



# The economic safety net for low-income families with children



Kristen S. Slack<sup>a,\*</sup>, Bomi Kim<sup>a</sup>, Mi-Youn Yang<sup>b</sup>, Lawrence M. Berger<sup>a</sup>

<sup>a</sup> University of Wisconsin-Madison, Institute for Research on Poverty (IRP), and School of Social Work, 1350 University Avenue, Madison, WI 53706, USA

<sup>b</sup> Louisiana State University, School of Social Work, Huey P. Long Field House, Baton Rouge, LA 70803, USA

## ARTICLE INFO

### Article history:

Received 11 February 2014

Received in revised form 12 August 2014

Accepted 13 August 2014

Available online 7 September 2014

### Keywords:

Welfare

Safety net

Benefit packaging

## ABSTRACT

Following the passage of welfare reform in the mid-1990s and the end of entitlement benefits under Temporary Assistance for Needy Families, the U.S. economic safety net has become increasingly individualized. In fact, it is no longer clear whether low-income families tend to rely on particular types of public benefits, or whether there are characteristics that differentiate benefit “packaging”.

This study examines the combinations of various income sources comprising economic safety nets for low-income families participating in the Fragile Families and Child Wellbeing Study. The income sources we explore include earnings, child support, Temporary Assistance for Needy Families (TANF), Supplemental Nutritional Assistance Program (SNAP) benefits, childcare subsidies, unemployment insurance (UI) benefits, Supplemental Security Income (SSI), the Earned Income Tax Credit (EITC), housing subsidies, and Medicaid. We use cluster analysis to determine the most common patterns of income and benefit sources, and identify four distinct clusters of income and benefits that are associated with different family demographic characteristics. The findings from this investigation may be useful to social service programs as they attempt to identify relevant safety net resources for economically struggling families, and to policymakers attempting to reconcile requirements associated with programs and benefits that are regularly combined by beneficiaries.

© 2014 Elsevier Ltd. All rights reserved.

## 1. Introduction

In the post-welfare reform era, very little is known about how low-income families make ends meet. Prior to welfare reform, the economic safety net was typically viewed as encompassing Aid to Families with Dependent Children (AFDC) and Food Stamps (Bitler & Hoynes, 2010; Schmidt, 2013). When impoverished families were unable to maintain sufficient incomes through work and earned income tax credits, varying combinations of these means-tested benefits were commonly accessed.

Research on contemporary economic safety nets and income and benefit packaging is limited. Overall, this body of research has relied upon three strategies: (1) identifying patterns of multiple program participation as they relate to a specific focal program (e.g., Temporary Assistance for Needy Families [TANF], Supplemental Nutritional Assistance Program [SNAP]); (2) assessing multiple program participation using a count of programs; and (3) identifying multiple program participation using a limited number of public, means-tested programs. Furthermore, several of the studies in the extant literature make use of data collected prior to the passage of federal welfare reform in 1996 (Doyle & Long, 1988; Long, 1990; MacDonald, 1985). Taken together, these approaches fail to shed light on how contemporary low-income families currently package specific benefits and income sources.

Several studies have identified patterns of benefit receipt in relation to a focal program. For example, research on the post-welfare reform safety net showed that in 2009, 82% of families with children who received TANF or general assistance participated in SNAP, and 32% lived in public or subsidized housing (Bitler & Hoynes, 2010). A study using the 1996 panel of the Survey of Income and Program Participation (SIPP) data identified different welfare program participation rates by Women, Infant, and Children [WIC] receipt (Gundersen, 2005). Among individuals eligible for WIC for 12 months, a current WIC participant group had higher rates of both Food Stamps and Medicaid receipt compared to a former WIC recipient group and a never-recipient group. In a more recent study, Wisconsin resident parents with at least one minor child in 2001, 2007, or 2010 showed different benefit patterns of multiple program participation among TANF and SNAP families depending on cohort and initial program type (Cancian, Han, & Noyes, 2014). Trajectories of four means-tested benefits among TANF participants were different from the benefit trajectories of SNAP participants, and the characteristics of persistence and program disconnection varied by initial program type.

Several other studies have operationalized multiple program participation by counting program or benefit receipt. Reese (2007) analyzed multiple program receipt in five means-tested public assistance programs and six social insurance programs. On average, about 40 million households used two or more programs per year from 2001 through 2004. Dye (2008) examined program participation among women aged 15 to 44 with one or more children using the 2004 SIPP data:

\* Corresponding author at: 215 School of Social Work, 1350 University Avenue, Madison, WI 53706, USA. Tel.: +1 608 263 4630.

E-mail address: [ksslack@wisc.edu](mailto:ksslack@wisc.edu) (K.S. Slack).

26% of mothers who gave birth in the last year received benefits from one or two programs and 8% received benefits from three to six programs. Lester & Tin (2004) examined monthly participation rates in one or more programs by poverty status and demographic characteristics among five major means-tested public assistance programs (AFDC/General Assistance, Food Stamps, Medicaid, Housing assistance, and Supplemental Security Income [SSI]). In a study of Wisconsin Temporary Assistance for Needy Families (TANF) entrants in 1997, participation rates in Medicaid and Food Stamps (as well as TANF cash assistance) declined substantially over a 36-month period (Cancian, Meyer, & Wu, 2005). Only 6% of this sample received all three benefits in more than 24 of these months (Cancian et al., 2005). More recently in Wisconsin, Cancian et al. (2014) found that TANF recipient families with minor age children in 2010 participated in more means-tested programs (about one-third received four or more benefits) and less likely to be disconnected from the other programs in the following year than SNAP recipient families: SNAP families participated in fewer programs and left programs more quickly.

