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Welfare -
CDF report

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Subject: CDF report

I finally got time to read the CDF report on children in extreme poverty. The study didn't get much press, and probably helps make our case to spend more on the very neediest, so there's no urgency to my questions. But I'm puzzled: I can't make sense of the finding that over 90% of the increase in children in extreme poverty by CDF's expanded definition were in families with 3 or more children. Granted, there is no question that this group faces the biggest hurdles in going to work, given the difficulties of finding child care. But for the same reason, this group will no doubt be the slowest to leave welfare at all, and the least affected by welfare reform in its early stages.

The CDF study points out that there was no increase in the number of children in extreme poverty using the official definition (which includes cash assistance). The increase came only under the expanded CDF definition (which includes food stamps -- as well as EITC, housing, school lunch, and FICA taxes). Anybody working would do better, not worse, under the expanded definition, because it automatically assumes EITC receipt. So the only variable that could explain an increase in extreme poverty is food stamps (I assume nothing big changed in housing and school lunch).

The main ways to cross that \$8200/yr line and fall from non-extreme poverty into extreme poverty are: 1) leaving welfare and food stamps voluntarily, without another source of income; 2) leaving welfare for work, but not very much work, and dropping out of food stamps; 3) leaving welfare and food stamps by sanction; 4) losing some or all of your food stamps or other benefits because of food stamps and other cuts in the '96 law, which first took effect in '97.

The number of mothers with large families in category #1 must be very small. Maybe some of the families who decided b/c of WR never to go on welfare in the first place and are relying on families instead fall into this category, but not 9 times as many large families as small ones (more likely the opposite).

The number of mothers with large families in category #2 might be somewhat larger, although again, you'd think this figure would skew toward smaller families, not large ones -- because large families are less likely to leave welfare for work, and less likely to give up food stamps (I'd be curious to know the food stamp take-up rate for working families with 3 or more children. I bet it's higher than for small families.)

The number of mothers with large families in category #3 might be larger, but I would be very surprised if the number of sanctioned families increased this dramatically b/w '96 and '97, before most states' time limits and work requirements kicked in.

That leaves category #4 -- the food stamp cuts -- which are a logical candidate if only because food stamp benefits were cut significantly in 1996, they get larger with family size, and they represent a larger % of large families' incomes. The major point of the now-forgotten poverty studies back in 1996 was that when you include food stamps in the definition of poverty, then cut food stamps and leave everything else constant, more people will fall below poverty.

But perhaps you can come up with a better explanation. Perhaps the number of people in category #1, scared off or diverted by welfare reform and relying on friends and family, is larger than I suggested -- and shows up more in the large-family category because the poverty level for four-person families is \$3600 higher (\$1800 in the definition of extreme poverty. Perhaps the overall decline in food stamp participation, whatever its cause, is just more apparent in large families because they're more dependent on food stamp income. Perhaps caseworkers have taken a sudden dislike to large families, and are sanctioning them in greater number. Perhaps there's some interaction of TANF, earnings disregards, and food stamp benefits that disadvantages large families in a way I haven't thought of.

As I said, no urgency to the answer -- I'm just curious. Thanks.