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AFDC, FOOD STAMP, AND MEDICAID UTILIZATION: A RESEARCH NOTE[1]

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During the past 20 years, social welfare programs have been expanding both in terms of federal and state expenditures, and in terms of numbers of recipients. Among the programs involved in this expansion were Aid to Families with Dependent Children, Food Stamps, and Medicaid. However, knowledge of the sheer numbers of people and dollars involved provides at best an incomplete picture of these social welfare programs. The researcher, policy planner, and government administrator must also have an understanding of who is at risk of utilizing welfare in the general population. Such knowledge may provide insight into the present and future implications of policy changes. Therefore, the purpose of this research note is to provide a detailed analysis of the percentage of the population, broken down by demographic characteristics, involved in the Aid to Families with Dependent Children, Food Stamp, and/or Medicaid programs.

METHODOLOGY

Since late 1980, records of several welfare programs in Wisconsin have been completely computerized. Wisconsin's Bureau of Economic Assistance, Department of Health and Social Services, maintains a centralized, computerized data base of all applicants for three means-tested income transfer programs: Aid to Families with Dependent Children (AFDC); Food Stamps (FS); and Medicaid (MA). When individuals apply for an AFDC, Food Stamp, and/or Medicaid grant, the information on the combined application form is keyed from a county office into the centralized Computer Reporting

Network (CRN). Data files are retained over time, and information is continually updated according to program regulations. The CRN system thus presents an ideal opportunity for studying the characteristics and changing dynamics of Wisconsin welfare recipients. Specifically in this research note, individuals in the AFDC, Food Stamp, and/or Medicaid programs are examined.

A 2 percent random sample was drawn of cases receiving income or in-kind payments as of July 31, 1981, for one or more of the three programs. The total number of cases on the CRN system in July, 1981, was 176,072--resulting in a sample size of 3,587 case heads (or households). A total of 10,393 individuals were included in the sample--representing all persons who were listed on the welfare application form as present in the household, whether eligible for assistance or not. The data, therefore, permits an examination both at the household and at the individual level.

In the analysis, we make no attempt to differentiate between individuals who received AFDC, Food Stamps, Medicaid, or some combination of programs. Rather, our concern is limited to whether individuals receive an income and/or in-kind transfer payment aimed at low income families. Thus, we focus on the percentage of Wisconsin residents who either reside in a houshold receiving aid, are listed on the welfare grant, or are case heads (applicants) of such households.[2]

Our 2 percent sample was first multiplied by 50 to estimate the state's total AFDC, FS, and MA population. These figures then were divided by appropriate 1980 Census figures in order to calculate the proportion of Wisconsin's population receiving aid. The Census data were used because they represent the best available numbers for computing the kinds of percentages needed for this analysis and they are reasonably close in time to the date of our sample. The numbers are shown separately for groups by sex, race, age, county of residence, household structure, and several combinations of these variables. We are able to estimate, for example, the percentage of white females ages 20 to 24 in the population who apply for and receive aid, are listed on the grant, or are residing in a household receiving aid.

Several notes of caution are necessary regarding these calculations. First, the overall 1980 state population was somewhat smaller than the 1981 population, and therefore our percentages will be slightly inflated (although the reverse may be true for some age groups). Second, the Census tends to undercount particular racial and ethnic groups, causing our percentages for blacks to be somewhat inflated as well. Third, although data are gathered for individuals on the CRN system by age, sex, county of residence, and household structure, information on race is only available for the case head. Thus, we are making the assumption in the analysis that if the case head is, for example, white, then the individuals residing in the household are also white. Clearly a certain amount of error will be introduced by this assumption. And finally, our calculation of household structure makes the implicit assumption that the duration of specific household types does not differ between the welfare population and the overall population. For example, we assume that single parent families on welfare remain in that state (i.e., one spouse present) as long as single parent families in the overall population. Again, some amount of error will be introduced by this assumption. However, in spite of these cautions, the calculations based on this procedure are felt to be indicative of welfare utilization in Wisconsin, and certainly these problems do not substantially alter the trends reported.