Several studies of multiple program participation rely on information from a limited number of programs. For example, Purtell, Gershoff, & Aber (2012) analyzed predictors of TANF and SNAP receipt to look at how state coverage and generosity affected receipt of each of these benefits. Newman, Todd, & Ploeg (2011) identified low-income children's participation in multiple food assistance programs (SNAP, WIC, and school meals) and identified demographic and benefit characteristics (e.g., income-to-poverty ratios, marital status, number of working adults, TANF receipt) affecting food assistance program use. A recent study on economic safety nets compared pre- and post-recession joint receipt of SNAP and unemployment insurance [UI] benefits (Finifter & Prell, 2013). For households with SNAP, the percentage of UI receipt post-recession increased 14%, doubling that of the pre-recession time period. The patterns of joint receipt of these two benefits varied by householders' socioeconomic status.

No singular benefit package seems to stand out across the existing research as “the” economic safety net, and benefit packaging appears to change over time, and as family structure, children's ages, and family circumstances change. There is currently little understanding of how low-income families with minor-aged children create economic safety nets using a broader array of cash and in-kind programs, in combination with child support and employment, particularly during the post welfare-reform era. This project is exploratory in nature because previous research is scarce and does not directly inform a set of hypotheses about today's U.S. economic safety nets. The exploratory research questions we will address include:

1. What are the most common economic safety net packages for low-income families with minor aged children in the post-welfare reform era?
2. How do the economic safety net packages of low-income families with minor-aged children differ by family demographic characteristics?
3. How do economic safety net packages change over time?

## 2. Methods

### 2.1. Samples and data sources

Our sample is derived from the Fragile Families and Child Wellbeing (FFCW) Study, which involves a population-based, longitudinal birth cohort of 4898 children born between 1998 and 2000 in large U.S. cities (Reichman, Teitler, Garfinkel, & McLanahan, 2001). FFCW researchers interviewed families in person at the time of the focal child's birth and by telephone when the child was approximately one, three, five, and nine years of age. The study over-sampled non-marital births, resulting in a greater representation of low-income families. For the present analysis we rely on the survey wave that contains the most complete information on income and benefit receipt for the subgroup of interest.

Specifically, we limited the sample to families in which the mother reported an income under 200% of the FPL when her focal child was one year of age. This helped to ensure an analysis sample of families potentially eligible for various means-tested benefits ( $n = 3000$ ). An additional number of mothers were dropped from the sample due to missing information on earnings, and cash and in-kind benefits including public welfare programs, for a final sample size of 2864. We also analyzed information from a follow-up survey wave when the focal child was five years old to assess changes in benefit packages over time. Eighty seven percent of mothers ( $n = 2479$ ) responded to this follow-up survey, and 385 mothers did not complete it. Compared to both the complete two wave sample ( $n = 2479$ ) and the entire sample ( $n = 2864$ ), the attrited sample had fewer black and more Hispanic participants. They were also more likely to be married, have a high school degree, and have more adults in the household. In terms of benefit sources, the attrited sample had lower rates of work, TANF, Food Stamps/SNAP, Medicaid, Earned Income Tax Credit [EITC], and child care subsidies.

Given the dearth of information on benefit packaging since the passage of welfare reform in the mid-1990s, this study offers an important contribution to the literature on contemporary economic safety nets in the U.S.

### 2.2. Measures

The primary measures from the FFCW study are self-reported indicators of benefit receipt and earnings, asked from respondents when the focal children were approximately one year of age. The specific questions pertained to whether the family had received each income source within the past 12 months. Benefit indicators included TANF receipt, Food Stamp/SNAP benefits, SSI, Medicaid, unemployment benefits, housing subsidies, EITC,<sup>1</sup> child support, and child care subsidies. This is a comprehensive, but not an exhaustive list of common means tested benefits. For example, we did not have access to information on receipt of Women, Infant, and Children's (WIC) benefits, or free school lunch benefits in the FFCW sample, although the latter was less relevant for this birth cohort sample. Also, we were not able to distinguish unemployment benefits from other work-related benefits such as workers' compensation, but still opted to include this benefit in the FFCW analysis. Of note, the overall rate of work-related benefits (i.e., unemployment benefits or workers' compensation) was very low in the FFCW (see Table 1). Characteristics of the mother and the household were also collected, including the mother's age at first childbirth, race, marital status, education level, and working status as well as total household income and number of children and adults in the household. For total household income, we calculated the dollar amount by adding up the mother's earnings, a spouse's earnings, and available benefit amounts including TANF, Food Stamp/SNAP, SSI, child support, and UI.

### 2.3. Analysis

We first present the results of several descriptive analyses on income/benefit sources and sample demographics. We then identify the bivariate correlations between income/benefit sources. However, this approach does not allow us to know how multiple benefits (i.e., more than two) are commonly bundled together. To achieve this understanding, we use cluster analysis techniques. Cluster analysis is preferable to examine direct relationships among observed income/benefit sources of individual families than other methods such as latent class analysis.

<sup>1</sup> The EITC estimate in the FFCW is likely to overstate receipt since the survey inquired about whether respondents had applied for the EITC in the past year, and not whether this tax credit was received.

Download English Version:

<https://daneshyari.com/en/article/6834185>

Download Persian Version:

<https://daneshyari.com/article/6834185>

[Daneshyari.com](https://daneshyari.com)