

July 2002

WELFARE REFORM

Outcomes for TANF Recipients with Impairments



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Abbreviations

HHS	Department of Health and Human Services
PRWORA	Personal Responsibility and Work Opportunity Reconciliation Act of 1996
SIPP	Survey of Income and Program Participation
SSI	Supplemental Security Income
TANF	Temporary Assistance for Needy Families



United States General Accounting Office
Washington, DC 20548

July 8, 2002

The Honorable Benjamin L. Cardin
Ranking Minority Member
Subcommittee on Human Resources
Committee on Ways and Means
House of Representatives

The Honorable Pete Stark
House of Representatives

With the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), the Congress made sweeping changes to federal welfare policy for needy families. PRWORA created the Temporary Assistance for Needy Families (TANF) block grant to states, which emphasizes work and responsibility over dependence on government benefits. The Department of Health and Human Services (HHS) oversees the TANF block grant program, which provides grants to states totaling up to \$16.5 billion each year through September 2002 and requires states to maintain a historical level of state spending on welfare-related programs.

To provide you with information on how people with impairments are faring in the new welfare environment, you asked us to determine: (1) the extent to which recipients with impairments exit TANF, compared with recipients without impairments; and (2) the extent to which people with impairments are employed after leaving TANF, compared with people without impairments. To address both questions, we analyzed self-reported data from the Census Bureau's Survey of Income and Program Participation (SIPP), a nationally representative survey. We used a cross-section of responses given between July 1997 and July 1999 and relied on a definition of impairments developed by Census. This broad definition includes both severe and non-severe physical and mental impairments. (See appendix I for the complete definition of impairments.) Our analyses included both descriptive statistics and multivariate analyses. We also reviewed findings of other studies to supplement the SIPP data. We conducted our work from March to June 2002 in accordance with generally accepted government auditing standards.

On June 28, 2002, we briefed your offices on the results of our analyses. This report formally conveys the information provided during that briefing. Our key findings are summarized below.

We found that impairments are relatively common among TANF recipients and their children, with 44 percent of TANF recipients either reporting that they or their children had impairments, compared with 15 percent of the non-TANF population. Moreover, recipients with impairments were more likely to be white and over age 35 than those without impairments. Controlling for these and other demographic characteristics, we found that recipients with impairments were half as likely to exit TANF as recipients without impairments. Although impairments affect exits, other factors, such as family support, personal motivation, and local economic conditions, may also affect whether recipients exit TANF.

Regarding the outcomes for people with impairments who left TANF, we found that leavers with impairments were less likely to be employed than leavers without impairments, but many leavers with impairments (40 percent) received Supplemental Security Income (SSI), a federal program providing cash assistance to low-income individuals who are aged, blind, or disabled. Controlling for demographic characteristics and receipt of SSI, we found that leavers with impairments were one-third as likely to be employed as leavers without impairments. Regarding other potential sources of income, leavers with impairments were more likely than leavers without impairments to report having no income from personal earnings, household earnings, or SSI, but they also were more likely to receive Food Stamps and Medicaid. Among leavers who had earnings, the amount of the earnings was similar for leavers with and without impairments.

We provided a draft of this report to officials at HHS for their technical comments and incorporated their comments where appropriate.

As agreed with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this report until 7 days after its issue date. At that time, we will send copies to the Secretary of HHS, relevant congressional committees, and other interested parties. We will also make copies available to others upon request. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

A list of Related GAO Products is included at the end of this report. If you have any questions concerning this report, please contact me on 202-512-7215 or Gale Harris, Assistant Director, on 202-512-7235. Heather McCallum, Tiffany Boiman, Wendy Ahmed, and Grant Mallie also made key contributions to this report.



