

From AFDC to TANF: Have the New Public Assistance Laws Affected Consumer Spending of Recipients?

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Introduction

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (the Welfare Reform Act) replaced the previous welfare program, Aid to Families with Dependent Children (AFDC), with a new program, Temporary Assistance for Needy Families (TANF). The new program gives block grants to States to design their own welfare programs—provided that they meet certain Federal guidelines. One of the main requirements is to limit the amount of time that a person can receive welfare (hence, temporary assistance).

Since the implementation of the new laws, numerous research projects have investigated just how well TANF has been doing. Some studies have looked at how the welfare reform affects different groups of people, employment and earnings, and family structure.

This study looks at how the welfare reform has affected the spending patterns of welfare recipients. Looking at spending can give insights into welfare recipients' quality of life.

Using the Consumer Expenditure Survey (CE), a comparison of data on welfare recipients prior to TANF (1988-89), during the transition to TANF (1997-98), and post-TANF (2001-02) was made. An analysis of the sample characteristics of welfare recipients over the three time periods was done, as well as an analysis of expenditure patterns.

A brief overview of TANF

The welfare reform established block grants for States to develop their own welfare programs as long as certain requirements were met. States were mandated to limit the amount of time that recipients could receive funds, to require that recipients work when ready or after 24 months of receiving assistance, and to establish goals to reduce out-of-wedlock pregnancies.

Prior to the Welfare Reform Act, as far back as 1987, some States had already established welfare programs similar to TANF.¹ The Welfare Reform Act was passed in 1996 and fully implemented in all states by 1998. Data from 1997-98 were used to look at TANF's transition period, and data from 2001-02 were used to look at the post-TANF time period.

In 2003, TANF was due for reauthorization in Congress. A bill reauthorizing TANF was passed in the House of Representatives, but not in the Senate. Funding was extended by Congress through March of 2005.

¹ This article assumes that these States would not have a large effect on the welfare population in the 2 years following the development of their programs. Due to the design of the CE, data from 1988-89 were more accessible than earlier data (from 1986-87), so these data were used to reflect the welfare population prior to TANF.

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The sample

Data on welfare receipts are collected in the income section (section 22) of the Interview Survey in the CE. Established survey participants are asked to answer the income section of the questionnaire during the second and fifth interviews. Respondents who replace original CUs are also asked to report their income for section 22 at the time that they enter the survey. Income information from the second interview is carried over to the third and fourth interviews.

The screener question about welfare has changed over the three time periods of interest. For 1988 and 1989 (prior to TANF), each respondent was asked the following question about welfare receipts and other forms of income:

“During the past 12 months, did you (or any member of your CU) receive income from...worker’s or unemployment compensation; veteran’s payments; public assistance or welfare from Federal, State, or local welfare offices?”

If the respondent replied that he or she had received some form of assistance, he or she was then asked for each amount individually:

“How much was received from public assistance or welfare, including money received from job training grants, such as Job Corps?”

If a respondent answered affirmatively to the screener question but did not know or refused to say the amount, then there was no way to know which type of assistance was collected.

The question used during 1997 and 1998 (transition to TANF) asked the respondent about welfare assistance separately from other forms of assistance and grouped the screener question and the amount question together:

“During the past 12 months, did you (or any member of your CU) receive income from...public assistance or welfare, including money received from job training grants, such as Job Corps?”

If the respondent answered affirmatively, the interviewer asked:

“What was the total amount received by all CU members?”

For 2001 and 2002 (post TANF), the questions about welfare were similar to those used during 1997 and 1998, but the wording specified the AFDC and Job Corps programs²:

“During the last 12 months, did you (or any member of your CU) receive any income from...public assistance or welfare, such as AFDC and grants from Job Corps? Do not include non-monetary assistance, such as food stamps.”

If the respondent answered affirmatively, the interviewer asked:

“What was the total amount received by all CU members?”

An additional difference in the 2001 and 2002 questionnaires was the introduction of income ranges or brackets in section 22. If the respondent did not know or refused to say the amount of the welfare payments received, he or she would be shown a number of brackets and asked to indicate which bracket the amount fell in. The introduction of brackets decreased the percentage of overall refusals to the amount question.

