frame were ordered according to geographical region. The four geographical regions--North East, North Central, South, and West--are shown in Table 2.2. These regions were formed by combining Standard Federal Regions and are roughly equivalent, but not identical, to the four Census Regions. Within payment standard category and geographical region, counties in the frame were ordered by estimated AFDC-Basic caseload, described below.

Table 2.1
Payment Standard Categories

Payment Standard Category (Code)	Amount of State Assistance Payment to a Family of 2 Persons with No Income (October 1, 1980) ^{a/}	States
Low (1)	Less than \$214	Mississippi Texas Alabama Tennessee South Carolina Louisiana Arkansas Georgia Florida Arizona Kentucky West Virginia North Carolina New Mexico Virginia Montana Indiana Delaware Missouri Maine Maryland Nevada
Medium (2)	Between \$214 and \$323	Ohio Oklahoma Idaho District of Columbia Illinois Colorado Kansas Utah North Dakota Nebraska New Jersey Pennsylvania Rhode Island South Dakota Wyoming Oregon Iowa New Hampshire Massachusetts
High (3)	Greater than \$323	Connecticut New York Washington Minnesota Michigan Wisconsin California Vermont

^{a/} USDHHS. 1981. Office of Family Assistance, Social Security Administration, U.S. Department of Health and Human Services. Characteristics of State Plans for Aid to Families with Dependent Children under the Social Security Act Title IV-A. Need Eligibility Administration. SSA Publication No. 80-21235.

Table 2.2
Geographical Regions

Geographical Region	Standard Federal Regions	States
North East (1)	1	Maine
		New Hampshire
		Vermont
		Massachusetts
		Connecticut
	2	Rhode Island
		New York
	3	New Jersey
		Pennsylvania
		Delaware
		Maryland
		District of Columbia
		West Virginia
		Virginia
North Central (2)	5	Ohio
		Indiana
		Michigan
		Illinois
		Wisconsin
		Minnesota
	7	Iowa
		Missouri
		Nebraska
		Kansas
South (3)	4	North Carolina
		South Carolina
		Kentucky
		Tennessee
		Georgia
		Florida
		Alabama
		Mississippi
	6	Arkansas
		Louisiana
		Oklahoma
		Texas
		New Mexico
West (4)	8	North Dakota
		South Dakota
		Montana
		Wyoming
		Colorado
		Utah
	9	Arizona
		Nevada
	10	California
		Idaho
		Oregon
		Washington

Counties were selected from the frame with probability proportional to size, using estimated AFDC-Basic caseload as the size measure. County-level AFDC caseloads (including AFDC-Basic, Unemployed Parent, and foster care cases) for February 1980 are given in (USDHHS, 1980). Since the study population includes only AFDC-Basic cases, it was desired to use AFDC-Basic caseload as the size measure; however, this information was not available at the county level. The Department of Health and Human Services provided the distribution of State AFDC caseloads (for February 1980) among AFDC-Basic, Unemployed Parent, and foster care caseloads. The proportion of the total AFDC caseload consisting of AFDC-Basic cases was computed for each State. The county-level AFDC caseload was then multiplied by the corresponding State-level AFDC-Basic proportion to construct the size measure.

The first stage sample of 40 counties is listed in Table 2.3. For each of the sample counties, Table 2.3 gives the payment standard category, geographical region, and estimated AFDC-Basic caseload.

3. Second Stage Sample

The second stage sampling frame consists of all AFDC offices in the first stage sample of counties. Many of the counties contain only one office, and so there was no subsampling of offices. Counties with multiple offices were subsampled when it was feasible and cost effective to do so. Subsampling of offices was conducted in eight of the sample counties. Within each of these counties, the sampling frame of offices was implicitly stratified by ordering according to AFDC-Basic caseload. A higher level of office ordering according to region or ethnic composition was imposed for counties where this information was

Table 2.3
First Stage Sample

County	Payment Standard Category ^{a/}	Geographical Region ^{b/}	Estimated AFDC- Basic Caseload (February 1980) ^{c/}
Calvert, MD	1	1	566
Norfolk, VA	1	1	7,195
Baltimore City, MD	1	1	44,606
Jackson, MO	1	2	10,201
Hardin, TN	1	3	223
Meriwether, GA	1	3	401
Gregg, TX	1	3	628
Iredell, NC	1	3	653
San Juan, NM	1	3	1,046
Rapides, LA	1	3	1,620
Washington, MS	1	3	2,760
Richland, SC	1	3	4,194
Dade, FL	1	3	13,689
Orleans, LA	1	3	17,696
Sioux, ND	2	4	121
Comanche, OK	2	3	1,215
Morgan, IL	2	2	387
Pottawattamie, IA	2	2	1,834
Madison, IL	2	2	4,070
Montgomery, OH	2	2	10,540
Suffolk, MA	2	1	27,684
Essex, MA	2	1	14,780
Worcester, MA	2	1	13,180
Passaic, NJ	2	1	11,603
Bucks, PA	2	1	4,253
Washington, VT	3	1	646
Rockland, NY	3	1	1,963
New Haven, CT	3	1	12,877
Ingham, MI	3	2	5,647
Kenosha, WI	3	2	2,058
Iosco, MI	3	2	477
Snohomish, WA	3	4	3,486
Tulare, CA	3	4	6,956
Fresno, CA	3	4	12,185
San Diego, CA	3	4	29,323
Wayne, MI ^{d/} (1)	3	2	83,589
New York City, NY ^{d/} (3)	3	1	233,002
Philadelphia, PA ^{d/} (1)	2	1	80,304
Cook, IL ^{d/} (2)	2	2	138,786
Los Angeles, CA ^{d/} (2)	3	4	159,182

^{a/} Payment Standard Category: 1 = Low (Less than \$214), 2 = Medium (Between \$214 and \$323), 3 = High (Greater than \$323). Based on amount of State assistance payment to a family of 2 persons with no income (October 1, 1980). See Table 1.

^{b/} Geographical Region: 1 = North East, 2 = North Central, 3 = South, 4 = West. See Table 2.

^{c/} County-level AFDC caseloads for February 1980 from (USDHHS, 1980). Adjusted to estimate county-level AFDC-Basic caseloads, using State-level data provided by OFA.

^{d/} Included in the first stage sample with certainty. The number of selections (or hits) is given in parentheses.

available. Offices were selected with probability proportional to size, using AFDC-Basic caseload as the size measure, and with minimum replacement. The number of offices selected within a county ranged from one to six.

4. Third Stage Sample

A third stage sample of cases was selected independently for each of the two study periods--September 1980 and September 1981. Because AFDC cases with earned income constitute a major subpopulation of interest to the study, the distribution of the sample was controlled with respect to earnings status. The desired number of cases in the third stage sample, by study period and earnings status, is shown in Table 2.4. To obtain the desired sample sizes for earners, it was required to over-sample earners; that is, it was required that the proportion of earners in the sample be higher than the proportion of earners in the population. This was accomplished by selecting the third stage sample of cases in two phases.

For each study period, the first phase sampling frame consists of all active AFDC-Basic cases in the second stage sample of offices (or counties, where offices were not subsampled). Within offices, or counties, cases were selected by random systematic sampling. Selection was conducted in the field, using pre-determined sampling rates and random starts. (At this point, any selected cases found to be ineligible--not AFDC-Basic cases active during the study period--were deleted from the sample. For example, some case lists included AFDC-UP cases, and such cases were not eligible for this study.) Each case selected in the first phase, or screening, sample was then identified as an earner or a nonearner. For sample selection purposes of this study, an earner was

Table 2.4

Desired Case Record Sample Size,
by Study Period and Earnings Status

	September 1980	September 1981	Total
Earners ^{a/}	440	880	1,320
Nonearners	<u>220</u>	<u>220</u>	<u>440</u>
Total	660	1,100	1,760

^{a/} An earner was defined as a case having earned income in the study period or any of the five preceding months.

defined as a case having earned income in the base period or any of the five preceding months.

The second phase sampling frame consists of all first phase sample cases that were screened. The second phase frame was stratified according to earnings status (earner/nonearner), using the classification generated by screening. Within office (or county) and earner/nonearner stratum, the required number of cases was selected with equal probability and without replacement. The allocation of the total earner and nonearner sample sizes among offices (or counties) was directed towards achieving self-weighting samples within these two groups.

B. Data Collection and Management

The collection of data for this evaluation required manual abstraction of case record data by RTI field staff in 27 states and 40 localities. The fieldwork was largely accomplished during December, 1982 and January, 1983; however, it was not possible to gain access to cases in two major urban areas until mid-February in one area and early March in the other. It was not possible to use automated information systems to obtain the data needed for this evaluation. This was due largely to the need for historical information as opposed to current case record data.

The fieldwork for this study began with the training of Field Representatives at RTI's Research Triangle Park offices in late November, 1982. Each member of the field staff participated in a three-day training session that focused on the objectives of the study, the nature of the data they would be collecting, procedures for sampling case records, and procedures for abstracting case record information. A detailed field manual also was provided for each Field Representative.

Arrangements for the Field Representatives' visits to local welfare agencies in 40 localities were made by resident RTI staff. Preliminary contacts with officials in each of the 27 states involved in the study were made by the first week of December, 1982. As indicated above, most of the fieldwork was accomplished during December and January; however, some site visits were not made until as late as early March, 1983. In no case was it necessary to replace a site because of non-cooperation.

The fieldwork for the project entailed three major tasks--sampling, screening for earner/nonearner status of cases, and case record abstraction. Employing precisely defined sampling procedures, the field representatives first drew samples of cases from listings of cases that were active in the two base periods (September, 1980 and 1981). These samples were usually drawn from warrant registers or other listings of cases that received assistance during those months. On average, approximately 100 cases for 1980 and 200 cases for 1981 were drawn in each locality, except in major urban areas with large caseloads. Based on preliminary data, it had been estimated that samples of this size would be necessary to generate a sufficient number of earner cases to meet the requirements of the sample design.

The second task of the Field Representatives was to perform a manual screening of each sampled case record in order to determine if it had earnings that affected the AFDC grant at any time from April through September of the sample year. Once cases had been sorted using this criterion, a sample of cases was drawn for data abstraction.

The final responsibility of the Field Representatives was to record the circumstances of the sample cases in the base period (September, 1980 or 1981) and at any point at which there was a change in eligibility

or grant amount for the case. Because of wide variation in the format of state AFDC forms and terminology used in them, the first phase of this task was usually a telephone review of a case with resident RTI staff. Although the field staff were provided copies of state forms in advance of their site visits, this review was necessary to achieve the consistency required for carrying out a national study of the AFDC program.

Upon receipt of the completed data abstraction forms, a basic quality control edit was performed and each form was logged in with a unique identifier. Following this preliminary edit, RTI staff with a substantive orientation to the AFDC program performed an intensive review of the forms for each case. By batching cases according to site, it was possible to identify systematic inconsistencies and to resolve them with the Field Representatives or through telephone calls to contact persons in the state agencies.

The substantive edit of each case was followed by data entry. This was performed with 100 percent key verification. Following the construction of the raw data base, extensive computer edits were performed to identify logical inconsistencies and any problems that had not been revealed by the previous edit.

An important task that was carried out in conjunction with the substantive edit for the 1981 earner cases was the identification of potential respondents for the telephone survey. On the basis of the review of cases at this stage, it was possible to determine if a case had been discontinued because of income-related OBRA provisions and if it had remained closed. Cases that fit this category were referred to survey professionals for inclusion in the telephone survey sample.

Each potential respondent was mailed a lead letter informing them of the study and its objectives. Approximately one week later, the initial attempt to contact candidates for the survey was made. At least six attempts were made to contact each candidate, including followups using directory assistance, city directories, and other references. Interviews were performed using RTI's Computer-Assisted Telephone Interviewing (CATI) system, which permits the entry of responses directly into a computer file. This is accomplished by the telephone interviewers' use of CRT terminals which display survey questions and through which responses are recorded. This permits consistency checks and other edits to be performed during the course of the interview and generates a data base that can be immediately analyzed.

C. Statistical Analysis

1. Analysis of Data from Complex Multi-Stage Surveys

Statistical analysis of the data from this study involves estimation of parameters for the study populations and testing hypotheses about these parameters. Parameters of interest include totals, means, proportions, and other ratios. As described above, the sample design for this study is a three-stage, stratified design. Appropriate statistical analysis of data from a complex, multi-stage design requires that the structure of the design be taken into account. Sampling weights must be used to construct parameter estimates that are free from selection bias. Both sampling weights and the design structure are needed in calculating measures of estimation precision and testing hypotheses. RTI has developed software packages, incorporated as SAS procedures, for the statistical analysis of complex survey data. Three of these packages--

SESUDAAN, RTIFREQS, and SURREGR--were used in analyzing the data from this survey.

The software package SESUDAAN (Shah, 1981) computes estimates of totals, means, proportions, and the corresponding standard errors. Estimates can be constructed for different subgroups of the population, and standard errors of estimated differences between subgroups can also be calculated. The statistical approach used for computing the standard errors is a first-order Taylor approximation of the deviation of estimates from their expected values. The package RTIFREQS (Shah, 1982) computes estimates of frequencies, percentages, and the corresponding standard errors. These estimates are computed for population subgroups. SURREGR (Holt and Shah, 1982) computes estimates of regression coefficients and their standard errors. It can produce tests of various hypotheses for regression models.

2. Sampling Weights

Because sample cases were not selected with equal probabilities, sampling weights must be used in the analysis to construct parameter estimates that are free from selection bias. The sampling weights, together with the structure of the sample design, must also be used to calculate appropriate measures of estimation precision.

Sampling weights are derived from the probability framework of the sample design described above and Appendix A.3. The sampling weight for a case, or assistance unit, is the product of weight components corresponding to each stage or phase of the design. Additionally, components to adjust for nonresponse are included for stages or phases of the design where (whole unit) nonresponse occurred. Appendix A.4 describes the calculation of the weight components for this survey.

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Chapter 3

ANALYSIS OF CASE ABSTRACTS DATA

A. Introduction

Longitudinal data on AFDC cases were necessary to assess the impact of changes in AFDC regulations on individual cases over time, and to understand the dynamics of change in caseload characteristics and in the experience of individual AFDC families. The study reported here collected such longitudinal case data from the records of a national probability sample of the AFDC caseload. The study was designed to assess the effect of the changes in regulations mandated by OBRA, for the period beginning October 1, 1981. Because of concern with the impact of the Amendments on cases with earnings and those with no earnings, and because earners constitute a relatively small proportion of the national AFDC caseload (roughly 15 percent in the period before OBRA), the study design called for the disproportionate sampling of earners and non-earners so as to provide a sufficiently large sample of earners for analysis. Furthermore, in order to distinguish between effects directly attributable to OBRA and to more routine turnover of AFDC cases, it was necessary to make comparisons with a pre-OBRA population. Therefore, the study design included samples representing the September 1980 and September 1981 national AFDC caseloads; these were further subdivided into earners and nonearners.

For purposes of the analyses, cases were classified by year and by whether or not they had earned income in September of the year for which they were sampled. The total sample consisted of 1623 cases, including 579 cases with September earnings and 434 cases with no earnings in this

month for 1981, and 275 with earnings and 335 with no earnings for September 1980, for purposes of comparison. As described in the previous chapter, these cases were drawn so as to provide a probability sample of the national AFDC caseload for each study year. Each case had an associated sampling weight based on the probability framework of the design adjusted for unavailability of records in the different sites. The analyses presented in this chapter have been carried out using the data with appropriate weights applied, and with tests of the significance of observed between-group differences appropriately calculated to take into account the structure of the sample design.

The primary focus of the study has been on the impact of the OBRA amendments on the AFDC caseload active in the period immediately prior to implementation of the Amendments. It does not examine the effect on the entire AFDC caseload at later time points, since it does not include cases that entered AFDC after September 1981. Similarly, it does not examine the effect on the entry of new cases to AFDC, because the disposition of new applications is not examined.

Analyses of the effects of OBRA on the AFDC recipient households focused on two main outcomes: (1) the loss of AFDC eligibility (case discontinuation) and, for some recipients, subsequent re-entry into the AFDC caseload; and (2) stability and change in work effort, as measured by earnings of recipient households. The effect of the changes on program equity and costs was also examined using the longitudinal case abstract data. This was done by analyzing data on such factors as differences in earnings between cases that were closed subsequent to OBRA implementation and those that remained open during this period, and

differences in grants received by continuing cases, closed cases, and reopened cases. The means by which cases that lost eligibility coped with the loss of benefits were examined in a telephone survey of discontinued AFDC cases (reported in Chapter 4, below).

This chapter presents the results of analyses of OBRA effects on case eligibility, earnings, and grants. In the first section, we present a series of "profiles" describing the situation of the September caseload at later times (in January, May, and the following September). These profiles provide a useful description of the overall impact of the Amendments on the total caseload active prior to implementation of the OBRA Amendments and of the differential impact on earner and non-earner cases. The design allows estimates of the effects of the OBRA amendments (along with other concurrent changes in the economy and other conditions) on the September 1981 caseload by comparison with a "baseline" provided by the September 1980 caseload. By examining patterns of grant amounts, along with the number of cases still active and the work effort of active cases, it is possible to estimate effects on program costs and program equity.

The second section presents the results of an analysis using multivariate models of outcomes paralleling those examined in the profiles. These multivariate analyses allow us to introduce controls for between-year differences in unemployment rate, to estimate the differences in outcomes between the two years adjusted for possible differences in compositional factors and unemployment, and to examine the effect of case characteristics on later case experience in the pre- and post-OBRA periods.

The third section uses techniques of survival analysis to examine the probabilities that cases would leave AFDC, that closed cases would reopen at later times, and that reopened cases would close again. In order to examine the effects of OBRA on change in case eligibility, cases were classified by earnings status in the base period and, for analyses of reopening and re-closing, by earnings status at the time of prior case closing or reopening.

In these analyses, cases were followed for a period of a year: the September 1980 cases were followed to September 1981, the last month prior to the beginning of OBRA implementation; and the September 1981 cases were followed to September, 1982, a year after the beginning of OBRA implementation. There was some variation in the timing of OBRA implementation in the different study sites, with the first sites beginning implementation effective October 1, 1981, and others experiencing a delay of one to several months. Consequently, the early months of the analyses of case change showed the effects of the differences in timing of OBRA implementation across the nation, and the full effects do not become evident for several months.

The remaining analyses of the chapter examine several aspects of program equity and costs. As described above, these include: (1) the extent to which cases discontinued from AFDC after OBRA differed from continuing cases in earnings level and other important characteristics, and thus the extent to which the population remaining on AFDC was more representative of the population of families with few capabilities that would allow them to become independent of income assistance programs; and (2) the impact on grant costs of case closings and reductions in grants to cases with earnings.

B. Profiles of Base Period Caseload in Subsequent Months

The profiles of cases in the months subsequent to October 1981 and the corresponding months following October 1980 for the 1980 sample provide a useful set of "snapshots" that describe differences between the samples for the two years and, within years, the differences in outcomes for groups that did and did not have earnings in the base period. In this section we present profiles of later case status for these four subgroups, and compare differences in their experience. In later sections we supplement this analysis with more extensive models of change at the individual case level, in order to provide more insight into the dynamics of case change and the ways in which the dynamic changed from 1980 to 1981. These later analyses include multivariate controls for such factors as the unemployment rate in the different periods studied, as well as other variables important for the understanding of case dynamics.

The differences between groups in the profiles also provide a measure of the magnitude of the effects of the different years and the different earnings status groups, unadjusted for differences in unemployment rate and other situational factors. The coefficients for the multivariate models provide a measure of "net" differences, adjusted for other factors included in the models. These unadjusted and adjusted differences can be compared to obtain a better understanding of the extent to which between-year differences are attributable to factors controlled in the multivariate models, and the magnitude of the "true" adjusted differences, which are attributable primarily to the effects of OBRA and other between-year differences not controlled in the models.

Case profiles were constructed for the months of January, May, and September of 1982 for the 1981 sample and the corresponding months in 1981 for the 1980 sample. Profiles for these months give an indication of: (1) the effect of the implementation of the first major income-related OBRA rules (the test of gross income against 150 percent of need standard, and changes in the amount and sequencing of the income disregards), which had been implemented in all the sample sites on or before January 1; (2) the effect of the loss of the \$30-and-1/3 disregard after four months, which took effect in February in the first sites and in successive months in the other sites; and (3) the effect over the first year of implementation, ending in September 1982. Profiles were constructed to describe:

- the status of cases in each profile month (not open; open and having earnings in that month; open, with no earnings in the month);
- the mean earnings, for all cases that had earnings in the profile month; and
- the mean grant, first for all cases (including closed cases in the calculation as cases with a \$0 grant), and, second, for all cases open in the profile month (i.e., excluding closed cases from the calculation).

As described above, the profiles are shown separately for the four study subgroups: 1980 earners; 1981 earners; 1980 nonearners; and 1981 nonearners. The proportion and means presented in the tables for this section were calculated using weighted data, in accordance with the study sample design. Tests of the statistical significance of between-group differences were carried out using statistical software that took the sample design into account in the calculation of standard errors.

1. Case Status

Table 3.1 and Figure 3.1 show the proportion of cases that were not open, the proportion open with earnings, and the proportion open with no earnings in the month. Several observations can be made based on these. First, the proportions of cases not open for the 1980 subgroups give an indication of "normal" pre-OBRA rates of attrition of cases over a year's period: roughly one-fourth (28 percent) of earner cases and one-sixth (17 percent) of nonearner cases were not on the AFDC rolls twelve months after first observation.^{1/} This provides a useful measure of the extent of turnover in the program, as well as an indication of the pre-OBRA difference in turnover between cases that have earnings and those without earnings (roughly 10 percentage points).^{2/} This difference between earners and nonearners in the 1980 sample is statistically significant ($p < .01$).

Second, between-year differences indicate that the probability that a case would not be open at the end of a year was twice as high for 1981 earners as for 1980 earners (55 percent, compared with 28 percent).

^{1/}Two points should be borne in mind here: (1) the active cases at the later time point include both cases that had remained active throughout the year's period and ones that closed and reopened by this time; thus the figure understates the rate of case closing over the period; and (2) each sample is a "point in time" cross-section of the caseload in September of the reference year, thus the observed rates of closing are those experienced by such a cross-section, and do not correspond to figures for the expected "lifetime" of a new case entering the AFDC rolls in a given month.

^{2/}It should be recalled that, because cases are defined as earners or nonearners by their status at the beginning of the year of observation, they may not be in the same situation a year later. However, the figures on the proportion that have or do not have earnings a year later suggest that, whereas changes in earnings status were experienced by a substantial number of cases, they typically were consistent with continuing program participation without case discontinuation. Differences in patterns of change in earnings status are discussed further below.