Cynthia M. Fagnoni, Managing Director
Education, Workforce, and
Income Security Issues



Outcomes for TANF Recipients with Impairments

Briefing for Staff of
Representative Cardin
and
Representative Stark

June 28, 2002



Key Questions

- To what extent do recipients with impairments exit the Temporary Assistance for Needy Families (TANF) program, compared with recipients without impairments?
 - To what extent are people with impairments employed after leaving TANF, compared with people without impairments?
-



Scope and Methodology

- To address our key questions, we analyzed self-reported data from the Census Bureau’s Survey of Income and Program Participation (SIPP), a nationally representative survey. We used a cross-section of responses given between July 1997 and July 1999.
 - We relied on a definition of impairments developed by Census. This broad definition includes both severe and nonsevere physical and mental impairments. See appendix I for definition of impairments.
 - We conducted statistical analyses of the SIPP data, including logistic regression analyses. See appendix I for more information on our methodology.
 - We reviewed findings of other studies to supplement the SIPP data. See appendix II for related studies.
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Major Findings

- Controlling for certain demographic factors, recipients with impairments are half as likely to exit TANF as recipients without impairments.
 - Controlling for certain factors, people with impairments are less likely than people without impairments to be employed after leaving TANF; many receive Supplemental Security Income (SSI).
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Background – TANF Block Grant

Temporary Assistance for Needy Families (TANF)

- The Congress created the TANF block grant in 1996 for states to provide cash assistance and other supports to low-income families with children.
 - Under TANF, most recipients are limited to 60 months of federal assistance, although up to 20 percent of a state's caseload may receive extensions.
 - Many TANF recipients are required to work, with some exemptions allowed.
 - No federal rules explicitly address identifying or serving people with impairments through TANF.
 - TANF caseloads have declined by more than 50 percent since 1996.
-



Background – TANF Recipients

- TANF recipients are diverse.
- In earlier work¹, we found that:
 - Many TANF recipients have characteristics that may make it difficult for them to find and keep jobs.
 - Many recipients with impairments may not be receiving assistance to help them move toward employment.
 - Recipients with impairments are sometimes exempted from work requirements but not from time limits.
- These findings, combined with caseload decline, contribute to concerns about outcomes for TANF recipients with impairments.

¹See U.S. General Accounting Office, *Welfare Reform: More Coordinated Federal Effort Could Help States and Localities Move TANF Recipients With Impairments Toward Employment*, GAO-02-37 (Washington D.C.: Oct. 31, 2001); and *Welfare Reform: Moving Hard-to-Employ Recipients Into the Workforce*, GAO-01-368 (Washington D.C.: Mar. 15, 2001).



Background – The Relationship between SSI and TANF

- SSI is designed to provide cash assistance to low-income individuals with long-term impairments that prevent them from obtaining or retaining employment.
- SSI differs from TANF in that applicants are subject to *federally established* eligibility requirements and benefit levels and a disability determination process that is similar *nationwide*.
- Some TANF recipients have impairments severe enough to qualify them for SSI. Although individuals may not receive SSI and TANF at the same time, some collect TANF while they are awaiting determination of their eligibility for SSI.



Definition of Impairments

- We relied on a definition of impairments developed by the U.S. Census Bureau. This broad definition includes both severe and nonsevere physical and mental impairments, such as:
 - Had difficulty performing one or more functional activities, including seeing, hearing, speaking, lifting, and carrying, using stairs, and walking.
 - Had one or more specific conditions, including a learning disability, mental retardation or another developmental disability, Alzheimer's disease, or some other type of mental or emotional condition.
 - Used a wheelchair, a cane, crutches, or a walker.
 - We included in our analysis only people who reported meeting this definition of impairments in both July 1997 and July 1999.
 - See appendix I for the complete definition of impairments.
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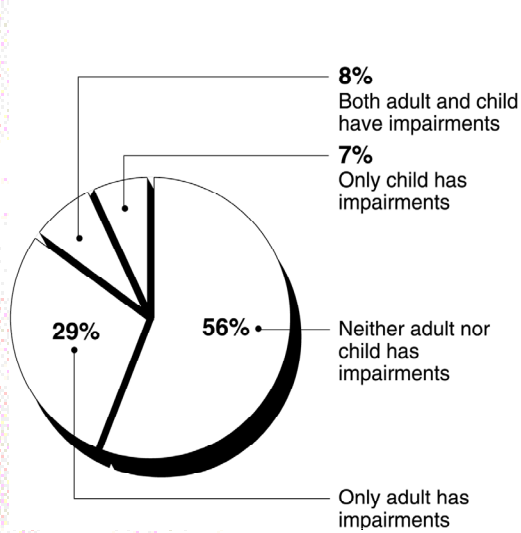