The differences in the questions between 1988 and 2002 led to the definition of the welfare sample used in this study. Because the screener question that was used in 1988 and 1989 did not separate welfare payments from other forms of income, it was not possible to identify welfare recipients based on that screener question. Instead, a welfare recipient was defined as a person who reported a positive amount for welfare assistance (or indicated an income bracket for 2001 or 2002) when asked about specific amounts. Respondents in CUs who refused to provide an amount or did not know the amount of welfare assistance and would not provide a bracket (in 2001-02) were excluded from the sample. No other sample restrictions were made.

The sample was weighted to match the U.S. population; and, using the

² Although AFDC was discontinued in 1996, the CE did not reflect this change until 2003.

above definition of a welfare recipient, the weighted welfare sample made up 3.2 percent of the population in the 1988-89 period, 2.3 percent in the 1997-98 period, and 1.4 percent in the 2001-02 period.³ The decreasing percentage of welfare recipients was expected because TANF was designed to give temporary assistance. This is consistent with data on welfare receipts published in the 2003 Statistical Abstract, which shows that the percent of families receiving welfare decreased from 4.1 percent in 1988-89 to 3.34 percent in 1997-98, and, then, to 1.91 percent in 2001-02.⁴

Sample characteristics

In the 1988-89 period, 83.1 percent of consumer units (CUs) who received welfare payments also received some other form of assistance (food stamps, housing assistance, unemployment compensation, or worker’s compensation). (See table 1.) This percentage didn’t change significantly in 1997-98 or 2001-02.⁵ The largest form of additional assistance among welfare recipients was food stamps. Seventy-eight percent of welfare recipients also received food stamps in 1988-89, but this percentage decreased from 73.1 in 1997-98 to 66.8 percent in 2001-02.⁶ The Welfare Reform Act also imposed some stricter eligibility requirements for receiving food stamps, which may explain some of the decline in food stamp recipients among welfare recipients. Other studies have shown overall declines in the numbers of both welfare and non-welfare recipients receiving food stamps. Percentages of welfare recipients receiving other forms of assistance either increased or trended upwards over the same three time periods.

³ Including the CUs who claimed welfare receipts but did not know the amount or refused to share the amount, welfare recipients made up 3.1 percent of the population in 1997-98 and 1.6 percent in 2001-02. This statistic is not available for 1988-89.

⁴ These statistics from the Statistical Abstract differ slightly from the CE numbers due to definitional differences and sample error.

⁵ All significance tests are at the .05 significance level.

⁶ Whenever the words “increase or decrease” are used, the modifier “statistically significant” should be understood.

The distribution of welfare recipients by race in the sample changed significantly between 1988-89 and 2001-02. The percentage of welfare recipients who were White increased from 53.7 percent in 1988-89 to 58.1 percent in 1997-98 and, then, to 61.4 percent in 2001-02. The percentage of welfare recipients who were Black decreased from 41.6 percent in 1988-89 to 36.4 percent in 1997-98 and, then, to 31.3 percent in 2001-02. For the non-welfare population, the percentage of Whites in the sample decreased from 87.7 percent to 84.7 percent and, then, to 83.6 percent, while the percentage of Blacks increased from 9.6 percent to 11.3 percent and, then, to 11.9 percent. The percentage of welfare recipients who were Hispanic rose from 16.0 percent to 20.3 percent and, then, to 21.5 percent over the three time periods, but these changes weren't statistically significant.

Among welfare recipients, single mothers were the largest portion of the population for all three time periods with no significant changes. Single mothers composed 41.5 percent of the welfare population in the 1988-89 period, 38.3 percent in the 1997-98 period, and 38.1 percent in the 2001-02 period. There were not many fluctuations in the distribution of family type among welfare recipients over these time periods. The only significant change was a 3 percent decrease in the population of husband and wife families with at least one school-aged child.

The average size of CUs receiving welfare did not change significantly with the implementation of TANF. In 1988-89, the average CU size was 3.7 persons; in 1997-98 and 2001-02, it was 3.6 persons. The percentage of welfare recipients that were two-person CUs significantly increased from 16.9 percent in 1988-89 to 21.9 percent in 2001-02. The only other significant change for welfare recipients was a decrease in five-person CUs from 16.7 percent in 1997-98 to 11.6 percent in 2001-02. For non-welfare CUs, the percent distribution of CU sizes did not vary much over the three time periods.