Table 3.1

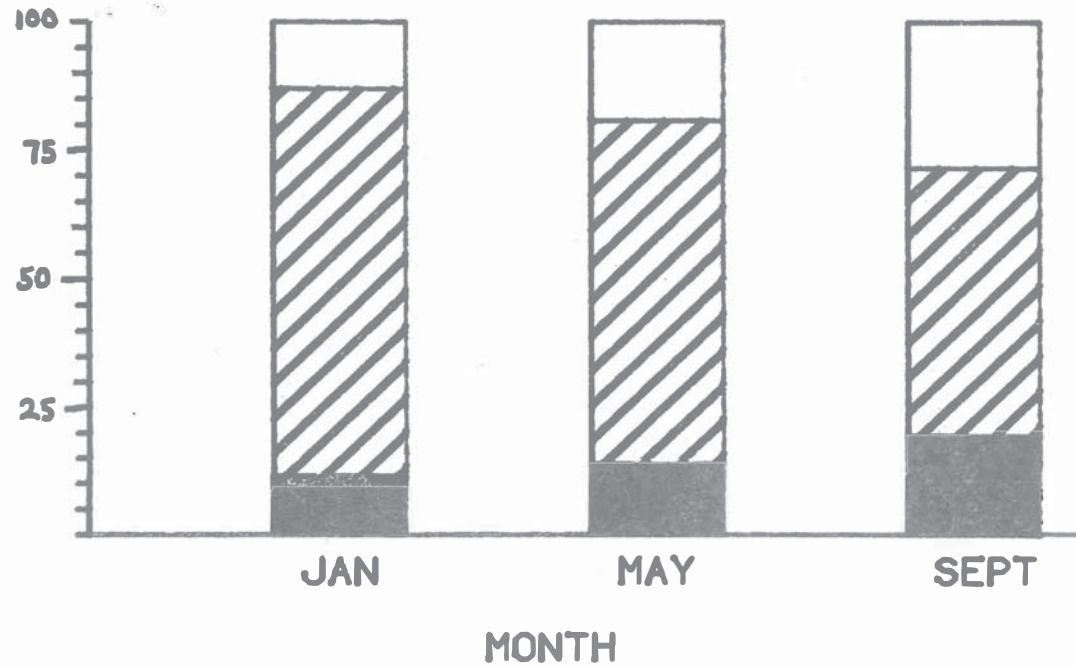
Status of September Caseload in Subsequent Months,
by Reference Year and Earnings Status in Base Month

		Percentage of Cases (s.e. of estimate)		
		January	May	September
<u>Earners</u>				
<u>1980</u>	Not Open	12.56 (1.72)	18.70 (2.23)	27.65 (3.27)
	Open--Earnings	76.70 (2.94)	68.23 (3.23)	54.18 (3.93)
	Open--No Earnings	10.74 (2.16)	13.07 (2.37)	18.17 (1.77)
Number in Sample		273	273	273
Estimated Population		402,278	402,278	402,278
<u>1981</u>	Not Open	37.44 (3.27)	51.96 (3.36)	55.19 (3.10)
	Open--Earnings	49.90 (3.36)	32.00 (3.40)	27.00 (3.49)
	Open--No Earnings	12.66 (1.56)	16.03 (1.25)	17.81 (2.14)
Number in Sample		575	575	575
Estimated Population		426,825	426,825	426,825
<u>Nonearners</u>				
<u>1980</u>	Not Open	5.71 (1.33)	11.30 (2.48)	16.59 (3.02)
	Open--Earnings	3.34 (1.20)	3.01 (0.94)	3.65 (0.85)
	Open--No Earnings	90.95 (1.60)	85.69 (2.64)	79.75 (2.93)
Number in Sample		334	334	334
Estimated Population		2,955,689	2,955,689	2,955,689
<u>1981</u>	Not Open	10.41 (2.34)	17.60 (2.50)	23.66 (3.34)
	Open--Earnings	2.18 (0.79)	2.09 (0.76)	3.23 (1.10)
	Open--No Earnings	87.41 (2.55)	80.31 (2.67)	73.12 (3.33)
Number in Sample		430	430	430
Estimated Population		3,007,426	3,007,426	3,007,426

FIGURE 3.1

**STATUS OF SEPTEMBER CASES IN SUBSEQUENT MONTHS
1980 EARNERS**

PERCENT SUM



LEGEND: TYPE



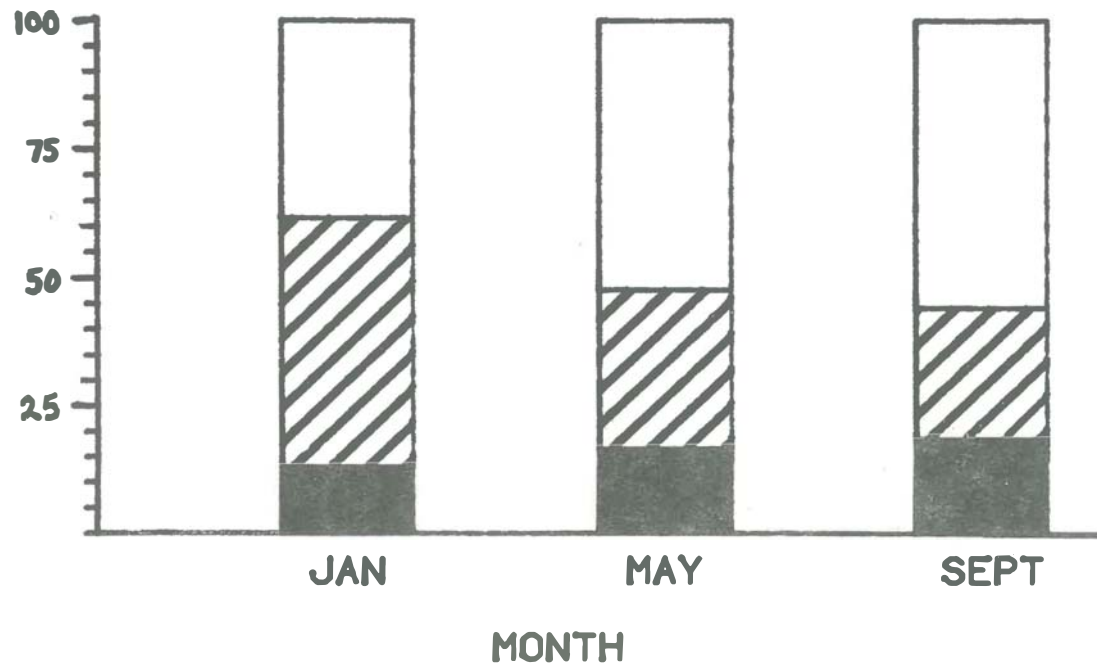
OPEN, NO EARNING
NOT OPEN

OPEN, EARNINGS

FIGURE 3.1

**STATUS OF SEPTEMBER CASES IN SUBSEQUENT MONTHS
1981 EARNERS**

PERCENT SUM



LEGEND: TYPE



**OPEN, NO EARNINGS
NOT OPEN**

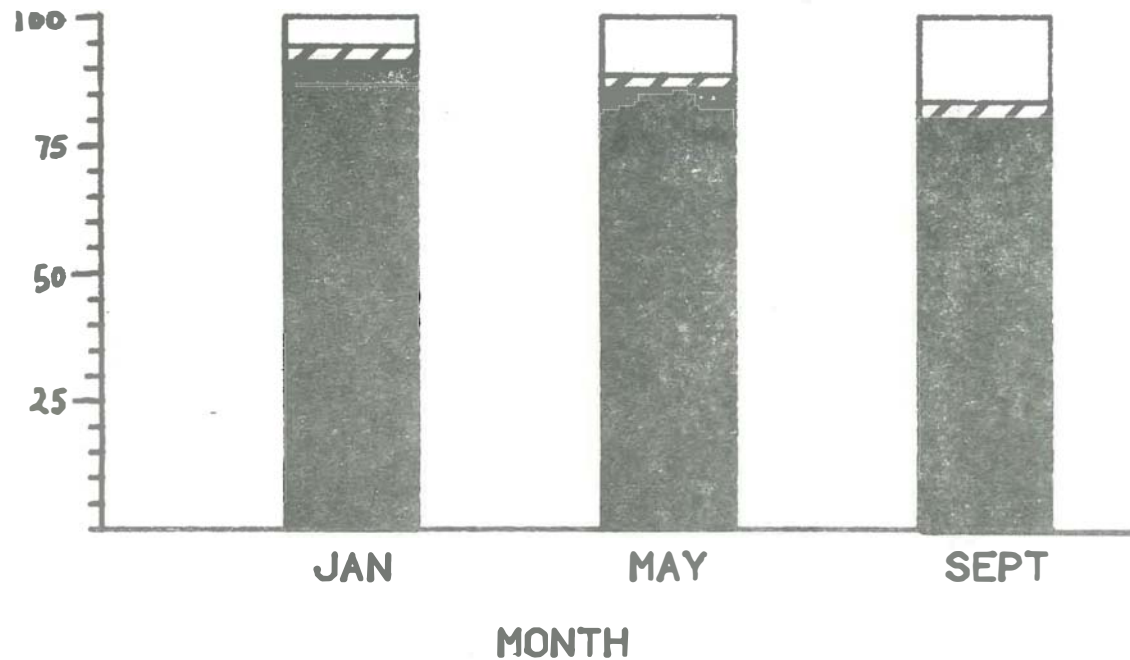


OPEN, EARNINGS

FIGURE 3.1

**STATUS OF SEPTEMBER CASES IN SUBSEQUENT MONTHS
1980 NON-EARNERS**

PERCENT SUM



LEGEND: TYPE



OPEN, NO EARNING
NOT OPEN

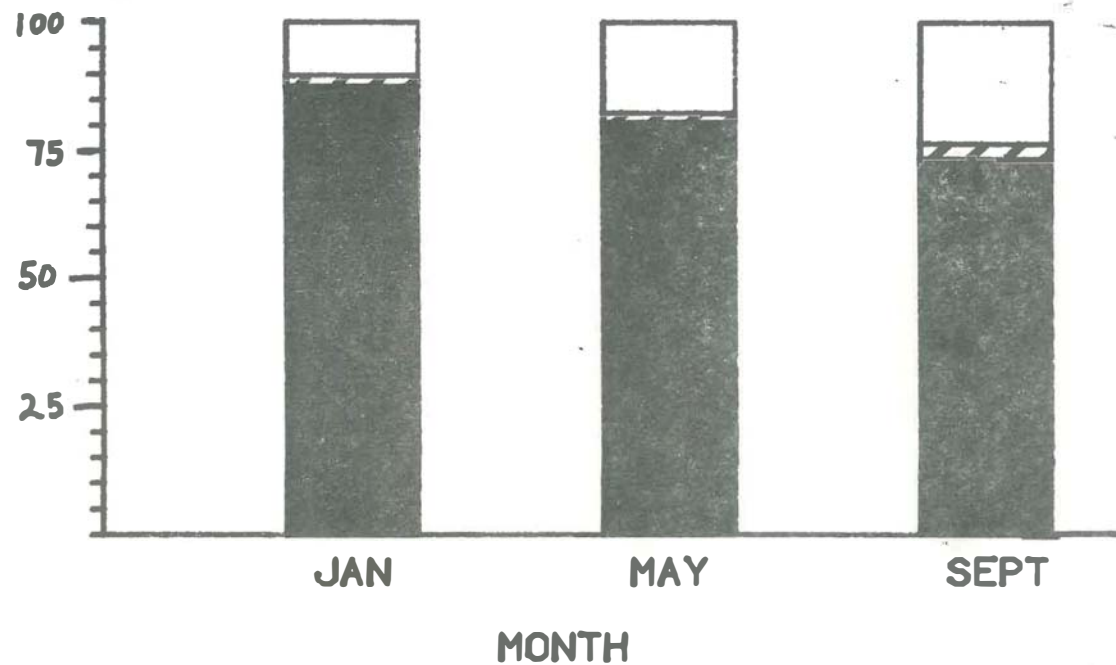


OPEN, EARNINGS

FIGURE 3.1

**STATUS OF SEPTEMBER CASES IN SUBSEQUENT MONTHS
1981 NON-EARNERS**

PERCENT SUM



LEGEND: TYPE



OPEN, NO EARNING
NOT OPEN

[ZZZZ] OPEN, EARNINGS

This difference is highly significant ($p < .001$). The between-year difference of 7 percentage points for nonearners (24 percent vs. 17 percent) is in the same direction, but is not statistically significant ($p > .05$). These figures give an indication of the magnitude of the effects on earners' potentially attributable to OBRA.

Third, the figures on the percentage of 1981 earner cases closed by January, May, and September of 1982 suggest that the greatest impact occurred with the implementation of the initial OBRA rule changes (37 percent of cases were not open in January), with an additional effect associated with the implementation of the four-month limitation on eligibility for the \$30-and-1/3 disregard (along with likely earnings fluctuation that would bring some additional proportion of earner cases above the income limits imposed by the 150 percent rule and the change in the sequencing of the work disregards). By contrast, the rates of attrition among 1980 earners and both 1980 and 1981 nonearners appear to have varied less over the year; similar proportions of cases were found to be no longer open at successive profile months. The data suggest that the effect of the OBRA changes was largely felt by May (the proportion of earner cases not open increased only from 52 percent to 55 percent between May and September of 1982). This finding is consistent both with expectations that the new rules would affect cases with earnings over a period of relatively few months if there were no major behavioral response (such as a reduction in work effort), and the fact that the sample followed in the present study represented the caseload at the time of OBRA implementation. Presumably new cases that either entered the AFDC caseload after October 1981 with low enough earnings to

be eligible or that entered without earnings and later obtained employment, would experience discontinuation but at a rate lower than the 55 percent experienced by those with earnings at the time of OBRA implementation.

2. Work Effort

An examination of data from Table 3.1 and Figure 3.1 on the number of active cases that do and do not have earnings in the profile months permits a preliminary assessment of the effect of OBRA on two aspects of work effort: (1) the extent to which cases that initially have earnings are eligible at later time points either because they have lost jobs in the interim or, in some instances, because they may have been willing to give up jobs in order to retain AFDC eligibility; and (2) the extent to which OBRA may have discouraged the uptake of employment by cases that did not have earnings at the time of implementation. In this analysis, again, the figures for the 1980 caseload give an indication of an underlying rate of employment entry and exit for AFDC cases. And, because the pre-OBRA rules meant that many cases could remain open over a prolonged period of time with relatively high income levels, the pre-OBRA earner cases' rate of movement to nonearner status should reflect relatively little job loss that could be attributed to a preference for retaining AFDC eligibility.

The data show that, by a year after the base month, 18 percent of the earner cases from each study year were still on the AFDC rolls and had no earnings. This similarity between the two years suggests that much of the observed change in both periods represents "normal" rates of job loss by AFDC recipients. Thus, if there were a behavioral response of giving up jobs in order to retain AFDC eligibility, one would expect

a higher proportion of the 1981 sample not to have jobs at a later date. If anything, in view of the higher unemployment rates in 1982, one would expect somewhat higher proportions of the 1981 sample to be without jobs, but even this pattern is not observed a year after initial implementation. Taken together, the figures on closed cases and those open without earnings suggest that the main effect was to close cases with earnings and not to reduce the work effort of cases that were not closed.

Figures for cases that did not have earnings in the base period indicate that very few--less than 5 percent--had earnings in the later months. As with the comparison between earner cases in the two years, the lack of a difference between 1980 and 1981 nonearners, especially in view of the poorer economic conditions in the later period, suggest that the 1981 amendments did not have the effect of discouraging uptake of work by recipients who did not have jobs in the base period (September 1980 or 1981).

Data on earnings provide further information on the effects of the Amendments. These data, presented in Table 3.2, show that 1980 and 1981 earners had the same level of earnings in September of that year, about \$410-\$420. 1980 earners who were on AFDC and had earnings in later months appeared to have higher average earnings (\$481 in September 1981, about 16 percent above the September 1980 level). By contrast, the 1981 earners still eligible and receiving earnings a year later had earnings of about \$283, \$135 lower than average earnings in the base period and \$199 less than the comparable 1980 earner cases. (Since there was also inflation over this period, the difference between the earnings of the two groups in September 1981 and September 1982 understates the difference in constant dollars to some extent as well.) Tests of the significance

Table 3.2

Mean Earnings in Base Period and Subsequent Months, for Cases
That Are Active and Have Earnings in the Month,
by Reference Year and Earnings Status in the Base Period

		Base Period	January	May	September
<u>Earners</u>					
<u>1980</u>	Mean	413.97	450.95	469.94	481.24
	s.e.	(26.62)	(20.39)	(21.36)	(28.91)
	Number in Sample	262	196	172	131
	Estimated Popu- lation	402,278	306,336	272,375	216,329
<u>1981</u>	Mean	417.93	346.57	311.02	282.64
	s.e.	(18.67)	(16.03)	(20.83)	(23.91)
	Number in Sample	560	270	173	133
	Estimated Popu- lation	426,825	212,397	136,341	115,223
<u>Nonearners</u>					
<u>1980</u>	Mean	--	333.49	388.33	386.61
	s.e.	(--)	(78.96)	(63.62)	(66.21)
	Number in Sample	335	25	23	26
	Estimated Popu- lation	2,955,689	100,516	90,917	109,823
<u>1981</u>	Mean	--	146.01	225.46	277.66
	s.e.	(--)	47.57	93.82	48.97
	Number in Sample	434	24	19	29
	Estimated Popu- lation	3,007,426	65,829	62,247	103,330

of the differences in average earnings between the 1980 and 1981 base period earner cases show that the differences are highly significant ($p < .001$) for each of the three months, January, May, and September.

Results pertaining to earnings levels are consistent with the expected direction of differences under the pre- and post-OBRA rules governing the eligibility of cases that have earnings. The prior rules did not set an upper cutoff on gross income and, because of the level and sequencing of disregards, allowed some cases to remain on at higher income levels. Similarly, because the \$30-and-1/3 disregard was not limited in the number of months for which it was applied, cases with relatively high earnings levels could continue to remain eligible for AFDC. By contrast, the rules implemented in October 1981 meant that cases with relatively high earnings would be more likely to lose eligibility, through the application of the 150% of need standard test, changes in the level and sequencing of the work expense disregards, and the limitation of the \$30-and-1/3 disregard to a period of four months.^{1/} The lower average earnings of cases still eligible for AFDC after the implementation of the 1981 Amendments changes reflects the change in the treatment of cases with earnings in this period. The observed differences between the two groups of open earner cases in the profile months gives an indication of the magnitude of the effect. The data on earnings of nonearner cases that receive earnings in the later profile months are based on too few cases to be broadly generalizable. In general, however, they suggest a similar conclusion about differences

^{1/} It should be recalled that, once a case had received the 30-and-1/3 disregard for a period of four months, it was not again eligible for the disregard for twelve months, even if the recipient lost a job and then obtained another job. Thus, the effect on eligibility of cases that had relatively high earnings would continue over a long period.

between the years: like those who already had jobs at OBRA implementation, those who obtained them later typically had lower average earnings than did cases with jobs in the prior year. However, the difference is statistically significant ($p < .05$) only for May. One difference is suggested by the data: whereas 1981 earner cases showed lower earnings in later months, as those cases with higher earnings levels were closed out, 1981 nonearner cases who obtained jobs after OBRA appeared to have higher average earnings in later months. Interestingly, the levels of earnings for 1981 earner and nonearner cases with earnings in September 1982 appear similar.

3. Grants

Data pertaining to average grant amounts help in understanding both the effect of the Amendments on recipient households and the cost implications of the rules changes. Table 3.3 shows, first, the mean grant received in later months, with discontinued cases included in the calculation as having a \$0 grant; and, second, the mean grant received by cases that were still open in the later periods.

As the data for the base period indicate, earners had lower average grants (about \$215-220) than did nonearners (\$284 in September 1980 and \$299 in 1981). The difference between earners and nonearners indicates the size of the average reduction in grant associated with the receipt of earnings in the pre-OBRA period; the somewhat higher grant of the nonearners in 1981 than in 1980 is consistent with the increase in need standards and payment standards enacted by some states in the interim.

Within each subgroup, the mean that was calculated with closed cases included shows an overall decline in average grant. This largely reflects an increase over time in the proportion of cases within each

Table 3.3

Mean Grants in Subsequent Months, by Reference Year
and Earnings Status in Base Period

		Base Period	January	May	September
<u>Mean Grant (Closed = \$0)</u>					
<u>Earners</u>					
<u>1980</u>	Mean	214.10 ^{a/}	194.44	179.41	169.50
	s.e.	(12.24)	(9.47)	(10.26)	(9.84)
	Number in Sample	262	262	262	262
	Estimated Popu- lation	402,278	402,278	402,278	402,278
<u>1981</u>	Mean	217.32	146.84	117.20	112.36
	s.e.	(14.12)	(14.32)	(8.41)	(9.53)
	Number in Sample	561	561	561	561
	Estimated Popu- lation	426,825	426,825	426,825	426,825
<u>Nonearners</u>					
<u>1980</u>	Mean	283.72	268.35	256.36	243.33
	s.e.	(10.39)	(9.68)	(12.48)	(12.92)
	Number in Sample	327	327	327	327
	Estimated Popu- lation	2,955,689	2,955,689	2,955,689	2,955,689
<u>1981</u>	Mean	298.71	275.78	249.63	235.02
	s.e.	(9.88)	(13.20)	(13.61)	(15.35)
	Number in Sample	418	418	418	418
	Estimated Popu- lation	3,007,426	3,007,426	3,007,426	3,007,426
<u>Mean Grant (Open Cases)</u>					
<u>Earners</u>					
<u>1980</u>	Mean	216.14 ^{a/}	227.15	223.42	243.62
	s.e.	(12.29)	(9.55)	(10.28)	(12.24)
	Number in Sample	268	227	208	180
	Estimated Popu- lation	402,278	352,002	327,437	291,777
<u>1981</u>	Mean	218.46	236.09	251.49	258.19
	s.e.	(13.90)	(12.18)	(11.51)	(12.28)
	Number in Sample	574	341	262	235
	Estimated Popu- lation	426,825	268,373	206,615	192,363

Table 3.3 (continued)

Mean Grants in Subsequent Months, by Reference Year
and Earnings Status in Base Period

		Base Period	January	May	September
<u>Nonearners</u>					
<u>1980</u>	Mean	284.61	284.16	287.97	291.61
	s.e.	(10.41)	(9.37)	(10.06)	(11.57)
	Number in Sample	332	305	282	267
	Estimated Popu- lation	2,955,689	2,786,868	2,621,688	2,465,483
<u>1981</u>	Mean	298.84	307.50	303.98	308.97
	s.e.	(9.86)	(10.49)	(11.45)	(10.75)
	Number in Sample	426	357	324	301
	Estimated Popu- lation	3,007,426	2,695,634	2,479,776	2,297,781

^{a/} Small differences in the computed base period values occur as a result of differences in the inclusion of cases in the two analyses shown in the table.

subgroup that was no longer on AFDC. Calculated this way, the pre-OBRA earners and both subgroups of nonearners had average grants about 15-20 percent lower a year after the base period than in the base period. For the 1981 earners, the comparable reduction is almost 50 percent. This reflects the much greater reduction in eligible cases within this subgroup--in view of the lower earnings of 1981 cases eligible in the later months, which would be associated with a relatively larger grant (see Table 3.2 and the lower section of Table 3.3), this reduction is very substantial. As we discuss below, this change indicates substantial per-case savings in grant amount associated with the change in treatment of earner cases after OBRA implementation. Tests of the significance of the differences in mean grant (with the zero grants of closed cases included in the calculation) show that for each of the three profile months the difference for the earners is highly significant ($p < .01$), whereas the difference for nonearners is consistently nonsignificant. This is consistent with other evidence showing that differences between the pre- and post-OBRA periods affected earners greatly, but had relatively less pronounced effect on nonearners.