Impairments and TANF Exits

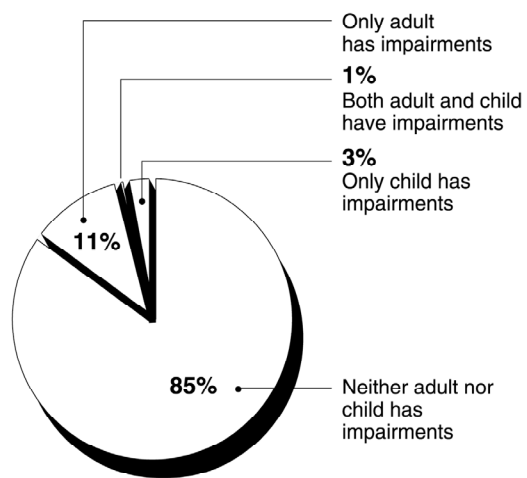
- Impairments are relatively common among TANF recipients and their children.
 - Recipients with impairments were more likely to be over age 35 and white than those without impairments.
 - Controlling for certain demographic characteristics, recipients with impairments were half as likely to exit TANF as recipients without impairments.
 - Other factors may also affect whether recipients exit TANF.
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Impairments Are Relatively Common among TANF Recipients and Their Children

TANF recipients

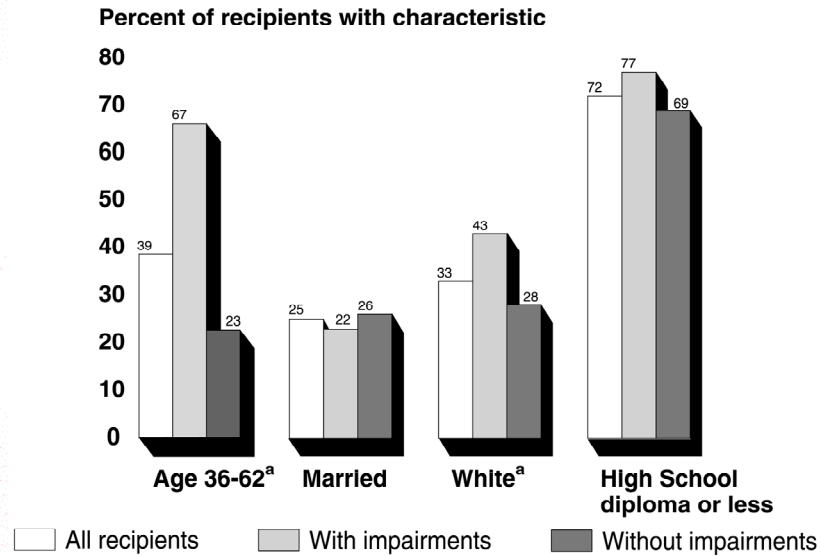


Non-TANF population



Overall, 44 percent of TANF recipients had impairments or were caring for a child with impairments, compared with 15 percent of the non-TANF population.

Recipients with Impairments Were More Likely to Be Over Age 35 and White than Those without Impairments



^a Differences between recipients with and without impairments are statistically significant.



Controlling for Certain Demographics, Recipients with Impairments Less Likely to Exit TANF

- Overall, most recipients (74 percent) exited TANF during our observed time period (July 1997 to July 1999).
- Using a statistical model to control for basic demographic factors and state-level differences, we found that recipients with impairments were half as likely to exit TANF during the time period as recipients without impairments.
- The statistical model controlled for the following variables:
 - Gender,
 - Race,
 - Age,
 - Marital status,
 - Education, and
 - State.¹

¹A variable is included in the model to control for any differences among states, although the model does not evaluate the specific effects of different state policies.