Expenditures

To compare expenditure patterns over time, data on relative shares (the percent of total expenditures accounted for by an expenditure item or component), percent reporting (the percent of the sample that reported an expenditure greater than zero for the item or component), and selected means were tracked. Looking at all three types of statistics gives a better idea of spending patterns over time than looking at only one type.

Typically, relative shares do not fluctuate much from year to year, so large changes in shares indicate changes in spending patterns. Shares also remain pretty consistent if prices rise for everything at an equal rate and all else remains constant.

When comparing the percent reporting, keep in mind that expenditures can be affected by various factors, including policy changes. For example, with a policy change requiring welfare recipients to work, an increase in people with work-related expenditures would be expected. Thus, spending on child care services would be likely to increase as well as expenditures on commuting costs, and, possibly, work apparel.

In order to compare means over the three time periods, it was necessary to remove the effects of price changes over those periods. For selected items, which are described in the following paragraphs, means were compared after they were adjusted to 2002 dollars by the Consumer Price Index.⁷ Means can be affected by the price of a good or service and the number of people reporting it. When more CUs report an expenditure, the mean will increase. If there is a low percent reporting for a particular item, then the mean can be highly variable and can show large jumps from year to year. The means here were adjusted for change in price and have a relatively large percent reporting, so they should not have as much variability.

For welfare recipients, there were significant changes in spending pat-

⁷ Not all expenditure items had an associated price index.

terns in a number of categories, based on fluctuations in the expenditure shares, percent reportings, and inflation-adjusted means. For specifics, see the text and tables that follow.

Food

There were a number of significant changes in the food category. The percent of welfare recipients who reported an expense for eating away from home increased from 56.5 in 1988-89 to 64.4 in 1997-98 and, then, to 69.6 in 2001-02. (See table 2.) This is a contrast to the non-welfare population, in which the percentage of the group eating away from home declined over the same time period from 85.2 percent in 1988-89 to 85.3 percent in 1997-98 and, then, to 81.8 in 2001-02.

Expenditure shares for food away from home did not change significantly for the welfare population during the time period before and after TANF; however, the share for food at home decreased. About 5 percentage points less of the household budget was spent on groceries in 2001-02 than in 1988-89. (See table 3.) The non-welfare population spent about 1.5 percentage points less of their budget on groceries in 2001-02 than they did in 1988-89.

There were no significant changes in the adjusted means for food expenditures among welfare recipients, but there was an upward trend of average expenditures for food away from home, which rose from \$441 in 1988-89 to \$485 in 1997-98 and, then, to \$581 in 2001-02. (See table 4.) The adjusted means decreased significantly for expenditures on food away from home in the non-welfare population. The average fell from \$1,661 in 1988-89 to \$1,526 in 1997-98 and, then, to \$1,428 in 2001-02.

Spending on food includes expenditures made using all available sources of income, including food stamps. As noted previously, the overall percent of the welfare sample and non-welfare sample receiving food stamps decreased with the welfare reform over the three time periods in this study. This could have affected the food expenditure results.

Housing

After the welfare reform, there were a larger number of home owners among welfare recipients; the percent reporting expenditures on owned dwellings nearly doubled from 13.1 percent in 1988-89 to 25.0 percent in 2001-02. The relative share of total expenditures on owned dwellings also increased, from 2.7 percent of the total in 1988-89 to 5.2 percent in 2001-02. The non-welfare sample showed similar increases in both the percent reporting and the relative share spent on owned dwellings over that time period. In the 1988-89 period, 55.3 percent of the non-welfare population reported expenditures on owned dwellings; in the 2001-02 period, 66.9 percent reported expenditures on owned dwellings. The relative share spent on owned dwellings by the non-welfare population rose from 10.9 percent in 1988-89 to 13.6 percent in 2001-02. Although the relative shares of expenditures on rented dwellings did not significantly change for either group before and after the implementation of TANF, there was a significant decrease in the percent of CUs reporting expenditures on rented dwellings for both groups. For the welfare population, reporting dropped from 82.7 percent in 1988-89 to 82.0 percent in 1997-98 and, then, to 72.2 percent in 2001-02; and for non-welfare recipients, reporting dropped from 35.5 percent in 1988-89 to 33.4 percent in 1997-98 and, then, to 31.6 percent in 2001-02.