Data on the mean grant received by active AFDC cases help in understanding the reallocation of AFDC program resources to recipient households that had more and fewer economic resources of their own. As would be expected, the grants to nonearners tend to be higher than those to earners, in both periods, and the size of grants to nonearners does not change much over time, suggesting that the population of nonearners stays relatively similar over time within years and has not changed very much between years. By contrast, the group of earners still eligible after OBRA tends to receive higher grants in the later study months (as

those with higher earnings lose eligibility and as state increases in need and payment standard take effect). The 1980 earners show a smaller grant increase, most of which occurs between May and September, probably in large part because of state-mandated grant increases, which tend to take effect in July. For both earner and nonearner cases active in the profile months, between-year differences in grant amount were not statistically significant ($p > .05$). These data suggest that the major element in the reallocation of resources among AFDC recipient households has been the loss of eligibility by cases with higher levels of earned income at the time of implementation.

C. Multivariate Models of Case Experience

The analysis of case experience at successive profile months after the base period, discussed in the preceding section, provides a picture of change between 1980 and 1981, and of differences in the experience of earner and nonearner groups between these two years. Because of the quasi-experimental design, this analysis allows the examination of differences between the experience of pre-OBRA and post-OBRA AFDC cases, for a national sample of the caseload. Differences between the years and the earnings-status subgroups can be measured and subjected to statistical hypothesis tests, as was done in Section B. In this sense, the design provides an important direct test of the effect of OBRA.

At the same time, however, it is known that other changes characterized the two study periods, notably the higher unemployment rate of the post-OBRA period, and the direct between-year comparisons do not allow for controls for the effects of such differences between the periods. In order to provide these kinds of controls, as well as to extend the basic profiles analysis, a series of multivariate models

parallel to the profile analyses described in Section B was constructed. These analyses examine differences in unemployment between the two periods, for earner and nonearner samples, along with other important factors. The outcomes studied are:

1. the probability that a case would be closed in the later profile months;
2. for cases that had had earnings in the base period and that were open in later months, the probability of having earnings in the month studied; and
3. for cases that were open in later months and that had earnings in those months, the change in earnings from the base period to the study month (for cases with earnings in the base period).

These analyses allow us to address central questions concerning factors related to later case eligibility and work effort. The analyses include several factors in the study of these outcomes. These are:

1. The effect of year (represented by a "dummy variable" that indicates whether the case was a 1980 or 1981 sample case). This measures the effect of OBRA and of other differences between the two years that are not controlled for by other factors included in the model.
2. County unemployment rate. This factor needs to be controlled in the analyses, since differences in employment between the 1980 and 1981 samples may be attributable to differences in employment conditions, independent of the effect of OBRA or other differences between years. Monthly county-level unemployment rates were used in the analyses; three-month moving averages were computed for each month for each study site. These were included in the models for the different outcomes.^{1/}
3. Payment standard category: The state payment standard for the study period was used to classify states as having "high," "middle" and "low" levels of benefits. (For a description of the classification, see the discussion of sample selection in Chapter 2.) This factor was included in the models because it was expected that some outcomes would be directly affected (e.g., earner cases in low-benefit states would have a greater likelihood of loss of eligibility than similar cases in high benefit states). Additionally, payment standard level tends to vary by region and by other factors, and thus provides a

^{1/} In some cases, a long time period was involved--e.g., from the September base period to the following September. For these analyses, the average unemployment rate for the three months preceding the month studied was used in the analyses.

measure of other kinds of variation that persist within the AFDC program after OBRA implementation.

In addition to these factors, which are external to the AFDC cases themselves, several case characteristics were included in the model:

4. Age of youngest child (0-2 years, 3-5 years, 6-11 years, and 12 years or older): This factor is directly related to eligibility (cases with older children are closer to the time of losing eligibility because of the child's age), as well as affecting such factors as requirements for work registration. In addition, the age of the youngest child is an important factor in AFDC recipients' ability to change their work behavior to respond to new regulations. Thus, a mother of a young child may be more able to give up a job without penalty, but, on the other hand, she may be less able to increase the hours she works in order to compensate for the loss of AFDC benefits.
5. Number of people in the assistance unit: This factor is included because AFDC regulations in the different states key eligibility for benefits and the calculation of benefits to both earnings and assistance unit size. Also, since most assistance unit members are children, size of the unit is an additional measure of the kinds of factors that may make it difficult for AFDC recipients to adjust their work effort upward in case of loss of benefits or make it possible to reduce work effort without incurring as great a loss (including eligibility loss as well as reduction in benefits).
6. Work status in the base period: Cases that had earnings in the base period were further classified as working full-time or working part-time or irregularly. This allows examination of the differences in case experience for different categories of workers. Work status affects the possible range of behavioral responses to the rules changes. Thus, for instance, full-time workers may be relatively unable to increase their level of employment, but may be unwilling (or unable) to reduce their level of work even though the new rules may impose a high marginal tax rate on their earnings or increase their chance of losing eligibility. Part-time workers or those who are irregularly employed (e.g., those who do baby-sitting or have daily or seasonal employment) may vary in their opportunities to increase their level of work. And, on the other hand, they may be the group for which giving up employment in order to retain AFDC eligibility may be more possible. ^{1/}

^{1/} The variable representing work status in the base period had to be constructed in several steps, and provides only an approximation of "true" work status. In many cases, work status or hours of work is unavailable or, if available, may or may not be well reported. The case abstracting process used in the study sought information on work status (full-time, part-time, irregular, not employed) or hours of work, where

The inclusion of these three assistance unit characteristics--age of youngest child, number in unit, and work status--serve two purposes in the analysis. First, and most important, their inclusion allows an examination of these factors on case experience. Second, however, including these factors provides a valuable additional control for between-year differences exogenous to the effects of OBRA. Although data from the AFDC recipients and quality control studies suggest that the composition of the caseload did not differ markedly between September 1980 and September 1981, it is always possible that samples selected from the two periods will differ in composition in ways that are potentially important for later case outcomes. The inclusion of case characteristics in the models provides an additional control for differences that may occur in case composition, and allows the examination of between-year differences net of such compositional differences as may be found in the samples.

The analyses of models of case experience incorporating the factors described have two major objectives:

1. The coefficient for year in the models can be interpreted as an adjusted estimate of the difference between years, after controlling for other possible between-years differences in such factors as unemployment rate and case characteristics. This coefficient can be compared with the between-years percentage differences in the tables discussed in Section B.

this information was available, but it could not always be obtained. The procedure used to code work status was: (1) if work status or hours worked per week or month was available, the classification was based on that information (for purposes of this analysis, a work week of 35 hours or more, or a comparable number of hours per month, was used to define cases as full-time employed); or (2) if no information other than wages was available, information on base period wages and the federal minimum wage rate in effect in the base period was used to approximate whether the recipient was employed full-time, or employed on a part-time or irregular basis. This probably tends to misclassify full-time workers as part-time workers, since a number of recipients are likely to be in occupations that are not covered and thus subject to a state minimum wage lower than the applicable federal minimum for the period. To the extent that such misclassification has occurred, differences between full-time and part-time workers will tend to be underestimated.

Coefficients smaller than the percentage differences represent apparent differences reduced by controls for important exogenous differences, whereas a similarity between the unadjusted (percentage) and adjusted (model) differences indicates the persistence of the observed difference after the application of statistical controls.

2. They allow the examination of the effects of such factors as unemployment level and case characteristics on later case experiences. These analyses are important both for understanding the dynamics of case experience and for program planning and policy development.

The models examine a series of outcomes: whether the case was open at successive later months (Tables 3.4 and 3.5, for earners and non-earners respectively); for base period earner cases open in both months, whether the case had earnings in the later month (Table 3.6); and for earner cases in both periods, the change in earnings (Table 3.7). Each model was constructed using the same set of explanatory variables, to examine their effects on different outcomes. All models used appropriate statistical approaches for estimating variances and testing hypotheses using data from complex sample designs, using Taylorized weighted least squares approximations (see Chapter 2).^{1/}

The independent variables in the models include both continuous variables (unemployment rate) and categorical variables (year, payment standard, work status, age of youngest child, and assistance unit size).

^{1/} The approach used is embodied in the SURREGR software designed by B.V. Shah and colleagues at Research Triangle Institute. The model is used in these analyses for both dichotomous and continuous dependent variables. The use for dichotomous outcome variables is appropriate in the present application, since the focus is on quantifying the net effects of different independent variables and on carrying out appropriate structured tests for statistical differences between groups, rather than for predicting specific outcomes for cases with different combinations of independent variables (since prediction is not an objective, the problem of obtaining predicted values outside the 0-1 range is not a problem, and it is not necessary to employ such techniques as logistic regression or multivariate categorical data analyses, which entail other problems in estimation and hypothesis testing with complex samples).

Table 3.4

Models of Case Status in Subsequent Months
 (0 = Case Open; 1 = Case Closed)
 Subgroup: Earners

	Month		
	January	May	September
<u>Results of Significance Tests^{a/}</u>			
Model	**	**	**
Year	**	**	**
Payment Standard Category	X	N.S.	N.S.
Unemployment Rate	N.S.	N.S.	N.S.
Age of Youngest Child	X	N.S.	N.S.
Number in Assistance Unit	**	**	**
Work Status (FT/PT)	**	**	**
<u>Coefficients for Factors With Significant Effects</u>			
Intercept	.2956	.4296	.5093
Year (1980)	-.2320	-.3232	-.2681
Number in Assistance Unit--1	-.0341	-.0653	-.1894
--2	.1320	.1942	.1109
--3	.2099	.1844	.1002
--4	.1231	.1582	.0994
Work Status (Part Time)	-.2132	-.2167	-.1752
R ²	.1831	.2010	.1290

^{a/} N.S. = Not Significant
 X = .05 < p ≤ .10
 * = .01 < p ≤ .05
 ** = p ≤ .01

Table 3.5

Models of Case Status in Subsequent Months
 (0 = Case Open; 1 = Case Closed)
 Subgroup: Nonearners

	Month		
	January	May	September
<u>Results of Significance Tests^{a/}</u>			
Model	**	**	**
Year	*	N.S.	X
Payment Standard Category	*	N.S.	N.S.
Unemployment Rate	N.S.	*	N.S.
Age of Youngest Child	N.S.	N.S.	N.S.
Number in Assistance Unit	**	**	**
<u>Coefficients for Factors With Significant Effects</u>			
Intercept	-.0376	-.1028	.0822
Year (1980)	-.0500	--	-.0690
Payment Category--Low	.0531	--	--
--Middle	.0514	--	--
Unemployment Rate	--	.0143	--
Number in Assistance Unit--1	.1201	.1054	.1615
--2	.1073	.1815	.2057
--3	.0254	.0962	.1014
--4	.0127	.0921	.0369
R ²	.0459	.0558	.0577

^{a/} N.S. = Not Significant
 X = .05 < p ≤ .10
 * = .01 < p ≤ .05
 ** = p ≤ .01

Table 3.6

Models of Earnings Status for Base Period Earner Cases
Open in Subsequent Months
(0 = No Earnings; 1 = Has Earnings)

	Month		
	January	May	September
<u>Results of Significance Tests^{a/}</u>			
Model	**	**	**
Year	N.S.	**	X
Payment Standard Category	N.S.	N.S.	**
Unemployment Rate	X	N.S.	N.S.
Age of Youngest Child	N.S.	N.S.	N.S.
Number in Assistance Unit	N.S.	N.S.	**
Work Status (FT/PT)	N.S.	N.S.	N.S.
<u>Coefficients for Factors With Significant Effects</u>			
Intercept	1.0537	.7465	.9529
Year (1980)	--	.1736	--
Payment Category--Low	--	--	-.0678
--Middle	--	--	.1212
Number in Assistance Unit--1	--	--	-.0869
--2	--	--	-.2009
--3	--	--	-.2175
--4	--	--	-.1885
R ²	.0466	.0639	.0951

^{a/} N.S. = Not Significant
 X = .05 < p ≤ .10
 * = .01 < p ≤ .05
 ** = p ≤ .01

Table 3.7

Models of Change in Amount of Earnings for Cases with
Earnings in Subsequent Months

	Month		
	January	May	September
<u>Results of Significance Tests^{a/}</u>			
Model	**	**	**
Year	N.S.	X	**
Payment Standard Category	*	**	*
Unemployment Rate	N.S.	N.S.	N.S.
Age of Youngest Child	*	N.S.	N.S.
Number in Assistance Unit	N.S.	N.S.	N.S.
Work Status (FT/PT)	**	**	X
<u>Coefficients for Factors With Significant Effects</u>			
Intercept	19.1375	2.5925	-8.3873
Year (1980)	--	--	76.3614
Payment Category--Low	-56.4948	-56.3255	-53.7421
--Middle	-78.2427	-106.052	-88.8584
Age of Youngest Child--0-2	31.2114	--	--
--3-5	35.0347	--	--
--6-11	49.1677	--	--
Work Status (Part Time)	65.1114	96.7289	--
R ²	.0905	.1002	.1233

^{a/} N.S. = Not Significant
 X = .05 < p ≤ .10
 * = .01 < p ≤ .05
 ** = p ≤ .01

In the case of categorical variables, the coefficients for the categories are represented as deviations from an omitted category (shown in the models). The results of the significance tests shown in the tables are the tests for the effects of each factor, whether it is a continuous variable represented by one parameter or a categorical variable represented by a set of parameters.

1. Case Status in Subsequent Months

The models summarized in Tables 3.4 and 3.5 show the effects of the different factors on whether cases were open in later study months.^{1/}

Table 3.4 shows that, for earners, the effect of year on later case status was highly significant: for all profile months, 1980 (pre-OBRA) cases were significantly less likely to be closed than 1981 cases. The coefficients for the different months imply differences in the proportion open on the order of 25 percentage points or more. These are very similar to the percentage differences for the earner groups in the different profile months, as shown in Table 3.1. This finding implies that the unadjusted between-year differences are relatively little affected by the adjustments made by including other factors in the model.

Although unemployment rate had been expected to have an important effect on the later eligibility of cases with earnings (since higher

^{1/}It should be noted that, in general, the explained variation (R^2) is relatively low for these models. This is partly because several of the dependent variables are dichotomous. In part, also, it reflects the fact that an important objective was the estimation of adjusted effects of OBRA, rather than model-fitting. In addition, however, the low values underline the fact that variation in case behavior is the result of a large number of factors, including both individual and program variation, which are not captured by variables in the models used here.

unemployment would be expected to be reflected in larger numbers without earnings or with low earnings), the coefficient for unemployment rate is nonsignificant ($p > .05$) in this (and in most of the other models discussed below). Although somewhat surprising, this is consistent with the findings of the profile analyses reported above, which generally indicated that OBRA cases were less likely or no more likely to be active in later months, even before unemployment rate was taken into account. Possible explanations for this finding are discussed below.^{1/}

Assistance unit size was significantly related to the likelihood of earner cases being open at later months. Inspection of the coefficients for assistance unit size suggests a curvilinear relationship: units of moderate size (2 to 4 persons) appear to have a somewhat higher probability of being closed at a later time, whereas large units (5 or more), and 1-person units (which tended to be children of an ineligible mother or grandchildren of a caretaker relative whose earnings were not included in the grant calculation) were less likely to be closed at later times. Age of youngest child was not significantly related to later case status.

For earner cases, whether the caretaker relative was employed full-time or employed part-time or irregularly had a significant effect on whether the case was open. This was evident at each of the three later time periods. At each later time point, cases that were employed full-time during the base period were significantly more likely to be closed than were those with part-time or irregular employment. This was

^{1/}One suggested explanation was that multicollinearity between year and unemployment rate resulted in large standard errors for the coefficients for unemployment rate, with correspondingly low significance probabilities. However, an inspection of the coefficients for unemployment shows them to be very small, suggesting that, even though multicollinearity may be a problem, it does not explain the failure to find significant effects of unemployment rate for the outcomes studied.

to be expected because full-time earners are more likely than those with lower levels of employment to exceed the income limits for eligibility.

Data shown in Table 3.5 confirm the conclusion reached earlier that the effects of OBRA on nonearner cases was considerably smaller. The effect of year in these models is marginally significant, reaching standard levels of statistical significance only for the immediate period of program impact to January, with 1980 cases being somewhat less likely to be closed in January than cases that had experienced the effect of OBRA. The number of persons in the assistance unit was significant for nonearners as well as earners: the data suggest that larger assistance units (3 or more persons) were less likely to be closed at later times than were smaller units. This may reflect a variety of factors, possibly including greater probabilities that mothers with smaller numbers of children will marry or that smaller families may be more likely to move to other geographic areas, as well as differences in the grant calculation by unit size.

2. Earnings

Table 3.6 shows the outcomes for models of later earnings behavior (classified as having or not having earnings) for earner cases active in later months. Whereas there was a significant difference between years for case eligibility for earners (Table 3.4), the effect of year on presence of earnings is not consistently significant. Although it is difficult to draw conclusions from these figures, one suggestion is that whether or not recipients are employed a year later depends on a variety of factors, many of which are largely outside the control of the individual.

The results for work status indicate that recipients with part-time or irregular employment did not differ in their probability of having earnings at later months from full-time earners who were still on AFDC. As the models in Table 3.4 show, however, full-time earners were less likely to be receiving AFDC in the later months.

Change in the amount of earnings received by recipients is examined in the models summarized in Table 3.7. The dependent variable in these models is earnings in the later study month minus earnings in the base period; thus an increase in earnings has a positive value and a decrease has a negative value (but complete loss of earnings is excluded from this model since it is treated in the models reported in Table 3.5). Several factors included in the models appear to have an effect on earnings change at subsequent months. Net of other factors, year has a significant effect on earnings a year after the base period: 1980 cases that have earnings in the following September have significantly higher earnings than do comparable 1981 cases. This result is consistent with the findings of the direct between-year comparisons reported in Section B, above, and appears to reflect the difference in the treatment of income introduced by OBRA: the likely explanation for the observed findings is that post-OBRA cases with relatively high earnings were more likely to lose eligibility than were pre-OBRA cases, and thus the average earnings of post-OBRA cases eligible in later months was lower than that of comparable cases active before the rules change.

The data indicate that cases in middle and low benefit level states tended to have lower earnings in later months than did those in high benefit states (which constitute the omitted category in the models

shown). This difference probably reflects two factors: (1) cases can remain eligible at higher earnings levels in higher benefit states than in states with lower benefit levels, because of both pre-OBRA and post-OBRA variation between states in income eligibility; and (2) on the whole, high benefit states tend also to be those with higher average income levels for employed persons.

In addition, whether the recipient was employed full-time or part-time in the base period appears to have an important effect on change in earnings, over at least the short and middle term. Net of other effects, recipients who worked part time (which, because of problems in determining the work status of cases with limited information, tends to include recipients with low earnings as well), tended to increase their earnings from the base period to the subsequent January or May. In part, this probably reflects real changes in opportunity and earnings, since those who are already working full-time have relatively little opportunity to increase their earnings unless they can find a better-paying job. In part, also, it probably reflects the effects of rules governing eligibility in means-tested programs: because of these rules, recipients who were already working full-time would be more likely to lose eligibility because of increased earnings than would those who, because of part-time or irregular work, had earnings well below the cut-off level at the time of the beginning of observation. This conclusion is consistent with the finding of the analyses reported earlier, which indicate that recipients with full-time employment were more likely to lose eligibility (and thus not to be included in the model reported here) than those who were working part-time or irregularly.

3. Summary and Conclusion

Overall, the findings of the analyses reported here substantiate the findings reported in the preceding section (Section B). Analyses in that section indicated that the differences between years (which thus might be attributed to OBRA) were relatively clear and well-defined: earners were more likely to lose eligibility if they were subject to OBRA rules; and those who remained eligible after the rules change tended to have lower earnings than their counterparts a year earlier. Interestingly, the inclusion of unemployment rate, a major exogenous variable, had relatively little effect. One possible reason is that AFDC recipients may tend to be in the kinds of jobs for which the unemployment rate is not a particularly good indicator of the quality of employment opportunities.

The results of the multivariate models add several findings to the examination of case experience. First, findings concerning the effects of part-time and full-time earnings suggest that AFDC recipients' work and eligibility experience reflect the effects of conditions outside their control to a substantial degree. One hypothesis about OBRA effects was that part-time workers would exhibit a more pronounced behavioral response that would reduce the cost impact of OBRA. The data analyzed here, however, suggest that AFDC recipients will continue to work if they can, within the constraints of family considerations and employment opportunities. Second, the results for family factors suggest the importance of further study of these factors. Assistance unit size has a relationship to later AFDC reciprocity that might generally be expected, in view of the conditioning of eligibility on assistance unit

size. Perhaps more interesting is the evidence suggesting that, once other factors are taken into account, age of youngest child has little effect either on later eligibility or on later work behavior. Even though work registration rules have not required mothers of young children to work, the evidence from this study suggests that a considerable number will work, even though regulations did not require it. This finding, like several of the others reported above, warrants further study.

D. The Dynamics of Change in Case Status

The profiles presented in Section B and the corresponding models in Section C give information on the status of cases in the four subgroups in successive months. These show the net effect of changes in case status at different time intervals. For instance, as we note in that discussion, cases open in September a year after the base period include both cases that have closed and reopened (possibly several times). In addition to these "point in time" descriptions of the situation of the four subgroups of AFDC cases studied, it is valuable to examine the cumulative experience of case closing and reopening, and the similarities and differences in this experience associated with earnings status and study reference year.

In this section, two analyses of case closing and reopening are presented. First, data on the proportion of cases open in September 1982 and September 1981 (i.e., a year after the start of OBRA implementation and, for the 1980 sample, a year after the corresponding 1980 month) are shown for cases that were closed at some time during the

period October through April. This provides a measure of the net effects of case openings and closings during the intervening period that is similar to the data from the profile analyses of change from September of the base year to the following September.

Next, survival analysis techniques are used to estimate the cumulative proportions of cases that close during the observation period, and the corresponding proportions that reopen after a first closing, and that close again after reopening. This analysis examines the probabilities of case discontinuation and re-entry, and the similarities and differences in these probabilities between those with and without earnings and between cases open before and after OBRA implementation.

1. Profile: Case Status One Year After the Base Period

For this analysis, cases were examined that were closed in one or more of the months October 1981 (1980) through April 1982 (1981). The measure derived was whether the case was open in the following September (1982 or 1981, depending on the base year). The period October through April was selected in order to have a sufficient number of cases to allow analysis.

The results of this analysis are shown in Table 3.8. Among cases that had earnings during the base period and that were closed for one or more months during the period October through April, 25 percent of the 1980 sample were open in September, compared with 15 percent of the 1981 sample. The corresponding figures for pre- and post-OBRA nonearner cases are also about 10-15 percent. Neither difference was statistically significant.

Table 3.8

Percentage of Cases Open in September of Year Following
Base Period Among Cases Closed During One or More of Months
October-April Following Base Period
by Reference Year and Base Period Earnings Status

Earnings Status in Base Period	Reference Year	
	1980	1981
<u>Earner</u>		
Percent	24.59	15.38
s.e.	(6.77)	(2.24)
Number in Sample	60	324
Estimated Population	88,457	236,865
<u>Nonearners</u>		
Percent	12.97	12.39
s.e.	(7.37)	(4.15)
Number in Sample	46	111
Estimated Population	332,359	558,055

Results of tests of significance of difference between 1980 and 1981 percentages: earners--nonsignificant; nonearners--nonsignificant.