Other Factors May Also Affect Whether Recipients Exit TANF

- Other factors that may affect TANF exits include:
 - Severity, type or number of impairments,
 - personal motivation,
 - family support,
 - local economies, and
 - local TANF policies.
- Two people with identical impairments may have different outcomes due to some of these factors.

See U.S. General Accounting Office, *Social Security Disability Insurance: Multiple Factors Affect Beneficiaries' Ability to Return to Work*, GAO/HEHS-98-39 (Washington, D.C.: Jan. 12, 1998).

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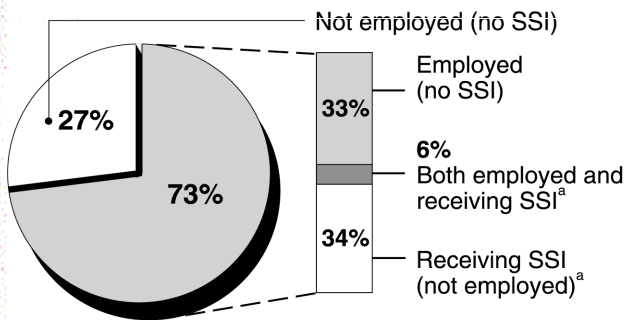


Outcomes for Leavers with Impairments Compared with Leavers without Impairments

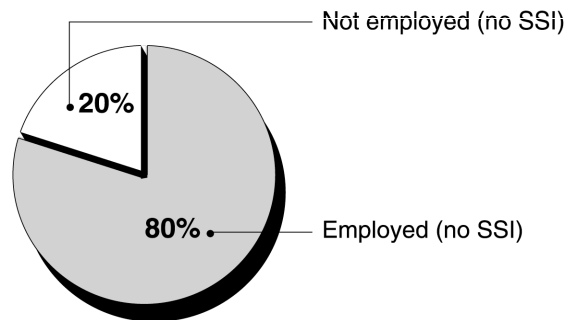
- Controlling for certain factors, leavers with impairments were less likely to be employed; many received SSI.
 - For those with earnings after exiting TANF, earnings were similar for those with and without impairments.
 - Leavers with impairments were more likely to report having no personal or household earnings, or SSI.
 - Leavers with impairments were more likely to receive Food Stamps and Medicaid.
 - One in four leavers with or without impairments returned to TANF.
-

Leavers with Impairments Less Likely to Be Employed, but Many Receive SSI

Leavers with impairments



Leavers without impairments



Notes:

(1) For comparison, among the non-TANF populations, 52 percent of people with impairments are employed, while 93 percent of people without impairments are employed.

(2) "Employed" and "Receiving SSI" include people who reported being employed or receiving SSI, respectively, in any month after leaving TANF and before the end of July 1999. "Not employed" and "no SSI" include people who reported not being employed or not receiving SSI, respectively, the entire time after leaving TANF and before the end of July 1999.

^aAbout 309,000 leavers received SSI, which accounts for 40 percent of leavers with impairments, or 14 percent of all leavers.



Controlling for Certain Demographics, Leavers with Impairments Less Likely to Be Employed

- Using a statistical model to control for basic demographic factors, state-level differences, and receipt of SSI, we found that leavers with impairments were one-third as likely to be employed as leavers without impairments between July 1997 and July 1999.
- The statistical model controlled for the following variables:
 - Gender,
 - Race,
 - Age,
 - Marital status,
 - Education,
 - State,¹ and
 - SSI.

¹A variable is included in the model to control for any differences among states, although the model does not evaluate the specific effects of different state policies.