RESULTS

Table 1 shows the estimated percentage of the population residing in households receiving either AFDC, Food Stamps, and/or Medicaid. The analysis is broken down by four demographic characteristics: sex, race, age, and county of residence. These percentages are based on the inflation of our sample counts to produce estimates of the total welfare population. The true percentages will vary somewhat from these figures due to the before mentioned problems, as well as sampling error.

Looking first at the total percentage of residents classified as case heads (column 1), an estimate of 3.8 percent of the total population apply for and receive either AFDC, FS, and/or MA. However, it is clear that not all residents are equally likely to be case heads receiving welfare. For example, females (5.8 percent) are much more likely than males (1.6 percent) to be receiving aid. Likewise, 16.1 percent

of blacks apply for and receive aid while the percentage for whites is 2.8 percent. Age also reveals differences in the patterns and likelihood of participating in one or more of the three transfer programs. Among Wisconsin residents aged 20 to 24, 7.9 percent are case heads of households receiving aid. The percentage slowly drops over the course of the life cycle until age 70. A very high proportion of those aged 75 and above who are receiving aid, reflect Medicaid participation. Geographic residence also is related to participation. For Milwaukee County (containing Milwaukee City, the largest urban concentration in the state), 5.7 percent of the residents are case heads, while the corresponding percentages for other Wisconsin metropolitan and nonmetropolitan residents are 3.2 percent and 3.4 percent.

Turning to columns 2 and 3, the estimated percentage of individuals with particular demographic characteristics who are listed on the welfare grant (column 2), and who are residing in a household receiving aid (column 3), reveals patterns similar to that of column 1. However, one important and not altogether surprising finding (given the nature and intent of the AFDC program) is the number of children who are listed on a welfare grant or who are residing in households receiving aid. Thus, 20.5 percent of all children under the age of 5 are living in a home receiving either AFDC, FS, and/or MA. Similarly, 18.6 percent of youngsters aged 5 to 9, and 14.8 percent of children ages 10 to 14, are residing in households receiving income or in-kind transfers.

Table 2 extends the analysis in Table 1, by focusing on household structure.[3] This table allows us to ask: What percentage of various types of households are participating in one or more of the three transfer programs? Married-couple families are least likely to be receiving welfare. Indeed, only 4 percent of such households are receiving aid. There are several reasons for this. First, married couples often are able to generate greater income through the employment of both spouses. Second, it is often easier for married couples to support or arrange (if a wife or husband is not working) for the care of small children. On the other hand, households of two or more individuals headed by a female have a 1 in 2 chance of receiving AFDC, FS, and/or MA. Bradbury et al. (1979) observe that in recent years there has been a rapid growth in

the number of households headed by women and in the proportion of these households receiving public assistance. Or as Sanger notes, "when a woman with children becomes a family head, her chances of becoming poor and going on welfare greatly increase" (1979:51). Our data are consistent with this observation. Again there are several reasons that underlie this relationship. Women earn substantially less in the labor market than their male counterparts. For example, Waite (1981) estimates that for every dollar a male earns in the labor market, a female earns 59 cents. Second, many of these female householders are caring for their children and not participating in the labor force (either by choice or by their inability to find a job outside the home) which creates a greater financial burden upon such households. Thus it is no surprise that married couples and female heads of households represent the extremes in participation percentages shown in Table 2. What may be surprising, however, is the substantial gap between these two extremes.

Finally, Table 3 further refines the analysis in Table 1 by focusing on race, sex, and age simultaneously. Consequently this table addresses the probability over the life cycle of receiving transfer payments by race and sex.[4] Looking first at case heads, the percentage of white males receiving aid is quite low. For black males, those aged 20 to 24 are most likely to be receiving aid. The trend after age 24 is generally downward. Both white and black females display a similar pattern over the life cycle. However, the pattern is considerably more accentuated for black women. During their 20's, over 50 percent of black females are receiving welfare. The percentage steadily drops as they reach their 30's, 40's, and 50's. It is predominantly the black female percentage which is pulling up the overall black percentage found in Table 1. As Kilson (1981) has argued, during the 1970's the slippage of aggregate black family income relative to white family income (from 62 percent in 1975 to 57 percent in 1980) is tied directly to the extraordinary rise in black female-headed households. Kilson points out that low income and high unemployment appear endemic to black female-headed families. Our percentages highlight these difficulties.