2. Survival Analyses of Case Change

Survival analysis was used to examine the probabilities of changes in eligibility over time. The present study, like many others, was necessarily limited in the time duration over which individual cases were observed. For each of the reference year samples, cases were followed for a period of a year: 1980 cases were followed through September 1981, with observation discontinued prior to the beginning of OBRA implementation so as not to include OBRA effects in the study of the pre-OBRA cases; data for the 1981 cases was used for the period from September of that year through September of 1982 to provide comparability in the two analyses. This limitation in the duration for which cases could be followed means that, whereas some cases will experience the event under study (a first case closing, a reopening, or a later re-closing), other cases who have not yet experienced a change may do so at a later point. Because the probability of experiencing a change in eligibility will tend to increase with the length of time available for the event to occur, an analysis that does not adequately control for this kind of bias (known as truncation bias) can cause spurious relationships to be observed and can lead to incorrect conclusions. Life table techniques provide a means of controlling for truncation bias by incorporating both complete and incomplete intervals of experience in the analysis. Complete or closed intervals are those that have been ended by an event of interest (e.g., a case closing or reopening) and incomplete or open intervals are those in which, up to the time of the end of observation, the event has not occurred and for which the length of the interval is measured from the beginning point of the interval to the end of observation.

The life table analyses thus use data for all cases to calculate the expected proportions that will leave AFDC, return to AFDC after leaving the program, and leave AFDC again. This technique is particularly valuable for studying case reopening and re-closing, since the fact that cases close or reopen at different times over a year means that they differ in the length of time from closing or reopening to the end of the study period, and thus the analyses are subject to the effects of truncation bias unless survival analysis techniques are employed.

In the analyses reported here, we first examine the probability that a case will close during the study period, by reference year and employment status at the beginning of observation (i.e., in September of the reference year). In the next analyses, the probability of reopening is calculated for the cases that closed during the period of study. For this analysis, cases are classified by whether or not they had earnings at the time of case closing, in order to examine differences in reopening probabilities for those who did and did not have earnings. In the next analysis, cases that closed and reopened are used to calculate the probability that a case will experience a second closing. This was done because of the interest in the dynamics of case change over time and in the question of whether case reopenings in the period after the OBRA Amendments were different in important ways from case closings and reopenings under the rules previously in effect.

For the analysis of the re-closing of cases, the 1981 cases were classified by whether or not they had earnings at the time of reopening, in order to determine whether this factor affected the likelihood of later re-closing. (Because the number of 1980 cases that reopened was small and because preliminary examination indicated they were generally

similar in probabilities of re-closing, these two subgroups were combined for this analysis.)

The analyses were carried out using weighted data, but without carrying out tests for the statistical significance of between-group differences. Thus the analyses provide a description of the experience of the different groups, but do not allow for hypothesis testing.

The analysis of first case closing begins with the caseload active at a point in time, and thus shows the effect of OBRA on this population. The subsequent analyses, which begin at the time of case closing or reopening, examine the likelihood that a newly-closed case will subsequently reopen, or that a newly-reopened case will subsequently close again. As we discuss below, these are somewhat different analyses, but both provide important information on change in case status. In addition, the analysis of initial case closing, because it starts with specified calendar months, can be interpreted in terms of changes in case status by particular months of OBRA implementation.^{1/} For the reopenings and re-closings, the analysis is carried out in terms of months that have elapsed since the prior event (e.g., months from closing to reopening).

The analyses of change probabilities are shown in Tables 3.9 (case closings), 3.11 (reopenings), and 3.12 (re-closings). In addition, the percentages of cases that had earnings at the time of case closing are shown in Table 3.10.

^{1/} Because the implementation of the various income-related OBRA provisions varied somewhat within states, and overall implementation varied between states, the analysis shows the effects of this variation in implementation; a parallel analysis could be carried out, with time of closing defined in terms of months since the beginning of implementation in a particular state and county. Such an analysis would tend to show somewhat higher rates of closings in the early months, but because the variation in the timing of implementation was relatively moderate--the last state in the sample had begun implementation by January 1982--the overall differences between the two analyses would not be great, especially for the later months.

a. Case Closings

The most striking finding concerning case closings shown in Table 3.9 is the very large proportion of earner cases that were closed subsequent to OBRA: the cumulative proportion closed is almost two-thirds (.6475); by contrast, only about half as many earner cases closed over the period prior to implementation (.3326). This finding is consistent with the result of the profile analysis reported earlier, in which it was found that 55 percent of the 1981 earner cases were not active in the following September, compared with 28 percent of the 1980 earners (Table 3.1). The difference between the life table proportions and the profile data gives one indication of the level of case reopening, which appears to affect roughly 5-10 percent of the base period caseload. (Probabilities of reopening after closing are discussed below.)

The data suggest that the probability of case closing may have been somewhat higher for nonearners after OBRA as well, although the differences for pre- and post-OBRA nonearners are relatively small (.2638 vs. .1786), and may not be statistically significant.

The cumulative life table probabilities of case closing for successive time intervals also give important information on the length of time cases remain open before closing. These figures give an indication of the relative speed as well as the magnitude of the effect of the OBRA Amendments on the caseload with earnings at implementation. By the end of the third month of implementation, one-third (.3289) of the earner cases had closed, and by the end of six months, one-half (.5094) had closed. By contrast, the figures for case closings for the 1980 earners show both a lower rate of closing and a more steady month to month

Table 3.9

Cumulative Life Table Probabilities of Case Closing by
Reference Year and Earnings Status in Base Period^{a/}

Interval Since Base Period (Months)	<u>Had Earnings</u>		<u>Did Not Have Earnings</u>	
	1980	1981	1980	1981
1	.0498	.1231	.0171	.0391
2	.0889	.2536	.0348	.0668
3	.1148	.3289	.0585	.0923
4	.1444	.4106	.0704	.1084
5	.1647	.4618	.0978	.1488
6	.1822	.5094	.1093	.1771
7	.2152	.5592	.1151	.1836
8	.2399	.5853	.1296	.1925
9-10	.2800	.6362	.1723	.2330
11-12	.3326	.6475	.1786	.2638

Number of Cases

Estimated Population	402,217	426,547	2,955,509	3,007,204
Number in Sample	275	579	335	434

^{a/} Probabilities are the associated decrement life table probabilities of having a case close by the end of the twelfth month after the base period (September of the reference year).

increase in the proportion of cases that had closed, without the sharp change that resulted from the implementation of the new rules. The non-earner cases for both years are similar in showing a relatively steady increase in closing from month to month. This is consistent both with the fact that the pre-OBRA nonearner cases had been operating under an essentially unchanged set of rules for some years, and with the fact that the OBRA changes in regulations were largely targeted on cases with earnings. Other provisions of the Amendments, such as the deeming of step-parent income, affect some cases quickly (among both earners and nonearners), but would also have a more gradual effect over time, as mothers in individual assistance units married. Thus the effects of the provisions other than those relating to income (and, to a lesser extent, resources) would be expected to have a less marked short-term effect.

The figures on the proportion of cases that had earnings at the time of closing (Table 3.10) provide additional information on the relationship between earnings and case closing. Virtually all (95 percent) of the cases that had earnings immediately before OBRA implementation and that closed after OBRA had earnings at the time they closed, as did almost as many (86 percent) of earner cases that closed a year earlier. Thus it appears that, in nearly all these cases, earnings were a factor in the case closing, while only a few cases closed without earnings. In addition, about 15 percent of cases that did not have earnings in the base period had earnings at the time of closing, suggesting that the transition to employment is one important factor in subsequent departure from AFDC participation.^{1/}

^{1/}The probability reported is essentially the conditional probability of having earnings, given that a case has closed. Although it would be desirable in some ways to be able to estimate corresponding probabilities of having earnings at closing for an entire subgroup (e.g., base period nonearners), this kind of calculation cannot appropriately be done because the other figure that would enter the calculation is a life table probability, which is not precisely comparable to the figure for earnings status at the time of case closing and thus cannot be used with it.

Table 3.10

Percentage of Closed Cases That Had Earnings at the Time of Closing,
by Reference Year and Earnings Status in Base Period

		Number of Closed Cases	
	Percent with Earnings (s.e. of Estimate)	Number in Sample	Estimated Population
Earners			
1980	85.58 (3.90)	108	149,827
1981	94.50 (1.62)	401	287,560
Nonearners			
1980	16.48 (5.27)	83	618,854
1981	15.82 (3.53)	165	897,525

b. Case Reopenings

Table 3.11 shows the cumulative life table probabilities that a case, once closed, will reopen within a period of about 10 months after closing. These are shown separately for cases that did and did not have earnings at closing. These figures indicate that roughly one-fourth of closed cases will reopen within a period of a little less than a year. The data suggest that there is no difference in reopening probabilities for earners after OBRA than before; and, whereas it appears that those who have no earnings at closing are somewhat less likely to re-enter AFDC after OBRA than before, the difference is not large, and may not be significant. The cumulative probabilities of reopening at the earlier durations since closing suggest that cases may reopen more slowly after OBRA than before, but again the differences are not large and may not be statistically significant.

Overall, the data on case reopenings indicate that at least a moderate proportion of closed AFDC cases--on the order of one-fourth of those closed--will re-enter AFDC within a year or less, but they do not suggest that the rate of case reopening increased among those cases closed with earnings after OBRA and, if anything, the probability of reopening after closing without earnings appears somewhat lower after OBRA than before. Overall, the data on the cumulative life table proportions reopening suggest that there is a relatively stable "normal" rate of case reopening that has been relatively unaffected by OBRA.

c. Closing Rates Among Reopened Cases

The figures on case reopening, discussed above, in conjunction with the profile data indicating that large proportions of 1981 earner cases were not on AFDC in September 1982, suggest that there may

Table 3.11

Cumulative Life Table Probabilities of Case Reopening by
Reference Year and Earnings Status at the Time of Case Closing^{a/}

Interval Since Case Closing (Months)	<u>Had Earnings</u>		<u>Did Not Have Earnings</u>	
	1980	1981	1980	1981
1	.0439	.0413	.1055	.0650
2	.2027	.1296	.2128	.1358
3	.2027	.1507	.2195	.1370
4	.2333	.1661	.2505	.1620
5	.2333	.1861	.2505	.1784
6	.2333	.2350	.2505	.1796
7	.2570	.2565	.2532	.1800
8	.2570	.2653	.2576	.1800
9-10	.2570	.2873	.2576	.1847
Number of Cases				
Estimated Population	218,537	406,301	520,397	714,368
Number in Sample	109	420	73	129

^{a/} Probabilities are the associated decrement life table probabilities of having a case reopen by the end of the twelfth month after a first case closing occurring since the base period.

be fairly high rates of subsequent closing among cases that had reopened. This possibility was explored by creating life tables to examine probabilities that cases would be expected to close again. Because of the limited number of cases available for analysis, these results should be treated as exploratory.

These life table results are summarized in Table 3.12. As noted earlier, 1980 cases were grouped together since there was a relatively small number of cases and because examination of separate life tables suggested that they were similar in their probability of closing subsequent to a case reopening. Because of the limited time for cases to close, reopen and close again, the analysis of second closings was limited to those that had occurred by the end of the sixth month after reopening. The data indicate that roughly 20-25 percent of 1980 cases and 1981 cases that did not have earnings at reopening would be expected to close again within the next six months. The comparable figure, 68%, for cases that reopened after OBRA and had earnings at the time of reopening suggests that the rate of closing for these cases is high. The cumulative percentages by months after reopening also suggest that these cases remain open for relatively short periods, with many closing in the second or third month after reopening.

These findings need to be treated as preliminary and exploratory in nature. More data are needed on probabilities of case closings among cases that reopen after OBRA, including data for cases followed over longer periods of time than was possible in the present study. In addition, the current data are limited to cases that were already open at the time of OBRA implementation. It will also be important to collect comparable data for cases that opened subsequent to the implementation

Table 3.12

Cumulative Life Table Probabilities of Second Case Closing by
Reference Year and Earnings Status at Time of Case Reopening^{a/}

Interval Since Reopening (Months)	<u>Had Earnings</u>		<u>Did Not Have Earnings</u>
	1980	1981	1981
1	.0132	.0630	.0000
2	.0637	.4678	.0360
3	.0637	.5559	.0573
4	.1932	.5818	.1505
5	.2149	.6802	.1980
6	.2305	.6802	.1980
Number of Cases			
Estimated Population	144,250	48,943	162,865
Number in Sample	46	47	77

^{a/}Probabilities are the associated decrement life table probabilities of having a case close by the end of the sixth month after prior case regaining.

of the new rules, to examine the duration of program participation and the probabilities of closing over time, both for those that have earnings and for those with no earnings.

E. Program Equity

The impact of OBRA changes on the distribution of AFDC resources can be evaluated in terms of how classes of cases were affected by the changes. One way of doing this is to compare characteristics of cases that were closed with those of cases that were open at a later time. By comparing cases in the 1980 comparison group with those in the 1981 group, the overall impact of the OBRA changes can be determined.

Table 3.13 shows the differences in the base period grant between cases that were open a year later and those that were closed. As Table 3.13 indicates, the average base period grant for 1980 cases containing earners was \$216.14. Cases open a year later had an average base period grant of \$223.61, while those that were closed had received an average grant of \$206.61 during the base period; however, this difference is not statistically significant. The average base period grant for 1981 earners was \$218.46. Cases open one year later had an average grant during the base period of \$262.04, while those that were closed had an average grant of \$180.00. This \$82.04 difference between the two groups is statistically significant. The average base period grant for 1980 earners (\$216.14) is not significantly different from that for 1981 earners (\$218.46). For those cases open one year later, however, the difference in the average base period grant for 1980 earners is significantly lower than the average base period grant for 1981 earners. Although the average base period grant for 1980 earners whose cases were closed (\$206.61) is \$26.61 greater than the average base period grant

Table 3.13

Average Base Period Grant
(Standard Error)

Type of Household	All Cases	Cases Open One Year Later	Cases Closed One Year Later
1980 Earners	216.14 (12.29)	223.61 (12.80)	206.61 (20.76)
1980 Nonearners	284.61 (10.41)	296.79 (11.76)	223.21 (18.52)
1981 Earners	218.46 (13.90)	262.04 (11.40)	180.00 (14.43)
1981 Nonearners	298.84 (9.86)	312.99 (9.79)	253.50 (21.95)

for 1981 earners (\$180.00) that were closed, this dollar difference is not significant. Further, the average base period grant for 1980 non-earners is not significantly different than the average base period grant for 1981 nonearners.

The difference in the average base period grant for 1980 nonearners and 1981 nonearners that were open one year later is also not significant, nor is the difference between the average base period grant for 1980 and 1981 nonearners that are closed one year later.

These findings suggest that the OBRA changes had a significant impact on households with earnings. Of the 1981 households with earnings that remained open one year later, the average grant was significantly higher than the average grant of 1980 households with earnings that were open one year later. The finding of no significant difference between the average base period grants for 1980 and 1981 nonearners does not mean that the OBRA changes did not affect the nonearners. Instead, the lack of significance may indicate that the changes were not as pronounced for the nonearners as they were for the earners.

The impact of the OBRA changes can also be seen in Table 3.14 which shows the difference in base period earnings. The average monthly earnings for cases with earned income during the 1980 base period was \$413.99. In 1981, the average monthly earnings during the base period for households with earned income was \$417.93. Although the average monthly earnings for households in the 1981 base period was slightly higher than the average monthly earnings during the 1980 base period, this difference is not significant.

There is a significant difference between 1980 and 1981, though, in the average earnings during the base period for those households that

Table 3.14
Average Base Period Earnings
(Standard Error)

Type of Household	All Cases	Cases Open One Year Later	Cases Closed One Year Later
1980 Earners	413.97 (26.62)	387.99 (29.92)	472.27 (31.26)
1981 Earners	417.93 (18.67)	311.17 (16.00)	505.92 (22.79)

were open one year later. The average earnings during the base period for 1980 cases with earnings is \$387.99. The average monthly earnings for the 1981 cases open one year later is \$311.17, \$76.82 less.

This difference between the 1980 and 1981 households with earnings again suggests that households with earnings, particularly those with high earnings, were affected most by the OBRA changes.

F. Program Costs

The data presented in Table 3.3 evidenced a consistent reduction in average grants (including \$0 for discontinued cases) for earners and nonearners during both 1981 and 1982. Whereas grant amounts were equivalent for 1980 and 1981 earners in the base periods, grants for 1981 earners were about \$57 less in September, 1982 than those awarded to 1980 earners in September, 1981. This amounts to a savings of approximately \$24.4 million for September, 1982. The savings for January and May, 1982, were, respectively, \$20.3 million and \$26.6 million. These estimates are based on savings of approximately \$48 and \$62 per case for January and May.

The differences in grant amounts between 1980 and 1981 nonearners for the profile months were not statistically significant. Although the decline in average grants among 1981 nonearners was greater--from \$298.71 to \$235.02--than that which occurred among the 1980 nonearners--\$283.72 to \$243.33, it cannot be concluded, based on the number of nonearner cases incorporated into the sample design, that this difference is statistically significant. The manner in which the sample was allocated for this study gave priority to making precise inferences about cases with earnings, the group expected to be affected most directly by the income-related provisions of OBRA. As a result, it was not possible to

include a sufficiently large sample of cases to draw conclusions about small changes among cases that did not have earnings in the base period. It is recommended, on the basis of evidence suggesting a possible trend, that further attention be given to measuring the cost effects associated with changes among nonearners. Although the effect on individual cases is apparently small, the aggregate impact on program costs could be substantial in view of the numerical predominance of nonearners in the AFDC population.

Important qualifications must be noted in reviewing these estimates of cost savings. First, no estimate can be made regarding the savings that might have been realized from a reduced rate of new case openings. Cases of this type were not incorporated into the design of this evaluation. Second, there are probably savings associated with the nonearner category, as evidenced by the series of profiles noted above, but this conclusion must be tempered by the fact that the sample design employed in this evaluation limited the degree to which small changes in the status of nonearners could be detected reliably. The pattern in the data, however, suggest a need for further exploration of a possible trend that is evidenced by the series of profiles. In conjunction with other analyses presented in this chapter, it is likely that savings among nonearners were also realized.

Chapter 4

ANALYSIS OF TELEPHONE SURVEY DATA

Case-record data from discontinued cases are of limited usefulness in assessing the ways in which families cope with the loss of AFDC benefits. Little information is available concerning the full set of resources available to the family as well as its complete set of needs. More important, case records contain no information about the family's situation following the loss of benefits. An assessment of coping behavior, therefore, requires additional data that must be obtained directly from the family sometime after it experienced the loss of benefits.

The telephone survey undertaken for this evaluation focused on 1981 earners whose cases had been discontinued as a result of income-related OBRA amendments and had not been reopened at the time the case record abstraction was performed. The following section describes the sample of respondents yielded by the survey. It is followed by a detailed description of the respondents, their households, their sources of income, and their living expenses.

A. Description of Sample

A total of 360 caretaker relatives were identified as potential survey respondents based on the information available from case records. A letter was mailed to each person to explain the purpose of the survey and to request their cooperation. Of these letters, 12.8 percent were returned as undeliverable, thereby limiting the number of potential respondents.^{1/} As Table 4.1 indicates, this group could not be contacted

^{1/} Attempts were made to obtain telephone numbers for persons in this group and to contact them.

Table 4.1
Outcomes of Interview Attempts

Outcomes	Percentage of Potential Respondents
Interview completed	42.2%
Unable to contact	51.1
No contact using available number	3.1
Contact, but no complete interview	2.5
Refusals, incomplete interviews	1.1
	<u>100.0%</u>
	(N) (360)

because valid telephone numbers were not available. In another 3.1 percent of the cases, repeated attempts to complete a call using an available number were unsuccessful. Although such contact was made in another 2.5 percent of the cases, it was never possible to speak with the person designated as the respondent for these households. This left 156 respondents (43.3 percent of the total) with whom an interview was attempted. Of this group, 97.4 percent (152) agreed to complete the interview.

In light of the number of potential respondents who could not be contacted, it is not appropriate to make national estimates based on these data.^{1/} Rather, the analysis that follows will be based simply on unweighted frequency distributions derived from the survey data.

As indicated above, the target population for this survey were persons whose AFDC cases had been discontinued due to OBRA and who were not currently receiving an AFDC payment. Fewer than one in five (17.1 percent) of the 152 respondents had reapplied for assistance and only 7.9 percent indicated that they were receiving AFDC at the time of the interview in February or March. Follow-up questions confirmed that these persons had returned to the program after their closed AFDC cases had been abstracted. This indicated that a valid assessment of their case's status was made on the basis of case record information, but that they had subsequently applied for and been awarded benefits again.

^{1/} A limited comparison of respondents and non-respondents was performed using data derived from the case records of potential respondents. The variables forming the basis of these comparisons included earnings and grant amounts, geographic region, benefit level of the state in which those surveyed resided, family characteristics, and case discontinuance rates. The only statistically significant difference revealed by that analysis pertained to geographic region (a larger proportion of respondents were drawn from the Northeast and relatively fewer from the West). Nevertheless, in light of the low rate of completed interviews, national estimates are not warranted.

Nevertheless, this restricted the number of cases available for analysis to 140.

B. Characteristics of Respondents

In this section, personal and household characteristics of the respondents are described. Comparisons with selected data from the 1979 recipient characteristics survey or 1981 quality control cases are made where possible to assist the reader in evaluating this sample of respondents relative to the employed AFDC-Basic caseload in those years.^{1/} Descriptions also are provided of the respondents' employment and other sources of income, as well as their need for and access to certain important services, such as child care.

1. Personal Characteristics

The largest group of survey respondents resided in the Northeast (41.0 percent). Approximately one-fourth of the respondents were drawn from the North Central region and 23.9 percent from the South. Only ten percent of the respondents lived in the West. This is consistent with interview-completion rates of 50.8 percent for the Northeast, 38.6 percent for the South, 40.8 percent for the North Central region, and 33.4 percent for the West.

As indicated in Table 4.2, the respondents to this survey exhibit a higher level of educational attainment than the employed AFDC caseload generally. Nearly one-fourth (24.3 percent) of the respondents had some education or training beyond high school, in contrast to only 9.5 percent of employed AFDC cases in 1979. Similarly, fewer of the respondents had less than a high-school education.

^{1/} These unpublished data were made available by the Department of Health and Human Services.

Table 4.2

Educational Attainment of Survey Respondents
and 1979 AFDC Caseload

Level of Education	Percentage of Respondents	Percentage of 1979 AFDC Caseload
Less than 9 years	5.2%	11.6%
9 to 11 years	27.9	31.0
12 years	42.7	48.0
More than 12 years	24.3	9.5
	<u>100.1%^{a/}</u>	<u>100.1%^{a/}</u>
(N)	(136)	

^{a/} Column percentages do not sum to 100.0% due to rounding.

A conclusion that might be drawn from these data is that AFDC cases that were discontinued because of income-related OBRA amendments tended to have better-educated heads of household. These persons would, therefore, have a greater capacity for economic self-reliance than other AFDC recipients. This conclusion must be qualified, however, because the apparent difference in educational attainment may, in fact, be a function of non-response to the survey. Nevertheless, these data still suggest that at least a sizable group of the caretaker relatives who lost AFDC benefits do not suffer the same lack of education as many other AFDC recipients.

Similar comparisons between employed AFDC cases and respondents to this survey must be made cautiously regarding other personal characteristics. In the area of marital status, for example, the only available program data pertain to deprivation factors. As a result, it is not possible to draw valid comparisons between the marital status of survey respondents and employed AFDC caretaker relatives in 1981. Nevertheless, the data in Table 4.3 are provided to illuminate as much as possible the characteristics of the respondents.