Earnings of Leavers with Impairments after Exiting TANF

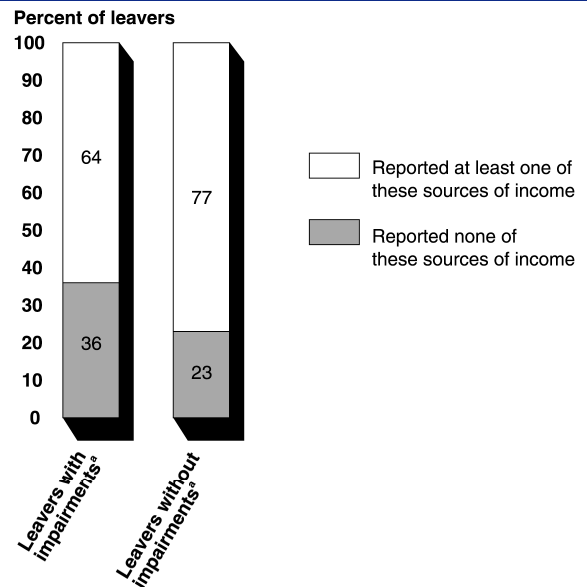
- Personal earnings.
 - Leavers with personal earnings reported an average of about \$1,000 per month. This figure was the same for leavers with and without impairments.¹ (Earnings could come from employment or other sources.)
 - No significant change in personal earnings for either group in first 6 months after exiting TANF.
- Earnings of others in the household (household earnings).
 - About 35 percent of leavers with impairments reported having household earnings, the same as for leavers without impairments.
 - Leavers with household earnings reported an average of about \$2,000 per month in addition to any personal earnings. This figure was the same for leavers with and without impairments.
 - No significant changes in household earnings for either group in first 6 months after exiting TANF.

¹ "Same" indicates that there were no statistically significant differences. However, figures are based on small numbers of respondents. Differences too subtle to measure could exist.



Leavers with Impairments More Likely to Report Having No Personal or Household Earnings, or SSI

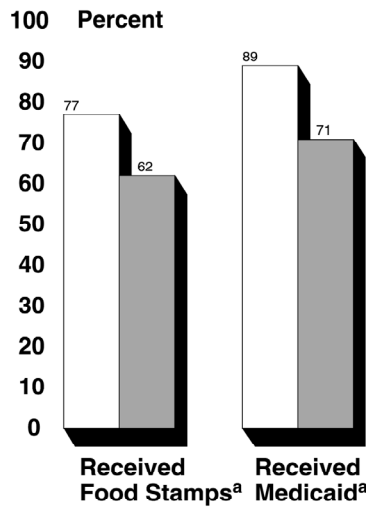
In their first month after leaving TANF, 36 percent of leavers with impairments reported having no personal or household earnings, or SSI, compared with 23 percent of leavers without impairments.



^a Differences between recipients with and without impairments are statistically significant.



Leavers with Impairments Were More Likely to Receive Food Stamps and Medicaid



□ Leavers with impairments ■ Leavers without impairments

^a Differences between leavers with and without impairments are statistically significant.



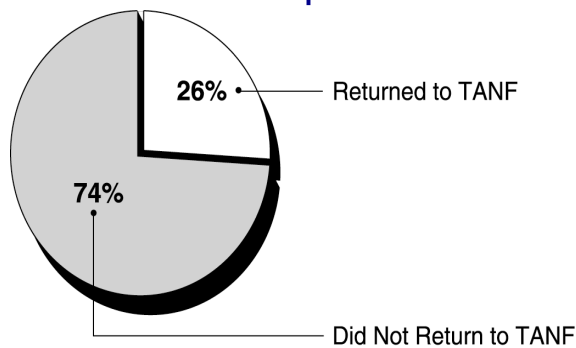
Recipient Outcomes Could Differ Depending on Type of Exit

- Recipients exit TANF for a variety of reasons, including increased income, time limits, sanctions for noncompliance with program requirements, and voluntary exits. Some of these types of exits may be more associated with negative outcomes than others.¹
- SIPP data do not include information on how people exit TANF.
- At least one study (MDRC Urban Change) found that recipients with more health problems were more likely to be sanctioned for noncompliance than their healthier counterparts. Similarly, over 50 percent of leavers with health problems had their benefits terminated due to noncompliance, compared with 39 percent of leavers without health problems. See appendix II for related studies.