Turning to the likelihood of whether an individual is included on a welfare grant, several startling findings are apparent from Table 4. For black children under the age of 5, it is estimated that 79.9 percent of all females and 67.3 percent of all males in the population are included on AFDC, FS, and/or MA grants.[5] While the percentage of white children on welfare grants is substantially less, it nevertheless represents the age category with the highest percentage of individuals on welfare. Likewise, the percentage of children residing in a household receiving aid is also quite high.

CONCLUSION

We have demonstrated that the likelihood of receiving AFDC, Food Stamps, and/or Medicaid clearly differs across demographic characteristics. While our findings are consistent with previous research, what may be surprising is the magnitude of the percentage differences. Clearly, particular demographic characteristics are strongly associated with the likelihood of receiving aid aimed at low income families.

It is also important to stress that these demographic factors are not operating in isolation from one another. For example, we find that participation rates are higher for blacks than whites. However, we also know that black families are more often headed by a female. Similarly, black families in Wisconsin have a higher probability than white families of residing in Milwaukee County. Both of these factors are also related to the chances of participating in one or more of the three transfer programs. Consequently, we need to think of these characteristics in conjunction with one another, rather than as isolated dimensions.

Finally, it is important to mention not only the estimated percentage of the population participating in these programs, but also the estimated number of recipients. For example, although we find that the percentage of blacks who are case heads is higher than the percentage of whites who are case heads (16.1 percent versus 2.8 percent), the actual number of black case heads is much smaller than the number of white case heads (29,600 versus 125,700). The point to be made is not that one number is more appropriate than the other, but rather that both pieces of information are important depending upon the questions being addressed.

FOOTNOTES

[2]It should be noted that virtually all case heads are also listed on the welfare grant and are residing in the household. Similarily, nearly all individuals listed on the grant are also residing in the household. However, not all individuals residing in the household are listed on the welfare grant. For example, two families may constitute a single household with only one family eligible for AFDC, FS, and/or MA.

[3]We have excluded individuals in nursing homes and other institutions as constituting one person households.

[4]We recognize the risk of implying longitudinal trends from cross-sectional data.

[5]Sampling error may account for the percentage difference between black female children and black male children.

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TABLE 1. ESTIMATED PERCENTAGE (AND NUMBER) OF THE POPULATION RESIDING IN HOUSEHOLDS RECEIVING AFDC, FOOD STAMPS, AND/OR MEDICAID BY SELECTED DEMOGRAPHIC CHARACTERISTICS.[1]

Demographic Characteristics	Estimated Percentage (and Number) of the Population Who Are:		
	Welfare Case Heads	Individuals on a Welfare Grant	Individuals in a Welfare Household
Total	3.8 (179,350)	9.3 (437,650)	11.0 (519,650)
Sex			
Male	1.6 (38,900)	7.8 (179,800)	9.5 (221,850)
Female	5.8 (140,450)	10.7 (257,850)	12.3 (297,800)
Race[2]			
White	2.8 (125,700)	6.7 (297,150)	7.7 (344,150)
Black	16.1 (29,600)	45.2 (82,450)	56.6 (103,850)

TABLE 1. (Continued)

Estimated Percentage (and Number) of the Population Who Are:

Demographic Characteristics	Welfare Case Heads	Individuals on a Welfare Grant	Individuals in a Welfare Household
Age[3]			
0-4	-	19.2 (66,650)	20.5 (71,200)
5-9	-	17.3 (59,650)	18.6 (64,000)
10-14	-	13.4 (52,700)	14.8 (58,150)
15-19	2.6 (12,400)	10.2 (47,800)	12.6 (59,000)
20-24	7.9 (36,050)	10.2 (46,000)	11.6 (53,250)
25-29	7.0 (28,200)	9.1 (36,750)	10.0 (40,500)
30-34	6.1 (21,550)	8.2 (28,550)	9.9 (34,800)
35-39	5.7 (15,600)	7.6 (20,650)	8.6 (23,300)
40-44	4.2 (9,600)	5.7 (13,100)	7.0 (16,300)
45-49	2.9 (6,400)	3.8 (8,450)	5.4 (11,900)
50-54	2.6 (5,950)	3.4 (8,000)	4.5 (10,650)
55-59	2.5 (4,650)	2.6 (5,850)	4.4 (8,100)
60-64	2.0 (4,300)	2.7 (5,550)	3.5 (7,500)
65-69	1.7 (3,100)	2.0 (3,750)	2.9 (5,500)
70-74	2.8 (4,200)	3.2 (4,650)	3.6 (5,500)
75+	11.0 (26,250)	11.5 (26,850)	11.8 (28,200)

TABLE 1. (Continued)

Estimated Percentage (and Number) of the Population Who Are:

Demographic Characteristics		Welfare Case Heads	Individuals on a Welfare Grant	Individuals in a Welfare Household
County of Residence				
Milwaukee		5.7 (55,350)	13.4 (129,100)	17.0 (164,450)
Other Metropolitan		3.2 (67,250)	7.9 (163,400)	9.2 (192,650)
Nonmetropolitan		3.4 (56,750)	8.7 (145,150)	9.7 (162,550)

1. Percentage figures are calculated by dividing weighted sample frequencies (weighted by 50 to estimate welfare population numbers, shown in parentheses) by appropriate general population figures taken from Summary Tape File 1A, 1980 Census of Population. See the text for a more complete discussion.

2. Numbers in parentheses do not sum to total because other nonwhite races are omitted from this analysis.

3. Numbers in parentheses do not sum to total because missing age data are omitted from this analysis.

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TABLE 2.   ESTIMATED PERCENTAGE (AND NUMBER) OF HOUSEHOLDS RECEIVING
AFDC, FOOD STAMPS, AND/OR MEDICAID.[1]

Household Type	Welfare Households (as a Percent of All Households)
One Person[2]	
Male Householder	7.5 (10,850)
Female Householder	5.3 (12,100)
Two or More Persons	
Married-Couple Family	4.0 (41,050)
Other Family	
Male Householder (No wife present)	11.8 (4,500)
Female Householder (No husband present)	49.9 (67,900)

TABLE 2. (Continued)

Household Type	Welfare Households (as a Percent of All Households)
Two or More Persons (Cont'd)	
Non-Family Household	
Male Householder	14.2 (6,050)
Female Householder	16.4 (4,950)

1. Percentage figures are calculated by dividing weighted sample frequencies (weighted by 50 to estimate welfare population number, shown in parentheses) by appropriate general population figures taken from Summary Tape File 1A, 1980 Census of Population. See the text for a more complete discussion.

2. Excludes individuals in institutions (e.g. nursing homes).

TABLE 3. ESTIMATED PERCENTAGE (AND NUMBER) OF THE POPULATION RESIDING IN HOUSEHOLDS RECEIVING AFDC, FOOD STAMPS AND/OR MEDICAID BY AGE, SEX, AND RACE.[1]