According to the data presented in Table 4.4, more than one-third (38.8 percent) of the survey respondents had received AFDC for at least six years prior to having their eligibility terminated. In fact, almost one out of ten (9.5 percent) respondents had received assistance for more than ten years. At the same time, however, an equally large group (35.3 percent) had received AFDC benefits for only one or two years since their initial application for benefits.

Table 4.3

Marital Status of Survey Respondents and Deprivation Factors Among
1981 Basic AFDC Cases With An Employed Caretaker-Relative

Marital Status/ Deprivation Factor ^{a/}	Percentage of Respondents	Percentage of 1981 Cases
Married	15.2%	2.8%
Deserted	NA	18.3
Widowed	3.6	1.1
Divorced	34.8	} 40.6
Separated	15.9	
Never Married	30.4	NA
Unmarried	NA	36.5
Other	NA	.7
	<u>99.9%^{b/}</u>	<u>100.0%</u>
(N)	(138)	

^{a/} Deprivation factors apply only to 1981 caseload.

^{b/} Column percentages do not sum to 100.0% due to rounding.

Table 4.4

Years Respondents Received AFDC Since
Initial Application

Number of Years on AFDC Since Initial Application	Percentage of Respondents
1	24.1%
2	11.2
3 to 5	19.0
6 to 10	29.3
10 or more	9.5
Don't know	6.9
	100.0%
(N)	(116)

2. Household Characteristics

Several comparisons can be made between the household characteristics of survey respondents and employed AFDC recipients in 1981. The tabulations in Table 4.5 reveal only minor differences in household size between the two groups. Generally, it appears that survey respondents are more likely to reside in larger households; however, this pattern is not very pronounced.

It is noteworthy that more than half (54.4 percent) of the households in the survey did not contain an adult other than the respondent. In an additional 26.1 percent of the households, only one other adult resided with the family. Thus, in fewer than one-fifth (19.6 percent) of the households surveyed were there more than two adults in the household.

Consistent with the trend revealed by various program data, the former-AFDC families represented in this survey tend to be relatively small. This is illustrated by the data in Table 4.6 concerning the number of children in these families. Whereas nearly half (49.6 percent) of the families have two or three children, 40.2 percent only have one child, and only 10.2 percent of the cases involved four or more children.

The data presented in Table 4.7 suggest that the children of the survey respondents tend to be older than children in other AFDC cases. Whereas 42.2 percent of the employed AFDC households in the 1981 sample contained a child younger than six, only about one-third (32.4 percent) of the survey respondents had children of this age. Furthermore, the youngest child of more than one-fourth (27.2 percent) of the survey respondents was a teenager. This pattern is consistent with the work

Table 4.5

Household Size of Respondent Households and
1981 AFDC Households With Employed Caretaker Relative

Size of Household	Percentage of Respondents	Percentage of 1981 AFDC Households
1	.7%	
2	23.6	24.2%
3	23.6	31.6
4	24.3	20.4
5 or more	27.1	23.7
Unknown/other	.7	NA
	100.0%	99.9% ^{a/}
(N)	(140)	

^{a/}Column percentages do not sum to 100.0% due to rounding.

Table 4.6

Number of Children in Respondent Households and
in 1981 AFDC Households With Employed Caretaker Relative

Number of Children	Percentage of Respondent Households	Percentage of 1981 AFDC Households
0	NA	.2%
1	40.2%	37.7
2	25.6	33.5
3	24.1	15.0
4 or more	10.2	13.6
	<u>100.1%^{a/}</u>	<u>100.0%</u>
(N)	(137)	

^{a/} Column percentages do not sum to 100.0% due to rounding.

Table 4.7

Age of Youngest Child in Respondent Households
and in 1981 AFDC Households With Employed Caretaker Relative

Age of Youngest Child	Percentage of Respondent Households	Percentage of 1981 AFDC Households
Less than 6 years	32.4%	42.2%
6 to 12 years	40.4	37.0
More than 12 years	27.2	20.8
Unborn/unknown	--	1.0
	<u>100.0%</u>	<u>101.0%^{a/}</u>
(N)	(136)	

^{a/} Column percentages do not sum to 100.0% due to rounding.

registration and workfare requirements imposed on AFDC applicants and recipients. Nevertheless, a fairly large proportion of the respondents had children who were of preschool age.

3. Employment Characteristics

Probably the area of greatest interest concerning this group of former-AFDC recipients is their employment. Fully 83.6 percent of the survey respondents were employed at the time of the interview and six percent of this group had more than one job. As indicated in Table 4.8, more than half were working at least 40 hours per week and approximately one-third more (36.0 percent) were working between half-time (20 hours per week) and fulltime (40 hours per week).

The wage-rate data reported in Table 4.9 show that most respondents to the survey were employed in low-wage positions. One-half of the employed respondents earned \$4.25 an hour or less and only 12.0 percent earned more than \$6.00 per hour. Projections based on the data shown in this table and the preceding one reveal mean monthly earnings of \$704.04. This is approximately 61.1 percent higher than the \$436.85 mean monthly earnings of 1981 AFDC cases that had an employed caretaker relative.

An interesting finding with regard to the pattern of employment detected by the survey concerns household composition. Of the respondents who were employed, only 24.1 percent lived with another working adult. In contrast, 60.9 percent of the unemployed respondents lived with another adult who worked. It must be noted, however, that only 23 respondents were not working.

4. Other Income Characteristics

Few of the former-AFDC households responding to this survey receive support from other cash assistance programs or private sources.

Table 4.8
Hours of Employment Per Week

Hours Per Week	Percentage of All Respondents	Percentage of Employed Respondents
0	18.6%	--
Less than 20	8.6	10.5
21 to 38	29.3	36.0
40	40.0	49.1
More than 40	3.6	4.4
	<u>100.1%^{a/}</u>	<u>100.0%</u>
	(N) (140)	(114)

^{a/} Column percentages do not sum to 100.0% due to rounding.

Table 4.9
Wage Rates of Employed Respondents

Hourly Wage Rate	Percentage of Respondents
\$3.50 or less	24.1%
\$3.51 to \$4.25	26.0
\$4.26 to \$5.00	24.1
\$5.01 to \$6.00	13.9
More than \$6.00	12.0
	100.1% ^{a/}
	(N) (108)

^{a/} Column percentages do not sum to 100.0% due to rounding.

As was indicated in Table 4.10, 8.6 percent of the respondents received unemployment compensation, but no more than 4.3 percent received other cash benefits. The only significant private source was child support. Even in this case, however, only 18.7 percent of the respondents reported this source of income. It is also noteworthy that 13.0 percent of the respondents had received financial assistance from a friend or relative not living in their household.

Significant numbers of the survey respondents indicated that they were receiving benefits under other non-cash public assistance programs. For example, 38.1 percent were receiving food stamps, with an average food stamp allotment of approximately \$122, and 7.2 percent were receiving Medicaid benefits. Also, 17.3 percent were either living in public housing or receiving housing subsidies. It should be noted, however, that these rates of participation (excluding the rate for housing subsidies) are substantially less than those for families receiving AFDC (a majority receive food stamps and all are categorically eligible for Medicaid).

5. Living Expenses

Implicit in the above discussion is the fact that a substantial number of families in this survey received assistance with food, medical, and housing expenses. Additional information was sought in several of these areas. First, respondents were asked if they were covered by an insurance plan that would pay for medical expenses, in particular doctor and hospital bills. Fewer than half (48.6 percent) of the respondents indicated that they had such coverage. Therefore, recalling that a few continued to be covered by Medicaid, a large group (44.2 percent) was effectively without coverage.

Table 4.10
Other Sources of Income

Source	Percentage of Respondents Receiving Benefits
Social Security retirement or survivor benefits	4.3%
Social Security disability benefits	2.9%
Supplemental Security Income (SSI)	1.4%
General Assistance or other state or county welfare program	4.3%
Veterans Administration benefits	0.7%
Unemployment compensation	8.6%
Workers Compensation	--
Pensions	--
Child Support payments	18.7%
Alimony	--
Roomers/boarders	2.2%
Charitable organizations	3.6%
Friends or relative not in the household	13.0%

A second living expense that was explored in some detail with the respondents was child care. Slightly more than one-half of the respondents (53.5 percent) said that it was necessary to have someone else care for their children while they worked. Of these persons, about two-thirds (67.7 percent) indicated that they had to pay for this service. Therefore, approximately 36.2 percent of the employed respondents paid for child care.

The cost of child care on a monthly basis ranged from no cost to more than \$150.00, distributed as shown in Table 4.11. A comparison of 1981 AFDC cases having employed caretaker-relatives and survey respondents reveals few differences. It does not seem, therefore, that the loss of AFDC benefits significantly altered respondent's consumption of child care services.

Interviewers explored a range of alternatives with the respondents in attempting to identify typical providers of child care services. Respondents who needed child care services were asked if they usually obtained these services from the sources identified in Table 4.12. (Since it was possible that more than one provider could be identified by a respondent, the column percentages do not sum to 100.0 percent.)

Relatives are the most common source of child care services for persons who responded to this survey. They are also the group least likely to be paid for their services. While more than half (51.6 percent) of the respondents usually rely on relatives for child care, only 56.3 percent of them appear to pay for this service. Friends, day care centers, and baby sitters are used less frequently, perhaps because of the cost associated with their services.

Table 4.11

Monthly Cost of Child Care Services for Employed Respondents
and 1981 AFDC Cases With Employed Caretaker-Relative

Monthly Cost of Service	Percentage of Respondents	Percentage of 1981 AFDC Cases
\$0	64.7%	57.8%
\$1-49	7.7	5.1
\$50-99	9.5	10.0
\$100-149	9.5	11.6
\$150 or more	8.6	5.3
Missing/other	NA	10.3
	<u>100.0%</u>	<u>100.1%^{a/}</u>
(N)	(116)	

^{a/} Column percentages do not sum to 100.0% due to rounding.

Table 4.12
Usual Provider of Day Care Services

Provider	Percentage of Respondents Requiring Day Care Who Use This Provider	Percentage of Users Who Pay for Service
Relative	51.6%	56.3%
Friend	24.2%	93.3%
Day Care Center	16.1%	60.0%
Nursery	4.8%	100.0%
Baby Sitter	14.5%	88.9%

^{a/} Column percentages do not sum to 100.0% because respondents could indicate use of more than one service provider.

C. Coping Strategies

In an attempt to elicit a broader range of responses to the basic question of how former-AFDC families coped with the loss of benefits, the telephone survey incorporated an open-ended item that asked what the respondent had done to make up for the lost AFDC benefits. The responses to this question are summarized in Table 4.13.

The large majority of responses pertained to employment, either maintaining the level that existed when the respondent's benefits were terminated or increasing the level of employment. Eight percent indicated that they got a second job or assumed fulltime or regular positions. Also, since nearly all respondents were terminated because of their level of earnings, the response "got a job" could be interpreted as fitting the same general response category. A fairly sizable proportion (14.6 percent) of the respondents indicated that they had not taken any action to compensate for the loss of benefits (this may include some respondents who simply continued to work).

No other responses were observed in more than three percent of the cases. Some conceivable responses, such as moving in with relatives, were offered very infrequently (1.4 percent). This may be related to the fact that persons who adopted such coping strategies could not be contacted.

D. Summary

In an effort to assess the manner in which families coped with the loss of AFDC benefits as a result of OBRA, a telephone survey was conducted in conjunction with the case record analysis. The target group for the survey was composed of former AFDC caretaker relatives who lost

Table 4.13

Actions Taken to Compensate for Lost AFDC Benefits

Action Taken	Proportion of Respondents
Continued working	38.7%
Got a job	18.3
Nothing	14.6
Went to full-time or regular employment	5.8
Got a second job	2.2
Other	20.4
	100.0%
	(N) (138)

benefits because they had income that made them ineligible. Several attempts were made to contact each potentially eligible survey respondent. These efforts ultimately yielded 140 complete interviews with former AFDC recipients whose cases had been discontinued and who had not returned to the program. Twelve additional respondents who had returned to the program and were receiving AFDC benefits at the time of the interview were excluded from the analysis.

The inability to contact approximately half of the potential respondents imposes significant limitations on the generalizability of the survey data presented in this chapter.

The information presented in this chapter suggests that families in this survey have continued to be employed and that earnings from that employment are their primary means of support. In fact, the average monthly earnings of the survey respondents is substantially higher than those of employed AFDC families in May, 1981. This is in spite of the fact that most are employed in low-wage positions typically paying less than \$5.00 per hour. The only significant supplement to these earnings are the food stamp benefits received by slightly more than one-third of the families; however, very few families rely on any other public or private sources of supplementary income.

An area in which the needs of these families may not be met is medical care. Nearly half of them have insurance benefits that cover doctor or hospital bills, but only a small proportion of the remaining families are covered by Medicaid (others may be potentially eligible under spend-down provisions). Data pertaining to another area of need, child care, suggest that former-AFDC recipients do not differ in their

use of day care services from earners still on AFDC. More than half the families in the survey expressed a need for this service and more than two-thirds have to pay for the service, approximately the same level of need exhibited by employed AFDC recipients. The most common providers of child care services, relatives, are also those who are least likely to be paid for their services. Therefore, it may be that former recipients become more reliant on these providers.

Some data suggest that the families involved in this survey are different from the typical AFDC family. They appear to be headed by persons with more education, they tend to be slightly smaller, and the children in these families tend to be older. These characteristics may well be factors that contribute to the ability of these families to maintain a relatively self-sufficient economic existence. However, more definitive judgments about the current status of families who lost AFDC benefits due to OBRA cannot be made without a more extensive followup.

APPENDIX A.1
DATA ABSTRACTION FORMS

Steparent income counted as available	09
Sponsor's income and resources counted as available	10
Lump-sum settlement counted as income.	11
No longer eligible for \$30 and 1/3 disregard	12
Earned income credit counted as monthly income	13
Other.	.90
Unknown	.99

Base Period: Sept: 80 81

C. HOUSEHOLD ROSTER

1. ID	2. First Name	3. Sex 1 = M 2 = F	4. Relation to C.R. (See Codes)	5. Birthdate Mo. Day Year	6. In A.U.? Yes = 1 No = 2
01		1 2			1 2
02		1 2			1 2
03		1 2			1 2
04		1 2			1 2
05		1 2			1 2
06		1 2			1 2
07		1 2			1 2
08		1 2			1 2
09		1 2			1 2
10		1 2			1 2

CODES

Caretaker Relative	00	Aunt/Uncle	09
Child (natural or adopted)	01	Cousin	10
Husband.	02	Niece/nephew	11
Wife	03	Other relative (SPECIFY)	12
Stepchild.	04		
Sibling (include half or step)	05	Nonrelative (SPECIFY).	13
Mother (natural or step)	06		
Father (natural or step)	07	Unknown.	99
Grandparent.	08		

7. Marital Status of C.R.

<u>Marital Status</u>	
Never married	01
Single.	02
Unmarried	03
Married	04
Married and living with spouse.	05
Widowed	06
Divorced.	07
Legally separated	08
Separated	09
Deserted.	10
Marital status cannot be ascertained from record	11
(SPECIFY) + Other	12

 Mo. Day Yr.
 First Change Date:

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C. HOUSEHOLD ROSTER

Indicate additions to the A.U. by supplying items C-1 through C-6 for each additional member. Indicate a departure from the unit by circling "2" under item 6 in the row assigned to the individual.

1. ID	2. First Name	3. Sex 1 = M 2 = F	4. Relation to C.R. (See Codes)	5. Birthdate Mo. Day Year	6. In A.U.? Yes = 1 No = 2
01		1 2			1 2
02		1 2			1 2
03		1 2			1 2
04		1 2			1 2
05		1 2			1 2
06		1 2			1 2
07		1 2			1 2
08		1 2			1 2
09		1 2			1 2
10		1 2			1 2

CODES

Caretaker Relative	00	Aunt/Uncle	09
Child (natural or adopted)	01	Cousin	10
Husband.	02	Niece/nephew	11
Wife	03	Other relative (SPECIFY)	12
Stepchild.	04		
Sibling (include half or step)	05	Nonrelative (SPECIFY).	13
Mother (natural or step)	06		
Father (natural or step)	07	Unknown.	99
Grandparent.	08		

7. Marital Status of C.R.

<u>Marital Status</u>	
Never married	01
Single.	02
Unmarried	03
Married	04
Married and living with spouse.	05
Widowed	06
Divorced.	07
Legally separated	08
Separated	09
Deserted.	10
Marital status cannot be ascertained from record	11
(SPECIFY) + Other	12

Base Period

D. GRANT AMOUNT AND CASE STATUS

1. Grant Amount \$

2. Is the grant amount different from the payment amount?

Yes . . . 01 → Amount of Payment \$
No. . . . 02Reason for Difference:Overpayment Yes . . . 01
recouped? No. . . . 02Underpayment Yes . . . 01
paid? No. . . . 02\$30 and 1/3 Yes . . . 01
penalty? No. . . . 02\$10 minimum? Yes . . . 01
No. . . . 02Case Yes . . . 01
restricted? No. . . . 02(SPECIFY) _____ ← Other Yes . . . 01
No. . . . 023. Payment suspended? Yes . . . 01 → Reason Payment Suspended:
No. . . . 02Regularly recurring lump
sum 01

(SPECIFY) _____ ← Other 02

First Change

D. GRANT AMOUNT AND CASE STATUS

1. Grant Amount \$

2. Is the grant amount different from the payment amount?

Yes . . . 01 → Amount of Payment \$
No. . . . 02Reason for Difference:Overpayment Yes . . . 01
recouped? No. . . . 02Underpayment Yes . . . 01
paid? No. . . . 02\$30 and 1/3 Yes . . . 01
penalty? No. . . . 02\$10 minimum? Yes . . . 01
No. . . . 02Case Yes . . . 01
restricted? No. . . . 02(SPECIFY) _____ ← Other Yes . . . 01
No. . . . 023. Payment suspended? Yes . . . 01 → Reason Payment Suspended:
No. . . . 02Regularly recurring lump
sum 01

(SPECIFY) _____ ← Other 02

4. Case discontinued? Yes . . . 01 → Reason Case
No. . . . 02 Discontinued: Income exceeded 150%
of need 01
Countable income exceeded
payment standard. . . . 02
Family resources over
limit 03
Striker in unit 04
No longer eligible child. . 05
Procedural non-compliance . 06
Family moved/unable to
locate. 07
Family request. 08Stepparent income counted as
available 09
Sponsor's income and resources
counted as available. . . . 10
Lump-sum settlement counted
as income 11
No longer eligible for \$30
1/3 disregard 12
Earned income credit counted
as monthly income 13
Other (SPECIFY):
_____ 90
Unknown.....995. Case newly reopened? Yes . . . 01
No. . . . 02

Base Period

E. ASSETS/RESOURCES OF UNIT (Enter "0" if none.)

		Value			
1.	Bank accounts, cash	\$			
2.	Own house, trailer.	\$			
3.	Other real estate	\$			
4.	Life insurance (cash value)	\$			
5.	Car/truck/boat.	\$			
6.	Burial plots.	\$			
7.	Farm equipment/livestock/crops.	\$			
8.	Money owed to you	\$			
9.	Other (SPECIFY) _____	\$			
10.	Other (SPECIFY) _____	\$			

F. UNEARNED INCOME OF UNIT (Enter "0" if none.)

		Monthly Amount			
1.	Stepparent support.	\$			
2.	Child support	\$			
3.	Support routed through IV-D agency.	\$			
4.	Alimony	\$			
5.	Worker's Compensation	\$			
6.	Unemployment Compensation	\$			
7.	Town, city, other welfare/General Assistance.	\$			
8.	Grants, scholarships.	\$			
9.	Insurance receipts.	\$			
10.	Veteran's benefits.	\$			
11.	OASDI benefits.	\$			
12.	SSI benefits.	\$			
13.	Contributions, gifts.	\$			
14.	Other (SPECIFY) _____	\$			
15.	Other (SPECIFY) _____	\$			
16.	Other (SPECIFY) _____	\$			

First Change

E. ASSETS/RESOURCES OF UNIT (Enter "0" if none.)

		Value			
1.	Bank accounts, cash	\$			
2.	Own house, trailer.	\$			
3.	Other real estate	\$			
4.	Life insurance (cash value)	\$			
5.	Car/truck/boat.	\$			
6.	Burial plots.	\$			
7.	Farm equipment/livestock/crops.	\$			
8.	Money owed to you	\$			
9.	Other (SPECIFY) _____	\$			
10.	Other (SPECIFY) _____	\$			

F. UNEARNED INCOME OF UNIT (Enter "0" if none.)

		Monthly Amount			
1.	Stepparent support.	\$			
2.	Child support	\$			
3.	Support routed through IV-D agency.	\$			
4.	Alimony	\$			
5.	Worker's Compensation	\$			
6.	Unemployment Compensation	\$			
7.	Town, city, other welfare/General Assistance.	\$			
8.	Grants, scholarships.	\$			
9.	Insurance receipts.	\$			
10.	Veteran's benefits.	\$			
11.	OASDI benefits.	\$			
12.	SSI benefits.	\$			
13.	Contributions, gifts.	\$			
14.	Other (SPECIFY) _____	\$			
15.	Other (SPECIFY) _____	\$			
16.	Other (SPECIFY) _____	\$			

Base Period

G. EARNED INCOME AND WORK EXPENSES OF THIRD EARNER

1. Identification of Earner ID

2. Self-employed? Yes . . . 01 → Gross revenue per month . . . \$
 (Including roomers/ No. . . . 02 Business expenses per month . . . \$
 boarders, rentals, farm income, etc.)
 Net income. . . \$

3. Type and Amount of Monthly Gross Earnings.

Wages/salary. . \$
 Tips. \$
 Commission. . . \$
 EITC. \$
 (SPECIFY) _____ + Other \$

4. Status Regular full-time 01
 Regular part-time 02
 Irregular 03
 Not employed. 04

5. Hours worked Hours per month
 or, Hours per week

6. Work expenses (including child care) of third earner.

	Monthly Amount
a. Child care expenses \$	
b. Dependent care expenses \$	
c. Federal income tax. \$	
d. State income tax. \$	
e. Social Security \$	
f. Union dues. \$	
g. Tools \$	
h. Clothing, laundering of uniforms. \$	
i. Parking fees, tolls \$	
j. Meals \$	
k. Transportation. \$	
l. Registration, license fees. \$	
m. Gas, oil, depreciation. \$	
n. Unspecified work expenses \$	
o. Other (SPECIFY) _____ \$	

First Change

G. EARNED INCOME AND WORK EXPENSES OF THIRD EARNER

1. Identification of Earner ID

2. Self-employed? Yes . . . 01 → Gross revenue per month . . . \$
 (Including roomers/ No. . . . 02 Business expenses per month . . . \$
 boarders, rentals, farm income, etc.)
 Net income. . . \$

3. Type and Amount of Monthly Gross Earnings.

Wages/salary. . \$
 Tips. \$
 Commission. . . \$
 EITC. \$
 (SPECIFY) _____ + Other \$

4. Status Regular full-time 01
 Regular part-time 02
 Irregular 03
 Not employed. 04

5. Hours worked Hours per month
 or, Hours per week

6. Work expenses (including child care) of third earner.

	Monthly Amount
a. Child care expenses \$	
b. Dependent care expenses \$	
c. Federal income tax. \$	
d. State income tax. \$	
e. Social Security \$	
f. Union dues. \$	
g. Tools \$	
h. Clothing, laundering of uniforms. \$	
i. Parking fees, tolls \$	
j. Meals \$	
k. Transportation. \$	
l. Registration, license fees. \$	
m. Gas, oil, depreciation. \$	
n. Unspecified work expenses \$	
o. Other (SPECIFY) _____ \$	