¹ U.S. General Accounting Office, *Welfare Reform: State Sanction Policies and Number of Affected Families*, GAO/HEHS-00-44 (Washington, D.C.: Mar. 31, 2000).

One in Four Leavers Returned to TANF

- Overall, about one in four recipients who left TANF between July 1997 and July 1999 returned to TANF before the end of that period.
- There were no significant differences between people with impairments and those without impairments on this measure.





Appendix I: Methodology

- To investigate the differences between impaired and nonimpaired TANF recipients and leavers, we used data collected in the Census Bureau's Survey of Income and Program Participation (SIPP).
 - We used respondents that were in the sample in both wave 5 and wave 11, from July 1997 to July 1999, and analyzed their responses during this time period.
 - The survey is of a probability sample of households nationwide, and we have used appropriate techniques to weight the data to make population estimates for 1999 as well as to take into account the complex sampling design when estimating variances.
- We used the questions and responses to the survey to look at several differences between impaired and nonimpaired TANF recipients, nonrecipients, and leavers.
 - We focused first on overall differences between impaired leavers and nonimpaired leavers.
 - Following these simple analyses, we developed multivariate models that included demographic characteristics and state as well as disability status.



Appendix I: Methodology (continued)

Multivariate models (logistic regression)

- First, we looked at the difference in the likelihood of leaving TANF for impaired and nonimpaired recipients using the following model:

Exit TANF = Disability + Age + Gender + Married + Race + Education + State.

- Next, for those reporting leaving TANF, we looked at the difference in the likelihood of being employed for impaired and nonimpaired recipients, using the following model:

Employed After Leaving TANF = Disability + Age + Gender + Married + Race + Education + State + SSI.



Appendix I: Methodology (continued)

Definitions

TANF recipient: Respondents who reported receiving TANF in any month during the period (July 1997 – July 1999).

TANF leaver: Respondents who reported receiving TANF in some month during the period, and subsequently not receiving TANF at some point for at least 2 consecutive months.

Non-TANF population: Respondents who did not receive TANF benefits in any month during the time period.

Employed (leavers): Respondents who reported employment in any month after leaving TANF during the time period.

Age: Categorized as 18-34 and 35-62 and defined as the respondents reported age in wave 5, July 1997.



Appendix I: Methodology (continued)

Definitions (continued)

Education: Categorized as either having at least a high school diploma or not. For models of TANF exits, education is defined as the reported level of education in wave 5, July 1997; for models predicting employment among leavers, education is defined as the reported level of education in the month the respondent reported leaving TANF.

Marital status: Categorized as either married or not. For models of TANF exits, marital status is defined as reported status in wave 5; for models predicting employment among leavers, marital status is defined as reported status in the month the respondent reported leaving TANF.

Received Food Stamps/Medicaid (leavers): Respondents who reported receiving Food Stamps/Medicaid in any month after leaving TANF during the time period.



Appendix I: Methodology (continued)

Definitions (continued)

Impaired: Categorized as impaired or not. Respondents are defined as “impaired” or “disabled” if they report being impaired in both wave 5 and wave 11 of SIPP and are defined as “not impaired” if they report being not impaired in both wave 5 and wave 11 of SIPP.

To be identified as having a disability or impairment in SIPP, individuals must meet specific disability criteria developed by the U.S. Census Bureau.

Although the Census Bureau has developed further criteria for distinguishing between persons with severe and nonsevere disabilities, we did not make this distinction. Our use of the term “impairments” includes both people with severe and nonsevere disabilities. That is, they must meet any of the following criteria:

- Had difficulty performing one or more functional activities, including seeing, hearing, speaking, lifting, and carrying, using stairs, and walking
 - Had difficulty with one or more activities of daily living, such as getting around inside the home, getting in or out of a bed or chair, bathing, dressing, and eating.
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Appendix I: Methodology (continued)

Definition of impairments (continued)