Transportation

There were some significant changes in the transportation category of the survey. Transportation includes purchases of vehicles; vehicle finance charges; vehicle insurance; vehicle rental, leases, and licenses; gas and motor oil; maintenance and repairs; and public transportation. For overall transportation, there was an increase in the share of total expenditures between 1988-89 and 2001-02; the share rose from 13.3 percent of total expenditures in 1988-89 to 16.0 percent in 1997-98 and, then, to 18.1 percent in 2001-02. There was no significant change in expenditure shares for non-welfare

recipients. Within the transportation category, there was a significant decrease in percent reporting for used cars and trucks for the welfare and non-welfare populations; however, shares of expenditures on used cars and trucks trended upward for the welfare population and increased for the non-welfare population. The percent reporting new cars and trucks trended upward between 1988-89 and 2001-02 for welfare recipients. The percent reporting new cars and trucks decreased for non-welfare recipients over the same time period. Shares of expenditures on new cars and trucks increased between 1988-89 and 2001-02 for welfare recipients from 0.4 percent of total expenditures in 1988-89 to 2.1 percent in 2001-02. Shares of expenditures on new cars and trucks decreased for non-welfare recipients over the same time period from 5.3 percent to 4.5 percent.

Public transportation expenditures remained constant between 1988-89 and 1997-98, but showed a significant drop in expenditure shares and percent reporting for both welfare and non-welfare recipients between 1997-98 and 2001-02. Public transportation spending includes airfares as well as expenditures on buses, trains, and other forms of mass transit. The time period after 9/11 caused a drop in overall expenditures on airfares, most likely driving the decrease in overall public transportation expenditures. A subcategory for public transportation was available only for 1997-98 and 2001-02, which includes data on intracity mass transit, taxis and limousines, and school buses (excluding all public transportation expenditures on trips).⁸ Data available between 1997-98 and 2001-02 indicate that the share of total expenditures spent on intracity mass transit, taxi fares and limousines, and school buses by the welfare population decreased from 0.2 percent to 0.1 percent between 1997-98 and 2001-02. The percent reporting expenditures for these items also declined from 4.4 percent to 2.9 percent.

⁸ Trips are defined as any overnight trips or day trips of 75 or more miles.

With the work requirement for welfare recipients that was instituted with the 1996 legislation, welfare recipients were expected to have more transportation expenditures due to the necessity of commuting. Data indicate that vehicle purchases and operating expenditures increased for welfare recipients from before to after the welfare reform, even though public transportation expenditures decreased.

Child care

With the new work requirements for receiving TANF benefits and the large percentage of single parents receiving benefits, expenditures on child care were expected to increase. While there were no significant changes for the welfare population, the percent reporting an expenditure for child care trended upward from 8.8 percent in 1988-89 to 10.6 percent in 2001-02. Alternately, percent reporting for child care by the non-welfare population decreased over the three time periods with 10.0 percent reporting in the 1988-89 period, 8.8 percent reporting in the 1997-98 period, and 8.1 percent reporting in the 2001-02 period. There were no significant changes in expenditure shares for child care in either group.

Entertainment

Before the welfare reform, 70.2 percent of welfare recipients reported an expenditure on entertainment. The percentage rose to 82.1 in 1997-98 and to 83.5 percent in 2001-02. For non-welfare recipients, the percent reporting also increased overall, rising from 86.7 percent in 1988-89 to 90.0 percent in 1997-98, but, then, remaining about the same for 2001-02. A large part of the change in the percent reporting appears to be from the purchase of televisions, radios, and sound equipment. The percent of welfare recipients reporting an expenditure on that component rose from 49.8 percent to 72.3 percent between 1988-89 and 2001-02. For non-welfare recipients, spending on that component rose from 70 to 81.8 percent over the same time period. There were no significant changes in the expenditure shares of overall entertainment expenditures for

either group during that time period; however, the non-welfare recipients' expenditure share on televisions, radios, and sound equipment rose slightly.