Base Period

G. EARNED INCOME AND WORK EXPENSES OF SECOND EARNER

1. Identification of Earner ID

2. Self-employed? Yes . . . 01 → Gross revenue per month . . . \$
 (Including roomers/ No. . . . 02 Business expenses per month . . . \$
 boarders, rentals, farm income, etc.) Net income. . . \$

3. Type and Amount of Monthly Gross Earnings.

Wages/salary. . \$
 Tips. \$
 Commission. . . \$
 EITC. \$
 (SPECIFY) _____ ← Other \$

4. Status Regular full-time 01
 Regular part-time 02
 Irregular 03
 Not employed. 04

5. Hours worked Hours per month
 or, Hours per week

6. Work expenses (including child care) of second earner.

	Monthly Amount
a. Child care expenses \$	
b. Dependent care expenses \$	
c. Federal income tax. \$	
d. State income tax. \$	
e. Social Security \$	
f. Union dues. \$	
g. Tools \$	
h. Clothing, laundering of uniforms. \$	
i. Parking fees, tolls \$	
j. Meals \$	
k. Transportation. \$	
l. Registration, license fees. \$	
m. Gas, oil, depreciation. \$	
n. Unspecified work expenses \$	
o. Other (SPECIFY) _____ \$	

First Change

G. EARNED INCOME AND WORK EXPENSES OF SECOND EARNER

1. Identification of Earner ID

2. Self-employed? Yes . . . 01 → Gross revenue per month . . . \$
 (Including roomers/ No. . . . 02 Business expenses per month . . . \$
 boarders, rentals, farm income, etc.) Net income. . . \$

3. Type and Amount of Monthly Gross Earnings.

Wages/salary. . \$
 Tips. \$
 Commission. . . \$
 EITC. \$
 (SPECIFY) _____ ← Other \$

4. Status Regular full-time 01
 Regular part-time 02
 Irregular 03
 Not employed. 04

5. Hours worked Hours per month
 or, Hours per week

6. Work expenses (including child care) of second earner.

	Monthly Amount
a. Child care expenses \$	
b. Dependent care expenses \$	
c. Federal income tax. \$	
d. State income tax. \$	
e. Social Security \$	
f. Union dues. \$	
g. Tools \$	
h. Clothing, laundering of uniforms. \$	
i. Parking fees, tolls \$	
j. Meals \$	
k. Transportation. \$	
l. Registration, license fees. \$	
m. Gas, oil, depreciation. \$	
n. Unspecified work expenses \$	
o. Other (SPECIFY) _____ \$	

Base Period

G. EARNED INCOME AND WORK EXPENSES OF FIRST EARNER

1. Identification of Earner ID

2. Self-employed? Yes . . . 01 → Gross revenue per month . . . \$
 (Including roomers/ No. . . . 02 Business expenses per month . . . \$
 boarders, rentals, farm income, etc.)
 Net income. . . \$

3. Type and Amount of Monthly Gross Earnings.

Wages/salary. . \$
 Tips. \$
 Commission. . . \$
 EITC. \$
 (SPECIFY) _____ ← Other \$

4. Status Regular full-time 01
 Regular part-time 02
 Irregular 03
 Not employed. 04

5. Hours worked Hours per month
 or, Hours per week

6. Work expenses (including child care) of first earner.

	Monthly Amount
a. Child care expenses \$	
b. Dependent care expenses \$	
c. Federal income tax. \$	
d. State income tax. \$	
e. Social Security \$	
f. Union dues. \$	
g. Tools \$	
h. Clothing, laundering of uniforms. \$	
i. Parking fees, tolls \$	
j. Meals \$	
k. Transportation. \$	
l. Registration, license fees. \$	
m. Gas, oil, depreciation. \$	
n. Unspecified work expenses \$	
o. Other (SPECIFY) _____ \$	

First Change

G. EARNED INCOME AND WORK EXPENSES OF FIRST EARNER

1. Identification of Earner ID

2. Self-employed? Yes . . . 01 → Gross revenue per month . . . \$
 (Including roomers/ No. . . . 02 Business expenses per month . . . \$
 boarders, rentals, farm income, etc.)
 Net income. . . \$

3. Type and Amount of Monthly Gross Earnings.

Wages/salary. . \$
 Tips. \$
 Commission. . . \$
 EITC. \$
 (SPECIFY) _____ ← Other \$

4. Status Regular full-time 01
 Regular part-time 02
 Irregular 03
 Not employed. 04

5. Hours worked Hours per month
 or, Hours per week

6. Work expenses (including child care) of first earner.

	Monthly Amount
a. Child care expenses \$	
b. Dependent care expenses \$	
c. Federal income tax. \$	
d. State income tax. \$	
e. Social Security \$	
f. Union dues. \$	
g. Tools \$	
h. Clothing, laundering of uniforms. \$	
i. Parking fees, tolls \$	
j. Meals \$	
k. Transportation. \$	
l. Registration, license fees. \$	
m. Gas, oil, depreciation. \$	
n. Unspecified work expenses \$	
o. Other (SPECIFY) _____ \$	

Base Period

H EARNED INCOME OF NON-ASSISTANCE UNIT MEMBERS

1. Is there a stepparent whose income is deemed available to the unit? Yes ☐ 01 → Gross income/month ☐ ☐ ☐ ID ☐ ☐
No. ☐ 02 month ☐ ☐ ☐ \$ ☐ ☐ ☐ ☐
\$75(or less) Work Expense ☐ ☐ ☐ ☐ ☐ ☐
Child Support/Alimony ☐ ☐ ☐ ☐ ☐ ☐
Other Deductions ☐ ☐ ☐ ☐ ☐ ☐
2. Is there anyone else whose income is deemed available to the unit? Yes ☐ 01 → Amount available to unit ☐ ☐ ☐
No. ☐ 02 to unit \$ ☐ ☐ ☐
If yes, explain who and why: _____

I PAYMENT AND NEED STANDARDS/BUDGET SUMMARY

1. Applicable Payment Standard \$ ☐ ☐ ☐
2. Applicable Need Standard \$ ☐ ☐ ☐
3. Does the need standard include an additional amount for shelter and/or utilities? Yes ☐ 01 → Additional Amount \$ ☐ ☐ ☐
No. ☐ 02
4. Amount of Special Need Allowances Included: (Enter 0 if none allowed.)
Pregnancy ☐ ☐ ☐ ☐ ☐ ☐ \$ ☐ ☐ ☐ ☐
Child Care ☐ ☐ ☐ ☐ ☐ ☐ \$ ☐ ☐ ☐ ☐
Work Expenses ☐ ☐ ☐ ☐ ☐ ☐ \$ ☐ ☐ ☐ ☐
(SPECIFY) _____ ← Other ☐ ☐ ☐ ☐ ☐ ☐ \$ ☐ ☐ ☐ ☐
6. Total countable earned income in A.U. ☐ ☐ ☐ ☐ \$ ☐ ☐ ☐ ☐
(i.e. not disregarded or excluded; includes deemed income)
7. Total countable unearned income in A.U. ☐ ☐ ☐ ☐ \$ ☐ ☐ ☐ ☐
(i.e., not excluded; includes deemed income)

First Change

H EARNED INCOME OF NON-ASSISTANCE UNIT MEMBERS

1. Is there a stepparent whose income is deemed available to the unit? Yes ☐ 01 → Gross income/month ☐ ☐ ☐ ID ☐ ☐
No. ☐ 02 month ☐ ☐ ☐ \$ ☐ ☐ ☐ ☐
\$75(or less) Work Expenses ☐ ☐ ☐ ☐ ☐ ☐
Child Support/Alimony ☐ ☐ ☐ ☐ ☐ ☐
Other Deductions ☐ ☐ ☐ ☐ ☐ ☐
2. Is there anyone else whose income is deemed available to the unit? Yes ☐ 01 → Amount available to unit ☐ ☐ ☐
No. ☐ 02 to unit \$ ☐ ☐ ☐
If yes, explain who and why: _____

I PAYMENT AND NEED STANDARDS/BUDGET SUMMARY

1. Applicable Payment Standard \$ ☐ ☐ ☐
2. Applicable Need Standard \$ ☐ ☐ ☐
3. Does the need standard include an additional amount for shelter and/or utilities? Yes ☐ 01 → Additional Amount \$ ☐ ☐ ☐
No. ☐ 02
4. Amount of Special Need Allowances Included: (Enter 0 if none allowed.)
Pregnancy ☐ ☐ ☐ ☐ ☐ ☐ \$ ☐ ☐ ☐ ☐
Child Care ☐ ☐ ☐ ☐ ☐ ☐ \$ ☐ ☐ ☐ ☐
Work Expenses ☐ ☐ ☐ ☐ ☐ ☐ \$ ☐ ☐ ☐ ☐
(SPECIFY) _____ ← Other ☐ ☐ ☐ ☐ ☐ ☐ \$ ☐ ☐ ☐ ☐
5. 150% of Need Test Applied? Yes ☐ 01 → Total income used in test. \$ ☐ ☐ ☐
No. ☐ 02
6. Total countable earned income in A.U. ☐ ☐ ☐ ☐ \$ ☐ ☐ ☐ ☐
(i.e. not disregarded or excluded; includes deemed income)
7. Total countable unearned income in A.U. ☐ ☐ ☐ ☐ \$ ☐ ☐ ☐ ☐
(i.e., not excluded; includes deemed income)

Base Period

J. DISREGARDS FROM EARNED INCOME

1. Amount of work expenses (including child care) disregarded for entire unit.

\$

2. Was the \$30 and 1/3 disregard applied to the earned income of entire unit?

Yes . . . 01 → Amount of \$30 and
No. . . . 02 1/3 disregard. .

\$

3. Or, was it applied to individual earners?

Yes . . . 01 → To whose income?
No. . . . 02

\$ Amount Disregarded.

ID			\$			
ID			\$			
ID			\$			

4. Was the \$30 and 1/3 not allowed for the unit or for a particular individual due to a penalty?

Explain _____ ← Yes . . . 01
No. . . . 02

5. Were other earnings disregarded for reasons other than work expenses?

Yes . . . 01 →
No. . . . 02

Type

Amount

Student earnings	\$			
\$30 WIN incentive.	\$			
(SPECIFY) ← Other.	\$			
(SPECIFY) ← Other.	\$			
(SPECIFY) ← Other.	\$			

First Change

J. DISREGARDS FROM EARNED INCOME

1. Amount of work expenses (including child care) disregarded for entire unit.

\$

2. Was the \$30 and 1/3 disregard applied to the earned income of entire unit?

Yes . . . 01 → Amount of \$30 and
No. . . . 02 1/3 disregard. .

\$

3. Or, was it applied to individual earners?

Yes . . . 01 → To whose income?
No. . . . 02

\$ Amount Disregarded.

ID			\$			
ID			\$			
ID			\$			

4. Was the \$30 and 1/3 not allowed for the unit or for a particular individual due to a penalty?

Explain _____ ← Yes . . . 01
No. . . . 02

5. Were other earnings disregarded for reasons other than work expenses?

Yes . . . 01 →
No. . . . 02

Type

Amount

Student earnings	\$			
\$30 WIN incentive.	\$			
(SPECIFY) ← Other.	\$			
(SPECIFY) ← Other.	\$			
(SPECIFY) ← Other.	\$			

3

1.

--	--

Dates of Changes

Month Day 8 Year

3.

4.

5.

2.

No. 02 (If you've completed all the change forms, you're finished!)

3.

M.I.

[illegible]

APT. NO.

[illegible]

ZIP

[illegible]

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OTHER CONTACT PHONE

[illegible]

C. HOUSEHOLD ROSTER

Indicate additions to the A.U. by supplying items C-1 through C-6 for each additional member. Indicate a departure from the unit by circling "2" under item 6 in the row assigned to the individual.

1. ID	2. First Name	3. Sex 1 = M 2 = F	4. Relation to C.R. (See Codes)	5. Birthdate Mo. Day Year	6. In A.U.? Yes = 1 No = 2
01		1 2			1 2
02		1 2			1 2
03		1 2			1 2
04		1 2			1 2
05		1 2			1 2
06		1 2			1 2
07		1 2			1 2
08		1 2			1 2
09		1 2			1 2
10		1 2			1 2

CODES

Caretaker Relative	00	Aunt/Uncle	09
Child (natural or adopted)	01	Cousin	10
Husband	02	Niece/nephew	11
Wife	03	Other relative (SPECIFY)	12
Stepchild	04		
Sibling (include half or step)	05	Nonrelative (SPECIFY)	13
Mother (natural or step)	06		
Father (natural or step)	07	Unknown	99
Grandparent	08		

7. Marital Status of C.R.

Marital Status

Never married	01
Single	02
Unmarried	03
Married	04
Married and living with spouse	05
Widowed	06
Divorced	07
Legally separated	08
Separated	09
Deserted	10
Marital status cannot be ascertained from record	11
Other	12

(SPECIFY)

C. HOUSEHOLD ROSTER

Indicate additions to the A.U. by supplying items C-1 through C-6 for each additional member. Indicate a departure from the unit by circling "2" under item 6 in the row assigned to the individual.

1. ID	2. First Name	3. Sex 1 = M 2 = F	4. Relation to C.R. (See Codes)	5. Birthdate Mo. Day Year	6. In A.U.? Yes = 1 No = 2
01		1 2			1 2
02		1 2			1 2
03		1 2			1 2
04		1 2			1 2
05		1 2			1 2
06		1 2			1 2
07		1 2			1 2
08		1 2			1 2
09		1 2			1 2
10		1 2			1 2

CODES

Caretaker Relative	00	Aunt/Uncle	09
Child (natural or adopted)	01	Cousin	10
Husband	02	Niece/nephew	11
Wife	03	Other relative (SPECIFY)	12
Stepchild	04		
Sibling (include half or step)	05	Nonrelative (SPECIFY)	13
Mother (natural or step)	06		
Father (natural or step)	07	Unknown	99
Grandparent	08		

7. Marital Status of C.R.

Marital Status

Never married	01
Single	02
Unmarried	03
Married	04
Married and living with spouse	05
Widowed	06
Divorced	07
Legally separated	08
Separated	09
Deserted	10
Marital status cannot be ascertained from record	11
Other	12

(SPECIFY)

Change Date:

Mo.	Day	Year

D. GRANT AMOUNT AND CASE STATUS

1. Grant Amount

\$

2. Is the grant amount different from the payment amount?

 Yes . . . 01 → Amount of Payment \$
 No . . . 02

Reason for Difference:

 Overpayment Yes . . . 01
 recouped? No . . . 02

 Underpayment Yes . . . 01
 paid? No . . . 02

 \$30 and 1/3 Yes . . . 01
 penalty? No . . . 02

 \$10 minimum? Yes . . . 01
 No . . . 02

 Case Yes . . . 01
 restricted? No . . . 02

 (SPECIFY) ← Other Yes . . . 01
 No . . . 02

3. Payment suspended?

 Yes . . . 01 → Reason Payment Suspended:
 No . . . 02

 Regularly recurring lump
 sum 01

(SPECIFY) ← Other 02

4. Case discontinued?

 Yes . . . 01 → Reason Case
 No . . . 02 Discontinued:

 Income exceeded 150%
 of need 01
 Countable income exceeded
 payment standard. 02
 Family resources over
 limit 03
 Striker in unit 04
 No longer eligible child 05
 Procedural non-compliance 06
 Family moved/unable to
 locate. 07
 Family request. 08

 Stepparent income counted as
 available 09
 Sponsor's income and resources
 counted as available. 10
 Lump-sum settlement counted
 as income 11
 No longer eligible for \$30
 1/3 disregard 12
 Earned income credit counted
 as monthly income 13
 Other (SPECIFY):
 _____ 90
 Unknown 99

5. Case newly reopened?

 Yes . . . 01
 No . . . 02

Change Date:

Mo.	Day	Year

D. GRANT AMOUNT AND CASE STATUS

1. Grant Amount

\$

2. Is the grant amount different from the payment amount?

 Yes . . . 01 → Amount of Payment \$
 No . . . 02

Reason for Difference:

 Overpayment Yes . . . 01
 recouped? No . . . 02

 Underpayment Yes . . . 01
 paid? No . . . 02

 \$30 and 1/3 Yes . . . 01
 penalty? No . . . 02

 \$10 minimum? Yes . . . 01
 No . . . 02

 Case Yes . . . 01
 restricted? No . . . 02

 (SPECIFY) ← Other Yes . . . 01
 No . . . 02

3. Payment suspended?

 Yes . . . 01 → Reason Payment Suspended:
 No . . . 02

 Regularly recurring lump
 sum 01

(SPECIFY) ← Other 02

4. Case discontinued?

 Yes . . . 01 → Reason Case
 No . . . 02 Discontinued:

 Income exceeded 150%
 of need 01
 Countable income exceeded
 payment standard. 02
 Family resources over
 limit 03
 Striker in unit 04
 No longer eligible child. 05
 Procedural non-compliance 06
 Family moved/unable to
 locate. 07
 Family request. 08

 Stepparent income counted as
 available 09
 Sponsor's income and resources
 counted as available. 10
 Lump-sum settlement counted
 as income 11
 No longer eligible for \$30
 1/3 disregard 12
 Earned income credit counted
 as monthly income 13
 Other (SPECIFY):
 _____ 90
 Unknown 99

5. Case newly reopened?

 Yes . . . 01
 No . . . 02

Change

E. ASSETS/RESOURCES OF UNIT (Enter "0" if none.)

		Value
1. Bank accounts, cash	\$	
2. Own house, trailer.	\$	
3. Other real estate	\$	
4. Life insurance (cash value)	\$	
5. Car/truck/boat.	\$	
6. Burial plots.	\$	
7. Farm equipment/livestock/crops.	\$	
8. Money owed to you	\$	
9. Other (SPECIFY)	\$	
10. Other (SPECIFY)	\$	

F. UNEARNED INCOME OF UNIT (Enter "0" if none.)

		Monthly Amount
1. Stepparent support.	\$	
2. Child support	\$	
3. Support routed through IV-D agency.	\$	
4. Alimony	\$	
5. Worker's Compensation	\$	
6. Unemployment Compensation	\$	
7. Town, city, other welfare/General Assistance.	\$	
8. Grants, scholarships.	\$	
9. Insurance receipts.	\$	
10. Veteran's benefits.	\$	
11. OASDI benefits.	\$	
12. SSI benefits.	\$	
13. Contributions, gifts.	\$	
14. Other (SPECIFY)	\$	
15. Other (SPECIFY)	\$	
16. Other (SPECIFY)	\$	

Change

E. ASSETS/RESOURCES OF UNIT (Enter "0" if none.)

		Value
1. Bank accounts, cash	\$	
2. Own house, trailer.	\$	
3. Other real estate	\$	
4. Life insurance (cash value)	\$	
5. Car/truck/boat.	\$	
6. Burial plots.	\$	
7. Farm equipment/livestock/crops.	\$	
8. Money owed to you	\$	
9. Other (SPECIFY)	\$	
10. Other (SPECIFY)	\$	

F. UNEARNED INCOME OF UNIT (Enter "0" if none.)

		Monthly Amount
1. Stepparent support.	\$	
2. Child support	\$	
3. Support routed through IV-D agency.	\$	
4. Alimony	\$	
5. Worker's Compensation	\$	
6. Unemployment Compensation	\$	
7. Town, city, other welfare/General Assistance.	\$	
8. Grants, scholarships.	\$	
9. Insurance receipts.	\$	
10. Veteran's benefits.	\$	
11. OASDI benefits.	\$	
12. SSI benefits.	\$	
13. Contributions, gifts.	\$	
14. Other (SPECIFY)	\$	
15. Other (SPECIFY)	\$	
16. Other (SPECIFY)	\$	

Change

G. EARNED INCOME AND WORK EXPENSES OF FIRST EARNER

1. Identification of Earner ID

2. Self-employed? Yes . . . 01 → Gross revenue per month . . . \$
 (Including roomers/ No. . . . 02 Business expenses per month . . . \$
 boarders, rentals, farm income, etc.)
 Net income. . . \$

3. Type and Amount of Monthly Gross Earnings.

Wages/salary. . \$
 Tips. \$
 Commission. . . \$
 EITC. \$
 (SPECIFY) ← Other \$

4. Status Regular full-time 01
 Regular part-time 02
 Irregular 03
 Not employed. 04

5. Hours worked Hours per month
 or, Hours per week

6. Work expenses (including child care) of first earner.

Monthly Amount

a. Child care expenses	\$	
b. Dependent care expenses	\$	
c. Federal income tax.	\$	
d. State income tax.	\$	
e. Social Security	\$	
f. Union dues.	\$	
g. Tools	\$	
h. Clothing, laundering of uniforms.	\$	
i. Parking fees, tolls	\$	
j. Meals	\$	
k. Transportation.	\$	
l. Registration, license fees.	\$	
m. Gas, oil, depreciation.	\$	
n. Unspecified work expenses	\$	
o. Other (SPECIFY)	\$	

Change

G. EARNED INCOME AND WORK EXPENSES OF FIRST EARNER

1. Identification of Earner ID

2. Self-employed? Yes . . . 01 → Gross revenue per month . . . \$
 (Including roomers/ No. . . . 02 Business expenses per month . . . \$
 boarders, rentals, farm income, etc.)
 Net income. . . \$

3. Type and Amount of Monthly Gross Earnings.

Wages/salary. . \$
 Tips. \$
 Commission. . . \$
 EITC. \$
 (SPECIFY) ← Other \$

4. Status Regular full-time 01
 Regular part-time 02
 Irregular 03
 Not employed. 04

5. Hours worked Hours per month
 or, Hours per week

6. Work expenses (including child care) of first earner.

Monthly Amount

a. Child care expenses	\$	
b. Dependent care expenses	\$	
c. Federal income tax.	\$	
d. State income tax.	\$	
e. Social Security	\$	
f. Union dues.	\$	
g. Tools	\$	
h. Clothing, laundering of uniforms.	\$	
i. Parking fees, tolls	\$	
j. Meals	\$	
k. Transportation.	\$	
l. Registration, license fees.	\$	
m. Gas, oil, depreciation.	\$	
n. Unspecified work expenses	\$	
o. Other (SPECIFY)	\$	

Change

G. EARNED INCOME AND WORK EXPENSES OF THIRD EARNER

1. Identification of Earner ID

2. Self-employed? Yes . . . 01 → Gross revenue per month . . . \$
 (Including roomers/ No. . . . 02 Business expenses per month . . . \$
 boarders, rentals, farm income, etc.) Net income. . . \$

3. Type and Amount of Monthly Gross Earnings.

Wages/salary. . \$
 Tips. \$
 Commission. . . \$
 EITC. \$
 (SPECIFY) _____ + Other \$

4. Status Regular full-time 01
 Regular part-time 02
 Irregular 03
 Not employed. 04

5. Hours worked Hours per month
 or, Hours per week

6. Work expenses (including child care) of third earner.

Monthly Amount

a. Child care expenses	\$
b. Dependent care expenses	\$
c. Federal income tax.	\$
d. State income tax.	\$
e. Social Security	\$
f. Union dues.	\$
g. Tools	\$
h. Clothing, laundering of uniforms.	\$
i. Parking fees, tolls	\$
j. Meals	\$
k. Transportation.	\$
l. Registration, license fees.	\$
m. Gas, oil, depreciation.	\$
n. Unspecified work expenses	\$
o. Other (SPECIFY) _____	\$