Age[2]	White Male	White Female	Black Male	Black Female
		- Percentage (and Number) of the Population who are Welfare Case Heads -		
0-4	-	-	-	-
5-9	-	-	-	-
10-14	-	-	-	-
15-19	1.0 (2,150)	2.9 (6,200)	4.8 (500)	15.9 (1,700)
20-24	1.8 (3,850)	9.3 (19,650)	18.9 (1,750)	58.9 (6,250)
25-29	1.8 (3,350)	7.6 (14,150)	9.3 (750)	66.0 (6,250)
30-34	1.4 (2,250)	8.0 (12,950)	11.0 (700)	50.7 (3,800)
35-39	1.4 (1,750)	7.4 (9,600)	7.8 (350)	36.9 (1,950)
40-44	1.3 (1,400)	4.6 (5,050)	8.1 (300)	32.8 (1,450)
45-49	1.1 (1,100)	2.6 (2,750)	8.0 (250)	29.3 (1,150)
50+	2.2 (12,150)	4.1 (27,300)	6.4 (650)	15.9 (1,900)
All Ages	1.3 (27,750)	4.3 (97,950)	6.0 (5,200)	25.6 (24,400)

TABLE 3. (Continued)

Age	White Male	White Female	Black Male	Black Female
		– Percentage (and Number) of the Population on a Welfare Grant –		
0-4	13.1 (21,250)	13.8 (21,250)	67.3 (6,850)	79.9 (8,150)
5-9	11.7 (18,900)	11.9 (18,100)	68.1 (7,400)	66.8 (7,150)
10-14	9.3 (17,200)	9.6 (17,000)	57.8 (6,150)	59.3 (6,250)
15-19	6.0 (13,250)	8.2 (17,750)	38.7 (4,050)	55.7 (5,950)
20-24	4.6 (9,650)	10.4 (21,900)	24.3 (2,250)	62.2 (6,600)
25-29	5.0 (9,500)	8.2 (15,200)	13.1 (1,050)	67.1 (6,350)
30-34	4.1 (6,750)	8.7 (14,100)	19.6 (1,250)	51.3 (3,850)
35-39	4.2 (5,350)	8.1 (10,500)	11.2 (500)	36.9 (1,950)
40-44	3.3 (3,550)	5.1 (5,600)	10.7 (400)	32.8 (1,450)
45-49	2.1 (2,200)	2.9 (3,100)	12.7 (400)	30.6 (1,200)
50+	2.8 (14,900)	4.4 (28,450)	8.4 (800)	16.3 (1,850)
All Ages	5.7 (123,100)	7.7 (174,050)	35.9 (31,300)	53.7 (51,150)

TABLE 3. (Continued)

- Percentage (and Number) of the Population Residing in a Welfare Household -

Age[2]	White Male	White Female	Black Male	Black Female
0-4	13.8 (22,500)	14.5 (22,250)	77.6 (7,900)	86.3 (8,800)
5-9	12.4 (20,050)	12.6 (19,150)	77.7 (8,450)	86.3 (8,800)
10-14	9.9 (18,300)	10.4 (18,400)	65.8 (7,000)	68.3 (7,200)
15-19	7.9 (17,350)	9.5 (20,450)	48.3 (5,050)	68.8 (7,350)
20-24	5.7 (12,050)	11.3 (23,850)	35.7 (3,300)	69.8 (7,400)
25-29	5.7 (10,900)	8.7 (16,200)	20.5 (1,650)	69.7 (6,600)
30-34	5.8 (9,550)	9.5 (15,450)	26.6 (1,700)	59.3 (4,450)
35-39	4.9 (6,250)	8.7 (11,200)	16.8 (750)	43.5 (2,300)
40-44	3.8 (4,150)	6.2 (6,850)	21.5 (800)	43.0 (1,900)
45-49	3.7 (3,800)	4.1 (4,350)	17.5 (550)	37.7 (1,400)
50+	3.7 (20,000)	5.0 (32,900)	12.3 (1,250)	22.1 (2,650)
All Ages	6.8 (148,850)	8.6 (195,300)	47.0 (41,000)	66.0 (62,850)

1. Percentage figures are calculated by dividing weighted sample frequencies (weighted by 50 to estimate welfare population numbers, shown in parentheses) by appropriate general population figures taken from Summary Tape File 1A, 1980 Census of Population. See the text for a more complete discussion.

2. Numbers in parentheses do not sum to total because of the handling of missing age data.