Apparel

There were not many significant differences in percent reporting or in expenditure shares on apparel for the welfare sample. Overall, the total share on apparel decreased between 1988-89 and 2001-02 from 6.9 percent to 5.2 percent of total expenditures, respectively. The two significant differences in shares among the subcomponents were for footwear expenditures and for men's and boys' apparel expenditures: both had a significant decrease. Footwear expenditures also showed the only decrease in percent reporting for the welfare sample. Although there were not many significant changes, the welfare population showed similar trends to the spending patterns of the non-welfare population. For the non-welfare population, the percentage of CUs reporting and the shares of expenditures de-

creased for most of the apparel subcomponents.

Other

A number of other categories showed significant changes between the pre-TANF and post-TANF welfare period. The percent of CUs reporting spending on health insurance increased for the welfare and non-welfare populations between 1988-89 and 2001-02. For welfare recipients, the percent reporting health insurance rose from 14.9 percent in 1988-89 to 20.1 percent in 1997-98 and, then, to 24.6 percent in 2001-02. For the non-welfare group, these percentages were 57.0 percent, 63.8 percent, and 63.0 percent, respectively. The share of expenditures on health insurance also increased over that time period for both groups. The welfare group allocated 0.7 percent of their total expenditures to health insurance in 1988-89. This share went from 1.1 percent in 1997-98 to 1.6 percent in 2001-02. The non-welfare group allocated 2.0 percent of their total expenditures

to health insurance in 1988-89, 2.8 percent in 1997-98, and 3.0 percent in 2001-02. For expenditures on life and other personal insurance, the percent reporting decreased for both groups, and the expenditure shares also decreased for both groups.

Conclusion

Overall, there were some significant changes in spending by welfare recipients from the pre-TANF to post-TANF period. Many changes for the welfare population, such as the change from renting to owning, have followed the trends of the non-welfare population. Other changes in the spending patterns of welfare recipients, such as expenditures on food away from home, have been different from the trends of the non-welfare recipients. While it may not be possible to definitely attribute the reason for changes in spending to the introduction of TANF, CE data show that there were some significant changes from the pre-TANF to the post-TANF period. ■

Table 1. Characteristics of welfare and non-welfare sample, Consumer Expenditure Survey, 1988-89, 1997-98, and 2001-02, in percent

Characteristic	1988-89	1997-98	2001-02
Receiving public assistance:			
Any type			
Welfare	83.1	80.1	81.2
Non-welfare	11.3	10.3 *	12.0 +
Food stamps			
Welfare	78.0	73.1	66.8 *
Non-welfare	3.3	4.0 *	2.4 * +
Housing			
Welfare	28.2	34.2	38.3 *
Non-welfare	2.3	3.2 *	7.0 * +
Unemployment compensation			
Welfare	3.7	4.6	6.5 *
Non-welfare	4.0	2.8 *	2.9 *
Workers' compensation			
Welfare	1.6	1.8	3.1
Non-welfare	3.0	1.8 *	1.1 * +
Race ¹ :			
White			
Welfare	53.7	58.1	61.4 *
Non-welfare	87.7	84.7 *	83.6 * +
Black			
Welfare	41.6	36.4	31.3 *
Non-welfare	9.6	11.3 *	11.9 * +
Other			
Welfare	4.7	5.5	7.4
Non-welfare	2.7	4.0 *	4.5 * +
Hispanic origin ² :			
Hispanic			
Welfare	16.0	20.3	21.5
Non-welfare	5.7	8.1 *	8.8 * +
Non-Hispanic			
Welfare	84.0	79.7	78.5
Non-welfare	94.3	91.9 *	91.2 * +
Age ³ :			
Under 25			
Welfare	13.8	16.4	18.5
Non-welfare	7.6	7.2	7.7
25 to 34			
Welfare	32.8	26.2	20.8
Non-welfare	20.2	17.0	15.4
35 to 44			
Welfare	20.2	24.5	23.6
Non-welfare	18.8	20.7	20.0
45 to 54			
Welfare	11.4	11.8	16.4
Non-welfare	13.0	16.4	17.9
55 to 64			
Welfare	6.0	6.5	5.9
Non-welfare	12.0	10.6	11.8
65 to 74			
Welfare	3.8	1.8	3.2
Non-welfare	11.0	10.2	9.2
Over 75			
Welfare	2.3	1.0	3.3
Non-welfare	7.8	8.5	8.7
Family type:			
Single ⁴			
Welfare	11.3	9.0	11.0
Non-welfare	28.5	29.1	29.8 * +
Husband and wife, oldest child under 6 years			
Welfare	3.9	3.2	4.3
Non-welfare	6.4	5.2 *	4.8 *
Husband and wife, oldest child 6 to 17 years			
Welfare	7.3	7.3	4.2 *
Non-welfare	15.0	14.8	13.8 * +