Change

G. EARNED INCOME AND WORK EXPENSES OF THIRD EARNER

1. Identification of Earner ID

2. Self-employed? Yes . . . 01 → Gross revenue per month . . . \$
 (Including roomers/ No. . . . 02 Business expenses per month . . . \$
 boarders, rentals, farm income, etc.) Net income. . . \$

3. Type and Amount of Monthly Gross Earnings.

Wages/salary. . \$
 Tips. \$
 Commission. . . \$
 EITC. \$
 (SPECIFY) _____ + Other \$

4. Status Regular full-time 01
 Regular part-time 02
 Irregular 03
 Not employed. 04

5. Hours worked Hours per month
 or, Hours per week

6. Work expenses (including child care) of third earner.

Monthly Amount

a. Child care expenses	\$
b. Dependent care expenses	\$
c. Federal income tax.	\$
d. State income tax.	\$
e. Social Security	\$
f. Union dues.	\$
g. Tools	\$
h. Clothing, laundering of uniforms.	\$
i. Parking fees, tolls	\$
j. Meals	\$
k. Transportation.	\$
l. Registration, license fees.	\$
m. Gas, oil, depreciation.	\$
n. Unspecified work expenses	\$
o. Other (SPECIFY) _____	\$

Change

G. EARNED INCOME AND WORK EXPENSES OF SECOND EARNER

1. Identification of Earner ID

2. Self-employed? Yes . . . 01 → Gross revenue per
(Including roomers/ No. . . . 02 month \$
boarders, rentals, Business
farm income, etc.) expenses per
month \$
Net income. . . \$

3. Type and Amount of Monthly Gross Earnings.

Wages/salary. . . \$
Tips. \$
Commission. . . \$
EITC. \$
(SPECIFY) _____ + Other \$

4. Status Regular full-time 01
Regular part-time 02
Irregular 03
Not employed. 04

5. Hours worked Hours per month
or, Hours per week

6. Work expenses (including child care) of second earner.

Monthly Amount

a. Child care expenses \$
b. Dependent care expenses \$
c. Federal income tax. \$
d. State income tax. \$
e. Social Security \$
f. Union dues. \$
g. Tools \$
h. Clothing, laundering of uniforms. \$
i. Parking fees, tolls \$
j. Meals \$
k. Transportation. \$
l. Registration, license fees. \$
m. Gas, oil, depreciation. \$
n. Unspecified work expenses \$
o. Other (SPECIFY) _____ \$

Change

G. EARNED INCOME AND WORK EXPENSES OF SECOND EARNER

1. Identification of Earner ID

2. Self-employed? Yes . . . 01 → Gross revenue per
(Including roomers/ No. . . . 02 month \$
boarders, rentals, Business
farm income, etc.) expenses per
month \$
Net income. . . \$

3. Type and Amount of Monthly Gross Earnings.

Wages/salary. . . \$
Tips. \$
Commission. . . \$
EITC. \$
(SPECIFY) _____ + Other \$

4. Status Regular full-time 01
Regular part-time 02
Irregular 03
Not employed. 04

5. Hours worked Hours per month
or, Hours per week

6. Work expenses (including child care) of second earner.

Monthly Amount

a. Child care expenses \$
b. Dependent care expenses \$
c. Federal income tax. \$
d. State income tax. \$
e. Social Security \$
f. Union dues. \$
g. Tools \$
h. Clothing, laundering of uniforms. \$
i. Parking fees, tolls \$
j. Meals \$
k. Transportation. \$
l. Registration, license fees. \$
m. Gas, oil, depreciation. \$
n. Unspecified work expenses \$
o. Other (SPECIFY) _____ \$

Change

H. EARNED INCOME OF NON-ASSISTANCE UNIT MEMBERS

1. Is there a stepparent whose income is deemed available to the unit? Yes . . . 01 → Gross income/ month . . . \$ ID
 No. . . . 02
- \$75(or less) Work Expense . . . \$
- Child Support/Alimony . . . \$
- Other Deductions . . . \$
2. Is there anyone else whose income is deemed available to the unit? Yes . . . 01 → Amount available to unit No. . . . 02 \$
 If yes, explain who and why: _____

I. PAYMENT AND NEED STANDARDS/BUDGET SUMMARY

1. Applicable Payment Standard \$
2. Applicable Need Standard \$
3. Does the need standard include an additional amount for shelter and/or utilities? Yes . . . 01 → Additional Amount No. . . . 02 \$
4. Amount of Special Need Allowances Included: (Enter 0 if none allowed.) Pregnancy . . . \$
 Child Care . . . \$
 Work Expenses . . . \$
 (SPECIFY) _____ + Other . . . \$
5. 150% of Need Test Applied? Yes . . . 01 → Total income used in test. \$
 No. . . . 02
6. Total countable earned income in A.U. . . . \$
 (i.e. not disregarded or excluded; includes deemed income)
7. Total countable unearned income in A.U. . . . \$
 (i.e., not excluded; includes deemed income)

Change

H. EARNED INCOME OF NON-ASSISTANCE UNIT MEMBERS

1. Is there a stepparent whose income is deemed available to the unit? Yes . . . 01 → Gross income/ month . . . \$ ID
 No. . . . 02
- \$75(or less) Work Expenses . . . \$
- Child Support/Alimony . . . \$
- Other Deductions . . . \$
2. Is there anyone else whose income is deemed available to the unit? Yes . . . 01 → Amount available to unit No. . . . 02 \$
 If yes, explain who and why: _____

I. PAYMENT AND NEED STANDARDS/BUDGET SUMMARY

1. Applicable Payment Standard \$
2. Applicable Need Standard \$
3. Does the need standard include an additional amount for shelter and/or utilities? Yes . . . 01 → Additional Amount No. . . . 02 \$
4. Amount of Special Need Allowances Included: (Enter 0 if none allowed.) Pregnancy . . . \$
 Child Care . . . \$
 Work Expenses . . . \$
 (SPECIFY) _____ + Other . . . \$
5. 150% of Need Test Applied? Yes . . . 01 → Total income used in test. \$
 No. . . . 02
6. Total countable earned income in A.U. . . . \$
 (i.e. not disregarded or excluded; includes deemed income)
7. Total countable unearned income in A.U. . . . \$
 (i.e., not excluded; includes deemed income)

Change

J. DISREGARDS FROM EARNED INCOME

1. Amount of work expenses (including child care) disregarded for entire unit. \$

2. Was the \$30 and 1/3 disregard applied to the earned income of entire unit?

Yes . . . 01 → Amount of \$30 and	\$ <table border="1" style="display: inline-table; width: 60px; height: 20px;"></table>
No. . . . 02 1/3 disregard. .	

3. Or, was it applied to individual earners?

Yes . . . 01 → To whose income?	\$ Amount Disregarded.
No. . . . 02	

ID	<table border="1" style="display: inline-table; width: 30px; height: 20px;"></table>	.. \$	<table border="1" style="display: inline-table; width: 40px; height: 20px;"></table>
ID	<table border="1" style="display: inline-table; width: 30px; height: 20px;"></table>	.. \$	<table border="1" style="display: inline-table; width: 40px; height: 20px;"></table>
ID	<table border="1" style="display: inline-table; width: 30px; height: 20px;"></table>	.. \$	<table border="1" style="display: inline-table; width: 40px; height: 20px;"></table>

4. Was the \$30 and 1/3 not allowed for the unit or for a particular individual due to a penalty?

Explain _____ + Yes . . . 01

_____ No. . . . 02

5. Were other earnings disregarded for reasons other than work expenses?

Yes . . . 01 →	<u>Type</u>	<u>Amount</u>
No. . . . 02		

Student earnings . \$	<table border="1" style="display: inline-table; width: 40px; height: 20px;"></table>
\$30 WIN incentive. \$	<table border="1" style="display: inline-table; width: 40px; height: 20px;"></table>
(SPECIFY) _____ + Other. \$	<table border="1" style="display: inline-table; width: 40px; height: 20px;"></table>
(SPECIFY) _____ + Other. \$	<table border="1" style="display: inline-table; width: 40px; height: 20px;"></table>
(SPECIFY) _____ + Other. \$	<table border="1" style="display: inline-table; width: 40px; height: 20px;"></table>

Change

J. DISREGARDS FROM EARNED INCOME

1. Amount of work expenses (including child care) disregarded for entire unit. \$

2. Was the \$30 and 1/3 disregard applied to the earned income of entire unit?

Yes . . . 01 → Amount of \$30 and	\$ <table border="1" style="display: inline-table; width: 60px; height: 20px;"></table>
No. . . . 02 1/3 disregard. .	

3. Or, was it applied to individual earners?

Yes . . . 01 → To whose income?	\$ Amount Disregarded.
No. . . . 02	

ID	<table border="1" style="display: inline-table; width: 30px; height: 20px;"></table>	.. \$	<table border="1" style="display: inline-table; width: 40px; height: 20px;"></table>
ID	<table border="1" style="display: inline-table; width: 30px; height: 20px;"></table>	.. \$	<table border="1" style="display: inline-table; width: 40px; height: 20px;"></table>
ID	<table border="1" style="display: inline-table; width: 30px; height: 20px;"></table>	.. \$	<table border="1" style="display: inline-table; width: 40px; height: 20px;"></table>

4. Was the \$30 and 1/3 not allowed for the unit or for a particular individual due to a penalty?

Explain _____ + Yes . . . 01

_____ No. . . . 02

5. Were other earnings disregarded for reasons other than work expenses?

Yes . . . 01 →	<u>Type</u>	<u>Amount</u>
No. . . . 02		

Student earnings . \$	<table border="1" style="display: inline-table; width: 40px; height: 20px;"></table>
\$30 WIN incentive. \$	<table border="1" style="display: inline-table; width: 40px; height: 20px;"></table>
(SPECIFY) _____ + Other. \$	<table border="1" style="display: inline-table; width: 40px; height: 20px;"></table>
(SPECIFY) _____ + Other. \$	<table border="1" style="display: inline-table; width: 40px; height: 20px;"></table>
(SPECIFY) _____ + Other. \$	<table border="1" style="display: inline-table; width: 40px; height: 20px;"></table>

APPENDIX A.2
TELEPHONE SURVEY QUESTIONNAIRE

A. ASSIGNMENT INFORMATION			
ID NUMBER	CARETAKER RELATIVE NAME (FIRST, MIDDLE, LAST)		
STREET ADDRESS		APT. NO.	
CITY	COUNTY	STATE	ZIP
CARETAKER PHONE () No phone 00	OTHER PHONE () None given 00	IF OTHER PHONE, NAME:	
CARETAKER BIRTHDATE Month Day Year	NAME OF OTHER CONTACT	OTHER CONTACT TELEPHONE: ()	
DATE OF AFDC TERMINATION Month Year (Last month a check was received.)			

B. INTRODUCTION

Hello. May I speak to (CARETAKER)?

- IF CARETAKER IS AVAILABLE, GO TO SECTION C.
- IF CARETAKER IS NOT AT HOME, SCHEDULE CALL-BACK.
- IF CARETAKER DOES NOT LIVE AT THIS NUMBER, CONTINUE BELOW.

I am trying to locate (CARETAKER), who has or used to have this telephone number. Do you know how I can get in touch with (CARETAKER)?

- IF YES, CORRECT OR ENTER NEW PHONE NUMBER AND ADDRESS IN SECTION A.
- IF NO, BEGIN TRACING CARETAKER.

C. SCREENING QUESTIONS

I am calling from the Research Triangle Institute. We recently sent you a letter about a study we are doing for the Social Security Administration. We are talking to people like you who used to receive welfare payments under the AFDC (Aid to Families with Dependent Children) program.

Do you remember getting a letter about this study?

Yes. 01
No 02 (READ STATEMENT.)

Do you have any questions about this study before we go on?

Yes 01 (READ STATEMENT.)
No. 02

The purpose of this study is to collect information from people who have received AFDC benefits. The information will help the Social Security Administration better understand the effects of changes in the AFDC program.

Your participation in this study is voluntary, but it is important that we talk to each person who has been selected. Your answers will be kept confidential and will be used only for purposes of this research study. If you don't have any questions I'll begin.

1. Our records show that you stopped getting AFDC in (MONTH/YEAR). Why did you stop getting AFDC then?

--	--	--

POSTCODE

2. Have you reapplied for AFDC since then?

Yes 01
No. 02 (SECTION D.)

3. Are you now receiving AFDC?

Yes 01
No. 02 (SECTION D.)

4. How much do you now receive per month from AFDC?

\$

--	--	--

5. When did you begin receiving an AFDC check again?

--	--

Month

--	--

Year

→ (SECTION D.)

D. PAST AFDC HISTORY AND CURRENT CARETAKER STATUS

1. In what year did you first get a welfare (AFDC) check?

19

--	--

2. Since then, in how many of those years have you received welfare?

--	--

3. What have you done to make up for the welfare benefits lost in (MONTH/YEAR)?

--	--

POSTCODE

4. Now I have some questions about your current sources of income. Are you now working for pay at a full- or part-time job?

Yes 01
No 02 (Q. 9.)

5. How many different jobs do you now have?

--

 Jobs

6. How many hours per week do you usually work at your (first/second/etc.) job?

--	--

 Hours for first job

--	--

 Hours for second job

--	--

 Hours for third job

--	--

 Total hours for all other jobs

7. Not counting tips, commissions, or bonuses, how much per hour, before taxes, are you paid at your (first/second/etc.) job?

\$. Hourly wage for first job

\$. Hourly wage for second job

\$. Hourly wage for third job

\$. Average hourly wage for all other jobs

8. How much, if anything, do you earn at your job(s) per week in tips, commissions, and bonuses?

\$ Tips, etc.

None. 00

9. During the past month, have you or anyone who lives with you received any income from...

	<u>Yes</u>	<u>No</u>	ASK FOR EACH SOURCE CODED "YES": What was the amount of that [check/payment]?
A. Social Security retirement or survivors benefits?	01	02	\$
B. Social Security disability benefits (blue/green checks)?	01	02	\$
C. SSI-Supplemental Security income (gold checks)?	01	02	\$
D. General Assistance (or General Relief)	01	02	\$
E. Any type of VA or Veterans benefits?	01	02	\$
F. Unemployment benefits?	01	02	\$
G. Workman's Compensation?	01	02	\$
H. Any pensions or (other) retirement benefits?	01	02	\$

I. Child support? 01 . . 02 \$

J. Alimony? 01 . . 02 \$

K. Roomers or boarders? . . 01 . . 02 \$

L. Any other source? 01 . . 02

(1) _____ \$

(2) _____ \$

(3) _____ \$

10. Does anyone who lives with you work for pay at a full- or part-time job?

Yes 01
 No. 02 (Q. 14.)

11 How many of the people who live with you work either full-time or part-time?

☐ Wage earners

12. During the past month, have you or anyone who lives with you received any food stamps?

Yes 01
 No. 02 (Q. 14.)

13. What was the value of all food stamps received last month?

\$ Food stamp value

14. Are you now covered by [Medicaid/STATE NAME FOR MEDICAID]?

Yes 01
 No. 02
 Don't know. 03

15. Are you covered by any (other) health insurance plan that would pay any of your doctor or hospital bills?

Yes 01
 No. 02
 Don't know. 03

16. Do you live in public housing or get any help from the government in paying your rent or mortgage?

Yes 01
No. 02

17. I have some questions about the people who live in your house or apartment. Not counting yourself, how many people including children and babies are now living in your house or apartment?

18. Not counting yourself, how many people who live in your house or apartment are 18 years old or older?

19. How many of your children live with you now? (Include natural and adopted children.)

Children

None. 00 (CHECKPOINT.)

20. How old is your youngest child?

Months

OR

Years

CHECKPOINT

CHECK Q. 4. IS R NOW WORKING?

☐

YES

☐

R HAS CHILD(REN) LIVING WITH HER. → Q. 21.

☐

R DOES NOT HAVE CHILD LIVING WITH HER. → Q. 25.

☐

NO → Q. 25.

21. Do you have to make arrangements for someone to take care of your child(ren) while you work?

Yes 01
No. 02 (Q. 25.)

22. Do you usually have to pay someone to take care of your child(ren) while you work?

Yes 01
No. 02 (Q. 24.)

23. How much do you pay per week for child care while you work?

\$ Child care expense per week
None. 00

24. Who usually takes care of your child(ren) while you work?

(CIRCLE ALL THAT APPLY.)

Relative. 01
Friend/neighbor 02
Day care center 03
Nursery/preschool 04
Babysitter. 05

25. Within the past month or so, have any relatives or friends given you any food or money (not including child support or alimony) to help out with your living expenses?

Yes 01
No. 02

26. During the past month or so, have you received any help, such as food, money, or clothes, from a private charitable organization such as a church, community group, club, or other organization?

Yes 01
No. 02

27. What is the highest grade or year of school that you have completed?

(CIRCLE ONE.)

Elementary 01 02 03 04 05 06 07 08
High School 09 10 11 12
College 13 14 15 16 17+

28. Are you presently married, widowed, divorced, separated, or have you never been married?

Married 01
Widowed 02
Divorced. 03
Separated 04
Never married 05

Thank you very much for your time and cooperation.

RESPONDENT LOCATION CODE

Residing at same address as indicated in case record	01
Residing in same county as indicated in case record.	02
Residing in same state but different county.	03
Residing in another state.	04
Unable to determine.	05

INTERVIEW RESULT CODE

Interview completed.	01
Breakoff	02
Refusal.	03
Unable to contact.	04

APPENDIX A.3
SAMPLE DESIGN AND SELECTION

1. Target Populations

There are two target populations, or populations of inferential interest, for this study -- (1) AFDC cases active in September 1980 and (2) AFDC cases active in September 1981. An objective of the study is estimation of parameters (e.g., totals, means, proportions, ratios) for each of these two populations. It is also of interest to make inferences about the differences between the two groups.

Within each of the two time periods, the target population consists of all active AFDC cases in the conterminous United States; it does not include cases in Alaska, Hawaii, or U.S. possessions. Additionally, AFDC-UP (Unemployed Parent) and AFDC-FC (foster care) cases are not included in the study population.

2. Overview of the Sample Design

The sample design is a three stage, stratified design, and the third stage of sampling consists of two phases. First stage sampling units are counties, second stage units are offices within counties, and third stage units are cases (i.e., assistance units). Third stage samples of cases are selected independently for the two study periods - September 1980 and September 1981. The sample design is probability-based and allows statistically valid inferences to be made from the samples to the target populations (Cochran, 1977).

The first stage sampling frame consists of all counties in the conterminous United States. A sample of 40 counties was selected from the first stage frame using Chromy's method of sequential selection. Implicit stratification of the sampling frame was provided by a hierarchical serpentine ordering according to three variables -- payment standard

category, geographical region, and estimated AFDC-Basic caseload. Counties were selected with probability proportional to size and with minimum replacement. Estimated AFDC-Basic caseload was used as the size measure.

The second stage sampling frame consists of all AFDC offices in the first stage sample of counties. Many of the counties contain only one office, and so there was no subsampling of offices. Counties with multiple offices were subsampled when it was feasible and cost effective to do so. Within such counties, the sampling frame of offices was implicitly stratified by ordering according to AFDC-Basic caseload. A higher level of office ordering according to region or ethnic composition was imposed for counties where this information was available. Offices were selected with probability proportional to size, using AFDC-Basic caseload as the size measure, and with minimum replacement.

A third stage sample of cases was selected independently for each of the two study periods. The desired sample sizes were 660 cases for September 1980 and 1100 cases for September 1981. Because AFDC cases with earned income constitute a major subpopulation of interest to the study, this subpopulation was over-sampled; that is, it was required that the proportion of earners in the sample be higher than the proportion of earners in the population. This was accomplished by selecting the third stage sample in two phases. For each study period, the first phase sampling frame consists of all active AFDC-Basic cases in the second stage sample of offices (or counties, where offices were not subsampled). Within offices (or counties), cases were selected by random systematic sampling. Each case selected was then classified as an earner or non-earner. The second phase sampling frame consists of this first phase sample of cases, stratified by earnings status (earner/

non-earner). Within office (or county) and earner/non-earner stratum, the required number of cases was selected for abstraction with equal probability and without replacement. The allocation of the total earner and non-earner sample sizes among offices (and counties) was directed towards achieving self-weighting samples within these two groups.

3. First Stage Sample

The first stage sampling frame, or list of first stage units in the target population, consists of all counties in the conterminous United States. A sample of 40 counties was selected from the first stage frame using Chromy's method of sequential selection (Chromy, 1979; Williams and Chromy, 1980). Chromy's method utilizes a combination of stratification and ordering within strata. Units are selected with probability proportional to size and with minimum replacement.

Implicit stratification of the sampling frame (list of counties) was provided by a hierarchic serpentine ordering (see Williams and Chromy (1980)) according to three variables -- payment standard category, geographical region, and estimated AFDC-Basic caseload. Construction of these variables is described below.

The purpose of stratification is to control the distribution of the sample. In general, stratified designs afford a greater degree of assurance than is possible with unstratified designs that the range of response values existing in the population is included in the sample. There are several reasons for which control of the distribution of the sample may be needed. One reason involves decreasing the variances, or improving the precision, of the sample estimates. Towards this goal, stratification variables suspected to be related to the response variables are chosen; that is, strata are formed to reflect anticipated

differences in the response variables. Another reason for controlling by stratification is to facilitate estimation for subpopulations of interest. Stratification may also be needed to control the distribution of the sample in such a way as to assure data users that primary groups in the target population are adequately represented. This can be important, even though separate estimates for these groups may not be needed, and differences (with respect to the response variables) among these groups may not be suspected. Several of the other reasons for stratification (e.g., to reflect differences in data collection costs and permit allocation of the sample to minimize costs subject to variance constraints) were not involved in the design of this survey.

Payment standard category was the first (i.e., highest level) stratification variable used in ordering the counties on the sampling frame. The three payment standard categories -- low, medium, and high -- are displayed in Table 1. States, and the counties therein, were assigned to categories based on the amount of State assistance payment to a family of two persons with no income as of October 1, 1980 (USDHHS, 1981). Categories were constructed so that each category would contain an approximately equal number of AFDC-Basic cases.

Within payment standard categories, counties on the first stage frame were ordered according to geographical region. The four geographical regions -- North East, North Central, South, and West -- are shown in Table 2. These regions were formed by combining Standard Federal Regions and are roughly equivalent, but not identical, to the four Census Regions. Within payment standard category and geographical region, counties on the frame were ordered by estimated AFDC-Basic caseload, described below.

Table 1. Payment Standard Categories

Payment Standard Category (Code)	Amount of State Assistance Payment to a Family of 2 Persons with No Income (October 1, 1980) ^{1/}	States
Low (1)	Less than \$214	Mississippi Texas Alabama Tennessee South Carolina Louisiana Arkansas Georgia Florida Arizona Kentucky West Virginia North Carolina New Mexico Virginia Montana Indiana Delaware Missouri Maine Maryland Nevada
Medium (2)	Between \$214 and \$323	Ohio Oklahoma Idaho District of Columbia Illinois Colorado Kansas Utah North Dakota Nebraska New Jersey Pennsylvania Rhode Island South Dakota Wyoming Oregon Iowa New Hampshire Massachusetts

Table 1. Payment Standard Categories (continued)

Payment Standard Category (Code)	Amount of State Assistance Payment to a Family of 2 Persons with No Income (October 1, 1980) ^{1/}	States
High (3)	Greater than \$323	Connecticut New York Washington Minnesota Michigan Wisconsin California Vermont

^{1/} USDHHS. 1981. Office of Family Assistance, Social Security Administration, U.S. Department of Health and Human Services. Characteristics of State Plans for Aid to Families with Dependent Children under the Social Security Act Title IV-A. Need Eligibility Administration. SSA Pub. No. 80-21235.