- Had difficulty with one or more instrumental activities of daily living, including going outside the home, keeping track of money or bills, preparing meals, doing light housework, and using the telephone.
 - Had one or more specific conditions, including a learning disability, mental retardation or another developmental disability, Alzheimer's disease, or some other type of mental or emotional condition.
 - Had other mental or emotional condition that seriously interfered with everyday activities, including frequently depressed or anxious, trouble getting along with others, trouble concentrating, or trouble coping with day-to-day stress.
 - Had a condition that limited the ability to work, including around the house.
 - Had a condition that made it difficult to work at a job or business.
 - Received federal funds based on inability to work.
 - Used a wheelchair, a cane, crutches, or a walker.
-



Appendix II: Related Studies

- Acs, Gregory, and Pamela Loprest. "Do Disabilities Inhibit Exits from AFDC?" Washington, D.C.: The Urban Institute, 1994.
- Brandon, Peter D., and Dennis P. Hogan. "The Effects of Children with Disabilities on Mothers' Exit from Welfare." Paper presented at the Joint Center for Poverty Research, Research Conference. Washington, D.C.: February 2002.
- Collier-Bolkus, Winifred. "The Impact of the Welfare Reform Law on Families with Disabled Children That Need Child Care." Ph.D diss., Widener University, 2000.
- Danziger, Sandra et. al. "Barriers to the Employment of Welfare Recipients." (Revised Version) Ann Arbor, MI: University of Michigan, 2000.
- Meyers, Marcia K., Anna Lukemeyer and Timothy Smeeding. "Work, Welfare and the Burden of Disability: Caring for Special Needs of Children in Poor Families." Syracuse University: Center for Policy Research, Maxwell School of Citizenship and Public Affairs. 1996.
- Polit, Denise F., Andrew S. London, and John M. Martinez. "The Health of Poor Urban Women: Findings from the Project on Devolution and Urban Change." New York, NY: Manpower Demonstration Research Corporation. 2001.

Related GAO Products

Welfare Reform: Tribes Are Using TANF Flexibility To Establish Their Own Programs. [GAO-02-695T](#). Washington, D.C.: May 10, 2002.

Welfare Reform: Federal Oversight of State and Local Contracting Can Be Strengthened. [GAO-02-661](#). Washington, D.C.: June 11, 2002.

Welfare Reform: States Are Using TANF Flexibility to Adapt Work Requirements and Time Limits to Meet State and Local Needs. [GAO-02-501T](#). Washington, D.C.: March 7, 2002.

Welfare Reform: More Coordinated Federal Efforts Could Help States and Localities Move TANF Recipients with Impairments Toward Employment. [GAO-02-37](#). Washington, D.C.: October 31, 2001.

Welfare Reform: Moving Hard-to-Employ Recipients Into the Workforce. [GAO-01-368](#). Washington, D.C.: March 15, 2001.

Welfare Reform: Work-Site-Based Activities Can Play an Important Role in TANF Programs. [GAO/HEHS-00-122](#). Washington, D.C.: July 28, 2000.

Welfare Reform: Means-Tested Programs: Determining Financial Eligibility is Cumbersome and Can Be Simplified. [GAO-02-58](#). Washington, D.C.: November 2, 2001.

Welfare Reform: Improving State Automated Systems Requires Coordinated Federal Effort. [GAO/HEHS-00-48](#). Washington, D.C.: April 27, 2000.

Welfare Reform: State Sanction Policies and Number of Families Affected. [GAO/HEHS-00-44](#). Washington, D.C.: March 31, 2000.

Welfare Reform: Assessing the Effectiveness of Various Welfare-to-Work Approaches. [GAO/HEHS-99-179](#). Washington, D.C.: September 7, 1999.

Welfare Reform: Information on Former Recipients' Status. [GAO/HEHS-99-48](#). Washington, D.C.: April 28, 1999.

Welfare Reform: States' Experiences in Providing Employment Assistance to TANF Clients. [GAO/HEHS-99-22](#). Washington, D.C.: February 26, 1999.

Welfare Reform: Status of Awards and Selected States' Use of Welfare-to-Work Grants. [GAO/HEHS-99-40](#). Washington, D.C.: February 5, 1999.

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