Table 1. **Characteristics of welfare and non-welfare sample, Consumer Expenditure Survey, 1988-89, 1997-98, and 2001-02, in percent—Continued**

Characteristic	1988-89	1997-98	2001-02
Husband and wife, oldest child over 17			
Welfare	2.5	2.8	2.6
Non-welfare	8.7	7.4 *	7.2 *
Husband and wife, no children			
Welfare	1.3	1.9	3.2
Non-welfare	22.2	22.0	21.0 * +
Single mom			
Welfare	41.5	38.3	38.5
Non-welfare	4.0	4.6 *	4.8 *
Single dad			
Welfare	2.0	.8	2.45
Non-welfare .....	.7	.8	.8
Other family type			
Welfare	23.5	29.1	26.3
Non-welfare	10.8	12.3 *	13.8 * +
Family size:			
Single			
Welfare	11.3	9.0	11.0
Non-welfare	28.5	29.1	29.8 * +
2 persons			
Welfare	16.6	17.1	21.9 *
Non-welfare	30.8	31.2	31.0
3 persons			
Welfare	24.1	24.8	23.0
Non-welfare	16.4	15.7	15.2 *
4 persons			
Welfare	20.0	20.8	19.2
Non-welfare	14.3	14.2	14.0
5 persons			
Welfare	14.1	16.7	11.6 +
Non-welfare	6.4	6.3	6.3
More than 6 persons			
Welfare	13.9	11.6	13.3
Non-welfare	3.5	3.5	3.6

* Indicates statistical difference from 1988-89 at the 0.05 significance level

+ Indicates statistical difference from 1997-98 at the 0.05 significance level

¹ Race refers to race of the reference person.

² Hispanic origin refers to Hispanic origin of the reference person.

³ Age refers to the age of the reference person.

⁴ Even though AFDC and TANF are both intended for families with children, the question asks for income from public assis-

tance for the past 12 months. This question is also only asked during the second and fifth interview. If the person is in the fourth interview, then data from the second interview will be used. In this case, the CU could have received income from welfare up to 19 months prior. The family type of the CU will be current to the quarter.

If the CU, now listed as single, previously was listed with children, then the CU could have received AFDC or TANF. Furthermore, the welfare question also asks whether respondents received any income from Job Corp grants in 1997-98 and 2001-02. These are possible examples of singles with welfare.

Table 2. **Percent reporting expenditures for selected items, Consumer Expenditure Survey, 1988-89, 1997-98, and 2001-02, in percent**