Table 2. Geographical Regions

Geographical Region	Standard Federal Regions	States
North East (1)	1	Maine
		New Hampshire
		Vermont
		Massachusetts
		Connecticut
	2	Rhode Island
		New York
	3	New Jersey
		Pennsylvania
		Delaware
		Maryland
		District of Columbia
		West Virginia
		Virginia
North Central (2)	5	Ohio
		Indiana
		Michigan
		Illinois
		Wisconsin
		Minnesota
	7	Iowa
		Missouri
		Nebraska
South (3)	4	Kansas
		North Carolina
		South Carolina
		Kentucky
		Tennessee
		Georgia
		Florida
		Alabama
	6	Mississippi
		Arkansas
		Louisiana
		Oklahoma
		Texas
		New Mexico
West (4)	8	North Dakota
		South Dakota
		Montana
		Wyoming
		Colorado
		Utah

Table 2. Geographical Regions (continued)

Geographical Region	Standard Federal Regions	States
West (4) (continued)	9	Arizona Nevada
	10	California Idaho Oregon Washington

Counties were selected from the frame with probability proportional to size, using estimated AFDC-Basic caseload as the size measure. County-level AFDC caseloads (including AFDC-Basic, Unemployed Parent, and foster care cases) for February 1980 are given in the SSA Office of Research and Statistics publication Public Assistance Recipients and Cash Payments by State and County - February 1980 (1980). A computer tape containing this information was provided to RTI by the Office of Family Assistance (OFA). Since the study population includes only AFDC-Basic cases, it was desired to use AFDC-Basic caseload as the size measure; however, this information was not available at the county level. OFA provided the distribution of State AFDC caseloads (for February 1980) among AFDC-Basic, Unemployed Parent, and foster care caseloads. The proportion of the total AFDC caseload consisting of AFDC-Basic cases was computed for each State. The county-level AFDC caseload was then multiplied by the corresponding State-level AFDC-Basic proportion to construct the size measure.

The first stage sample of 40 counties is listed in Table 3. For each of the sample counties, Table 3 gives the payment standard category, geographical region, and estimated AFDC-Basic caseload.

As mentioned above, counties were selected with probability proportional to size and with minimum replacement. Under minimum replacement selection, units of large enough size will be included in the sample with certainty and may be selected more than once. To select the first stage sample of counties, 44 selections (or hits) were used. Any county with size (i.e., AFDC-Basic caseload) of at least $1/44$ the total size for the sampling frame was included with certainty. There were five such counties (the last five counties listed in Table 3), and three of

Table 3. First Stage Sample

County	Payment Standard Category ¹ /	Geographical Region ² /	Estimated AFDC- Basic Caseload (February 1980) ³ /
Calvert, MD	1	1	566
Norfolk, VA	1	1	7,195
Baltimore City, MD	1	1	44,606
Jackson, MO	1	2	10,201
Hardin, TN	1	3	223
Meriwether, GA	1	3	401
Gregg, TX	1	3	628
Iredell, NC	1	3	653
San Juan, NM	1	3	1,046
Rapides, LA	1	3	1,620
Washington, MS	1	3	2,760
Richland, SC	1	3	4,194
Dade, FL	1	3	13,689
Orleans, LA	1	3	17,690
Sioux, ND	2	4	121
Comanche, OK	2	3	1,215
Morgan, IL	2	2	387
Pottawattamie, IA	2	2	1,834
Madison, IL	2	2	4,070
Montgomery, OH	2	2	10,540
Suffolk, MA	2	1	27,684
Essex, MA	2	1	14,780
Worcester, MA	2	1	13,180
Passaic, NJ	2	1	11,603
Bucks, PA	2	1	4,253
Washington, VT	3	1	646
Rockland, NY	3	1	1,963
New Haven, CT	3	1	12,877
Ingham, MI	3	2	5,647
Kenosha, WI	3	2	2,058
Iosco, MI	3	2	477
Snohomish, WA	3	4	3,486
Tulare, CA	3	4	6,956
Fresno, CA	3	4	12,185
San Diego, CA	3	4	29,323
Wayne, MI ⁴ / (1)	3	2	83,589
New York City, NY ⁴ / (3)	3	1	233,002
Philadelphia, PA ⁴ / (1)	2	1	80,304
Cook, IL ⁴ / (2)	2	2	138,786
Los Angeles, CA ⁴ / (2)	3	4	159,182

Table 3. First Stage Sample (continued)

- ^{1/} Payment Standard Category: 1 = Low (Less than \$214), 2 = Medium (Between \$214 and \$323), 3 = High (Greater than \$323). Based on amount of State assistance payment to a family of 2 persons with no income (October 1, 1980). See Table 1.
- ^{2/} Geographical Region: 1 = North East, 2 = North Central, 3 = South, 4 = West. See Table 2.
- ^{3/} County-level AFDC caseloads for February 1980 from (USDHHS, 1980). Adjusted to estimate county-level AFDC-Basic caseloads, using State-level data provided by OFA.
- ^{4/} Included in the first stage sample with certainty. The number of selections (or hits) is given in parentheses.

those counties were selected more than once. Multiple selections of the same county are treated as separate units in the first stage sample for the purposes of lower-stage sample allocation, construction of sampling weights, and statistical analysis.

4. Second Stage Sample

The second stage sampling frame consists of all AFDC offices in the first stage sample of counties. Within each of the counties (or first stage selections) listed in Table 4, offices were selected with probability proportional to size and with minimum replacement. (All offices in the remaining sample counties were included in the second stage sample, as discussed below.) The size measure was the office AFDC-Basic caseload. The lists of offices and corresponding caseloads were obtained by telephone from AFDC personnel in the sample counties. Implicit stratification of the frame was provided by ordering each county's offices according to caseload. Additionally, a higher level of office ordering according to region (location) or ethnic composition was imposed for counties where this information was available.

Many of the first stage sample counties contain only one AFDC office, and so there was no subsampling of offices within these counties. For counties with multiple offices, the decision on whether or not to subsample offices was based on the following factors: (1) the availability of (or feasibility of constructing) case lists by office and (2) the extent to which limiting field operations to a subsample of offices would reduce survey costs. Information on the county/office case record systems needed to assess these factors was obtained during initial telephone contacts with AFDC personnel in the sample counties. Subsampling of offices was conducted in eight of the 40 sample counties (11 of

Table 4. First Stage Sample Counties Where a Subsample
of Offices Was Selected

County	Number of Offices Selected
Baltimore City, MD	4
Dade, FL	3
Suffolk, MA	4
Essex, MA	3
Worcester, MA	2
New Haven, CT	1
New York City, NY ^{1/} (3)	6 ^{2/}
Cook, IL ^{1/} (2)	4 ^{2/}

^{1/} More than one selection (or hit) in the first stage sample. The number of selections is given in parentheses.

^{2/} Two offices per first stage selection.

the 44 first stage selections). These eight counties are listed in Table 4.

The number of offices selected within a first stage selection ranged from one to four (Table 4). The number of offices to select was determined by considering the mutually conflicting cost and estimation precision implications. It was expected that reducing the number of offices in the sample would reduce the survey costs. However, such a reduction would likely be accompanied by a loss in estimation precision, due to a tendency for cases within the same office to be more similar than cases from different offices (clustering effect).

5. Third Stage Sample

A third stage sample of cases was selected independently for each of the two study periods -- September 1980 and September 1981. Because AFDC cases with earned income constitute a major subpopulation of interest to this study, the distribution of the sample was controlled with respect to earnings status. The desired number of cases in the third stage sample, by study period and earnings status, is shown in Table 5.

To ensure adequate estimation precision for the subpopulation of AFDC cases with earned income, it was desired that 67% (440/660) of the 1980 sample be earners and 80% (880/1100) of the 1981 sample be earners. Based on AFDC recipient studies, it was thought that approximately 15% of all AFDC cases were earners. Thus it was required to over-sample earners; that is, it was required that the proportion of earners in the sample be higher than the proportion of earners in the population. This was accomplished by selecting the third stage sample of cases in two phases. A first phase sample of cases was selected for screening. Screening involved classifying each case as an earner or a non-earner.

Table 5. Desired Case Record Sample Size, by
Study Period and Earnings Status

	September 1980	September 1981	Total
Earners ^{1/}	440	880	1320
Non-earners	<u>220</u>	<u>220</u>	<u>440</u>
Total	660	1100	1760

^{1/} An earner was defined as a case having earned income in the study period or any of the five preceding months.

Then a second phase sample was selected for case record abstraction, sampling the earner and non-earner strata at different rates to obtain the desired sample sizes.

5.1 First Phase Sample

For each study period, the first phase sampling frame consists of all active AFDC-Basic cases in the second stage sample of offices (or counties, where offices were not subsampled). Case lists were provided to field personnel by local AFDC offices. Within offices, or counties, cases were selected by random systematic sampling (selection with equal probability and without replacement). Selection was conducted in the field, using pre-determined sampling rates and random starts. (At this point, any selected cases found to be ineligible -- not AFDC-Basic cases active during the study period -- were deleted from the sample. For example, some case lists included AFDC-UP cases, and such cases are not eligible for this study.) Each case selected in the first phase, or screening, sample was then identified as an earner or a non-earner. For the purposes of this study, an earner was defined as a case having earned income in the study period or any of the five preceding months.

The sampling rate used to select the first phase sample within an office (or county) was developed to give a large enough sample so that the number of earners needed for the second phase sample (case record abstraction) could be identified. Along with this objective, it was also desired that the sampling rate not be so high as to identify substantially more earners than needed, because the screening procedure (pulling the case record, classifying the case as an earner or non-earner) was time-consuming for field personnel and a burden on the local AFDC office. The sampling rate for an office (or county) was based on the following

factors for that unit: (1) AFDC-Basic caseload, (2) proportion of that caseload expected to be earners, and (3) desired number of earners^{1/} in the second phase sample. Estimation of AFDC-Basic caseloads for counties is described in Section 3 of this appendix. When needed at the office level, caseloads were obtained from local AFDC personnel, as discussed in Section 4. The second factor needed to develop sampling rates, proportion of the caseload expected to be earners, was not available at the county level. For sample offices and counties, estimates of this proportion for the corresponding State were used. OFA provided 1980 State-level estimates based on Quality Control sample data. These were estimates of the proportion of the AFDC caseload with earnings in a given month, as opposed to the proportion with earnings in at least one month of a six-month time period (i.e., the proportion of earners as defined for this study). Towards compensating for this, these estimates were adjusted upwards by 15% to use as factor (2) above in developing sampling rates. Factor (3), the desired number of earners in the second phase sample, is discussed in the following section.

As an example of calculating the sampling rate for an office, suppose the AFDC-Basic caseload is 1,000, the proportion of earners is expected to be 20%, and the desired number of earners in the second phase (final) sample is 20. It follows that the expected number of earners in the office is $1,000 \times 20\% = 200$. The expected number of earners in the sample would be 20, using a sampling rate of $20/200 =$

^{1/} The desired earner sample size, as opposed to the desired non-earner sample size, is a limiting factor in determining the required sampling rate. Because the desired earner sample sizes exceed the non-earner sample sizes, while non-earners compose a larger proportion of the population, identifying enough earners assures that enough non-earners will also be identified.

1/10. In actual practice, the sampling rates were adjusted upwards to account for the following: (1) the proportion of earners in the office (or county) may be lower than the State-level estimate of the proportion of earners, and (2) the proportion of earners in the first phase sample may be lower than the proportion for the entire office (or county).

As described above, sampling rates were developed prior to field visits, based on the available information. These rates were altered during field work whenever substantial departures from the desired sample sizes were observed. When the size of the first phase sample (number of cases to be screened) for an office was substantially greater than expected, a subsample of those cases was selected for screening. This reduced the time and cost of field work, as well as the burden to the local AFDC office, while still giving the desired final stage sample size of earners. On the other hand, when substantially fewer earners than expected were identified during screening, the sampling rate could be increased (additional screening) to obtain more earners. This flexibility was not frequently needed, but it was useful when actual field conditions were found to differ from the available prior information.

In most of the sample offices and counties, the second phase sampling procedure described above -- field personnel selecting random systematic samples from the case lists according to pre-determined sampling rates -- was followed. There were some departures from this procedure, implemented to more efficiently use alternate local systems of maintaining case lists. In two counties, case lists were available on microfiche. A multi-stage sampling procedure was used, randomly selecting microfiche cards, then pages within cards, and entries (cases) within pages. In a few counties, case lists were available on computer access-

ible data files, and local AFDC personnel selected the first phase samples using SPSS (and the sampling rates and random starts provided by RTI).

5.2 Second Phase Sample

The second phase sampling frame consists of all first phase sample cases that were screened. The second phase frame was stratified according to earnings status (earner/non-earner), using the classification generated by screening. Within office (or county) and earner/non-earner stratum, the required number of cases was selected with equal probability and without replacement. Case records were then abstracted for this second phase sample of cases.

From Table 5, it can be seen that the average desired non-earner sample size per first stage selection (referred to as a county, hereinafter) was $220/44 = 5$ cases for each study period. The average desired earner sample size was $440/44 = 10$ cases per county for September 1980 and $880/44 = 20$ cases per county for September 1981. The actual allocation of the total earner and non-earner sample sizes among counties and offices was directed towards achieving self-weighting samples for earners and non-earners.^{1/} For each study period, the total desired earner (non-earner) sample size was allocated among counties in proportion to the expected percentage of earners (non-earners) in the county. This allocation was subject to the restriction that the 1980 earner sample size not exceed 15 in any one county and the 1981 earner sample size not

^{1/} Note that true self-weighting samples do not actually result, although the extent of unequal weighting (and the corresponding variance inflation) are kept fairly low. True self-weighting samples are not achieved due to imperfect size measures, nonresponse, and the cluster size restriction. Thus sampling weights must be used in constructing estimates from the data.

exceed 30 in any county. These restrictions were imposed to limit the clustering effect, or the reduction in estimation precision due to the tendency for cases from the same county to be more similar than cases from different counties. Within counties, the earner and non-earner sample sizes were allocated approximately equally among offices.

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APPENDIX A.4
SAMPLING WEIGHTS

1. Introduction

Statistical analysis of the data from this study involves estimation of parameters for the target population and testing hypotheses about these parameters. Parameters of interest include totals, means, proportions, and other ratios. Because the sample cases were not selected with equal probabilities, sampling weights must be used in the analysis to construct parameter estimates that are free from selection bias. The sampling weights, together with the structure of the sample design, must also be used to calculate appropriate measures of estimation precision.

Sampling weights are derived from the probability framework of the sample design, described in Chapter 2 and Appendix A.1. In summary, the sample design for this survey is a three stage, stratified design, and the third stage of sampling consists of two phases. First stage sampling units are counties, second stage units are offices within counties, and third stage units are cases (or assistance units). The selection of offices within counties was not required in all counties. At the third stage of sampling, a first phase sample of case records was selected for screening. Following screening and stratification according to earner/non-earner status, a second phase sample of cases was selected from the screening sample for record abstraction. In some situations, there was no further sampling of the earners identified in screening.

Within the first stage sample of 40 counties, two separate case record samples were selected - a sample of cases active in September 1980 and a sample of cases active in September 1981. These two samples provide inferences for the population of all AFDC cases active in September 1980 and the population of all AFDC cases active in September 1981, respectively.

2. Weight Construction

The sampling weight for a case, or assistance unit, is the product of weight components corresponding to each stage or phase of the design. Additionally, components to adjust for nonresponse at certain stages or phases of the design are included. The weight component for a sampling unit at a given stage of sampling is the inverse of the expected frequency of inclusion for the unit, conditional on the sample sizes used and on the previous stage of sampling. The expected frequencies of inclusion for sampling units at each stage of the design are known, based on the probability structure of the sample design. Calculation of the weight component for each stage is described below.

In the first stage of sampling, counties were selected with probability proportional to size and with minimum replacement, using Chromy's method. An estimate of the county's 1980 monthly AFDC caseload was used as a measure of size. The first stage weight component for county i of stratum^{1/} h is calculated as

$$w(hi) = \frac{S(h)}{n(h) S(hi)}, \quad (1)$$

where $n(h)$ = number of county selections, or hits, in stratum h ,

$S(hi)$ = estimated 1980 monthly AFDC caseload for county i of stratum h ,

and $S(h) = \sum_{i \in h} S(hi)$.

In the second stage of sampling, offices were selected from counties with probability proportional to size and with minimum replacement. An

^{1/} Only two first stage strata were included in this design -- a stratum containing the counties to be selected with certainty, and a stratum containing the remaining counties. This stratification was a device to ensure that the first stage sample consisted of exactly 40 distinct counties. As described in Chapter 2 and Appendix A.1 implicit stratification of the first stage frame was provided by hierarchic serpentine ordering according to three variables.

estimate of the office's 1980 monthly AFDC caseload was used as the measure of size. The second stage weight component for office j in county i of stratum h is calculated as

$$w(j!hi) = \frac{S(hi)}{n(hi) S(hij)} , \quad (2)$$

where $n(hi)$ = number of office selections, or hits, in county i of stratum h ,

and $S(hij)$ = estimated 1980 AFDC monthly caseload for office j in county i of stratum h .

As mentioned in the preceding section, the selection of offices within counties was not required in all counties. For sample counties where there was no sampling of offices, the second stage weight component is equal to one.

Third stage samples of cases were selected independently for the two study periods -- September 1980 and September 1981. In the first phase of third stage sampling, cases were selected with equal probability within offices (or counties, where offices were not subsampled). The corresponding weight component for case k (selected from the list of cases active in September 1980) from office j , county i , stratum h is

$$w_0(k_{1980}!hij) = \frac{1}{r_{1980}(hij)} , \quad (3)$$

where $r_{1980}(hij)$ = September 1980 screening rate for office j in county i of stratum h .

The first phase weight component for case k (from office j , county i , stratum h) in the September 1981 sample is

$$w_1(k_{1981}!hij) = \frac{1}{r_{1981}(hij)} , \quad (4)$$

where $r_{1981}(hij)$ = September 1981 screening rate for office j in county i of stratum h .

Following screening and stratification of the first phase sample of cases according to earner/non-earner status, the second phase sample of

cases was selected with equal probability within office (or county) and earner/non-earner stratum. The second phase weight component can be expressed as

$$w_2(k_{E,1980}^{hij}) = \frac{N_{E,1980}(hij)}{n_{E,1980}(hij)} \quad (5)$$

for earners in the 1980 sample, where

$N_{E,1980}(hij)$ = number of (responding) earners in the September 1980 first phase sample (screening), from office j in county i of stratum h ,

and $n_{E,1980}(hij)$ = number of earners in the September 1980 second phase sample (record abstraction), from office j in county i of stratum h .

Similar expressions can be written for the second phase weight components for earners in the 1981 sample and non-earners in the 1980 and 1981 samples. As mentioned previously, in some situations case records were abstracted for all earners identified in screening. For these situations the second phase weight component is equal to one.

The sampling weight for a case, unadjusted for nonresponse, is the product of the four weight components described above. Towards compensating for nonresponse, adjustment components are computed for stages or phases where there is nonresponse, as discussed in the following section. The unadjusted sampling weight is multiplied by the nonresponse adjustment components to form the (adjusted) sampling weight.

3. Nonresponse Adjustments

No nonresponse occurred at the county or office stage of sampling; i.e., all selected counties and offices participated in the study. Therefore, no nonresponse adjustment components are needed for the first two stages of sampling.

Nonresponse did occur at the first phase of third stage sampling, when case records selected for screening were not available. Records were not available for many reasons, and some of the reasons most frequently noted by field personnel are the following: (1) records were out of the office for the QC sample or a fraud investigation; (2) since the study period, the assistance unit had transferred to another county and no records had been retained; and (3) records were lost.

The nonresponse adjustment component for the first phase of third stage sampling was computed at the office, or second stage unit, level. The component equals the ratio of the total number of cases in the first phase sample to the number of responding cases (i.e., cases available for screening). This adjustment has the effect of substituting the office level average obtained for the missing values in the same office. For the September 1980 sample, the nonresponse adjustment components for the first phase of third stage sampling range from 1.00 (no nonresponse) to 1.81 (45% nonresponse within an office). The adjustment components are below 1.20 (less than 20% nonresponse) for approximately 75% of the sample offices (or counties, where offices were not subsampled). For the September 1981 sample, the adjustment components range from 1.00 (no nonresponse) to 1.72 (42% nonresponse within an office). The adjustment components are below 1.20 for approximately 85% of the offices (or counties) in the sample.

Nonresponse also occurred, although very infrequently, at the second phase of third stage sampling, when a case record selected for abstraction could not be abstracted. The adjustment component for this phase of sampling was computed at the level of earner/non-earner stratum within office. It equals the number of earner (or non-earner) cases

selected in the second phase sample for record abstraction to the number of earner (or non-earner) cases actually abstracted.

The type of nonresponse addressed above (i.e., nonresponse occurring when the selected case record is not abstracted) is referred to as whole unit nonresponse. It occurred infrequently at the final phase of sampling, as case records available for screening (first phase sample) were usually also available for abstraction (second phase sample). However, item nonresponse -- missing information for some items on an otherwise completed abstraction form -- did occur more often. The procedures employed to compensate for item nonresponse are described in the next section.

4. Compensation for Item Nonresponse

Compensation for item nonresponse was performed on an analysis-specific basis following the weighting class nonresponse adjustment procedure described by Chapman (Chapman, 1976) and Whitmore (Whitmore, 1981). That is, for each analysis (such as a monthly profile of earners), cases were excluded that had data missing for one or more data variables used in the analysis. The weights for cases with data were compensated for these exclusions by the weighting class nonresponse adjustment procedure. This strategy maximized the number of cases that could be used in each analysis without requiring the more time-consuming approach of imputing data for individual cases. Under certain assumptions related to the probability that a case had data, an estimated mean based on weighting class adjusted weights would be reasonably unbiased for the population mean over repeated samples.

The weighting class nonresponse adjustment procedure required the identification of classes constructed based on information available for

all cases. These classes are then defined with consideration for the within-class missing data rate, the expected sample estimate in each class, and the number of cases in a class. For each study period (1980 and 1981) and earner status stratum (earner vs. non-earner), six weighting classes were developed. The classes were State groupings defined by a combination of geographical region and the payment standard category.

The implication of the weighting class nonresponse adjustment procedure entailed the identification of the cases with complete data for the specific analysis. For each class, a compensation ratio was computed from the sum of the case weights for all class members divided by the sum of the case weights for all class members with the desired data. This compensation ratio was then used to inflate the weights for all class members with the desired data, and the inflated weights were used for computing the sample estimates. Because the item nonresponse compensation increases the differences among the weights used in the analysis, the variance of sample estimates will be increased. However, because the amount of item nonresponse is relatively small, the effect of the unequal weights attributable to item nonresponse compensation on the precision of the sample estimates will be relatively minor.

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