Item	1988-89	1997-98	2001-02
Food total:			
Welfare	99.1	99.4	98.8
Non-welfare	99.2	99.4	99.5 * +
Food at home			
Welfare	98.4	98.6	98.6
Non-welfare	99.2	99.4 *	98.9 * +
Food away			
Welfare	56.5	64.4 *	69.6 *
Non-welfare	85.2	85.3	81.8 * +
Alcoholic beverages			
Welfare	30.1	22.8 *	22.8
Non-welfare	50.9	45.8 *	42.1 *
Housing:			
Welfare	47.0	52.2 *	48.8
Non-welfare	65.4	61.3 *	55.2 *
Shelter			
Welfare	95.5	99.3 *	96.9 +
Non-welfare	91.7	98.2 *	97.6 * +
Owned dwellings:			
Welfare	13.1	17.4	25.0 * +
Non-welfare	55.3	65.4 *	66.9 * +
Mortgage interest			
Welfare	8.3	9.0	13.7 *
Non-welfare	38.2	39.8 *	41.3 * +
Property tax			
Welfare	4.2	16.7 *	23.9 *
Non-welfare	18.8	64.8 *	65.6 * +
Maintenance, repairs, insurance, and other expenses			
Welfare	8.9	9.6	14.2 *
Non-welfare	36.8	39.3 *	39.0 *
Rented dwellings			
Welfare	82.7	82.0	72.2 * +
Non-welfare	35.5	33.4 *	31.6 * +
Other lodging			
Welfare	4.9	5.0	4.5
Non-welfare	26.8	23.0 *	21.4 * +
Utilities, fuels, and public services:			
Welfare	94.9	96.9	96.8
Non-welfare	98.1	98.3	97.9 +
Natural gas			
Welfare	50.1	48.2	47.2
Non-welfare	48.6	49.6	50.1
Electricity			
Welfare	78.2	81.5	85.0
Non-welfare	90.5	91.7 *	91.9 *
All other fuels			
Welfare	4.8	6.7	5.0
Non-welfare	14.0	11.6 *	9.9 * +
Telephone			
Welfare	79.8	89.2 *	87.5 *
Non-welfare	95.3	96.3 *	95.7 +
Water and public services			
Welfare	31.6	31.8	31.9
Non-welfare	57.9	59.2 *	62.7 * +
Household operations:			
Welfare	29.3	29.2	37.4 *
Non-welfare	41.8	43.6	54.3 * +
Domestic services			
Welfare	24.2	24.2	26.4
Non-welfare	35.0	33.5	31.1 *
Babysitting and daycare services			
Welfare	8.8	10.0	10.6
Non-welfare	10.0	8.8 *	8.1 *
Other household expenditures			
Welfare	6.7	7.0	17.3 * +
Non-welfare	12.1	18.7 *	39.3 * +

Table 2. Percent reporting expenditures for selected items, Consumer Expenditure Survey, 1988-89, 1997-98, and 2001-02, in percent—Continued

Item	1988-89	1997-98	2001-02
Household furnishings and equipment:			
Welfare	100.0	99.9	99.8 +
Non-welfare	99.8	99.8	99.6 * +
Household textiles			
Welfare	20.3	21.3	16.4 +
Non-welfare	26.6	22.2 *	19.4 * +
Furniture			
Welfare	10.9	13.1 *	12.9
Non-welfare	15.5	13.9 *	12.2 * +
Floor coverings			
Welfare	2.4	3.2	3.2
Non-welfare	4.0	3.8	3.3 *
Major appliances			
Welfare	6.6	8.0	8.7
Non-welfare	9.7	8.8 *	8.7 *
Small appliances			
Welfare	19.6	18.8	16.4
Non-welfare	22.8	19.7 *	17.4 * +
Miscellaneous household equipment			
Welfare	26.6	31.7	30.2
Non-welfare	48.2	45.5 *	40.4 * +
Apparel and services:			
Welfare	87.5	86.3	85.5
Non-welfare	89.4	86.1 *	80.1 * +
Men's and boys' apparel:			
Welfare	39.0	42.4	36.2
Non-welfare	52.3	47.9 *	43.1 * +
Men, 16 and over			
Welfare	16.4	19.5	16.8
Non-welfare	46.2	40.8 *	36.6 * +
Boys, 2 to 15			
Welfare	23.4	29.3	24.3
Non-welfare	16.1	15.4 *	13.2 * +
Women's and girls' apparel:			
Welfare	60.3	54.9	54.4
Non-welfare	64.6	59.2 *	52.8 * +
Women, 16 and over			
Welfare	47.9	42.3	44.3
Non-welfare	61.1	54.5 *	48.1 * +
Girls, 2 to 15			
Welfare	31.1	28.7	27.0
Non-welfare	16.9	16.4	14.0 * +
Children under 2			
Welfare	28.2	30.6	31.2
Non-welfare	17.4	17.6	14.9 * +
Footwear			
Welfare	44.6	40.6	38.4 *
Non-welfare	47.0	40.3 *	32.9 * +
Other apparel products and services			
Welfare	56.5	52.6	50.6
Non-welfare	63.4	55.8 *	46.2 * +
Transportation:			
Welfare	77.9	83.4 *	78.7
Non-welfare	94.8	94.7	94.0 * +
Cars and trucks, new (net outlay)			
Welfare .....	.2	.3	.5
Non-welfare	2.6	1.7 *	4.8 *
Cars and trucks, used (net outlay)			
Welfare	7.2	6.5	5.3 *
Non-welfare	5.9	5.1 *	4.8 *
Other vehicles			
Welfare .....	.3	n.a.	n.a.
Non-welfare .....	.3	.2 *	.2 *
Vehicle finance charges			
Welfare	11.6	14.2	14.4
Non-welfare	37.2	32.0 *	32.7 *

Table 2. **Percent reporting expenditures for selected items, Consumer Expenditure Survey, 1988-89, 1997-98, and 2001-02, in percent—Continued**

Item	1988-89	1997-98	2001-02
Gas and motor oil			
Welfare	53.8	58.4	62.1 *
Non-welfare	90.1	89.9	89.4
Maintenance and repairs			
Welfare	28.6	35.1	29.9
Non-welfare	60.7	61.2	56.6 * +
Vehicle insurance			
Welfare	19.8	30.0 *	33.2 *
Non-welfare	47.4	52.3 *	55.6 * +
Public transportation			
Welfare	33.4	32.3	25.0 * +
Non-welfare	23.2	22.2	19.8 * +
Intracity mass transit, taxis and limousines, and school buses ¹			
Welfare	-	4.4	2.9
Non-welfare	-	13.9	12.2 +
Health care:			
Welfare	38.1	38.6	39.8
Non-welfare	80.9	81.3	79.7 +
Health insurance			
Welfare	14.9	20.1 *	24.6 *
Non-welfare	57.0	63.8 *	63.0 *
Medical services			
Welfare	19.5	17.8	15.4
Non-welfare	54.7	48.7 *	45.5 * +
Prescription drugs			
Welfare	25.5	21.1	24.2
Non-welfare	52.9	46.4 *	49.3 * +
Entertainment:			
Welfare	70.2	82.1 *	83.5 *
Non-welfare	86.7	90.0 *	89.6 *
Fees and admissions			
Welfare	28.2	27.3	32.2
Non-welfare	57.9	56.9	51.0 * +
TVs, radios, and sound equipment			
Welfare	49.8	67.8 *	72.3 *
Non-welfare	70.0	81.6 *	81.8 *
Personal care products and services			
Welfare	47.2	49.4	48.4
Non-welfare	79.3	75.3 *	74.4 *
Reading			
Welfare	48.8	41.6 *	33.1 * +
Non-welfare	76.5	65.1 *	54
Education			
Welfare	12.6	17.7 *	14.8
Non-welfare	16.7	18.3	16.9 +
Tobacco			
Welfare	55.5	44.9 *	37.3 * +
Non-welfare	37.9	28.8 *	24.3 * +
Miscellaneous			
Welfare	20.7	25.3	31.3 *
Non-welfare	48.9	46.4 *	47.3
Personal insurance and pensions:			
Welfare	54.1	53.0	64.6 * +
Non-welfare	80.7	76.5 *	77.1 *
Life and other personal insurance			
Welfare	22.1	16.6	14.1 *
Non-welfare	45.5	41.6	39.5 * +
Retirement, pensions, and Social Security			
Welfare	41.1	47.4	59.3 * +
Non-welfare	70.6	64.7 *	66.4 *

* Indicates statistical difference from 1988-89 at the 0.05 significance level

+ Indicates statistical difference from 1997-98 at the 0.05

significance level

¹ Data on intracity mass transit, taxis and limousines, and school buses are only available for 1997-98 and 2001-02.

Table 3. Shares of total expenditures spent on selected items, Consumer Expenditure Survey, 1988-89, 1997-98, and 2001-02, in percent

Item	1988-89	1997-98	2001-02
Food total:			
Welfare	27.4	23.4 *	22.1 *
Non-welfare	16.3	15.0 *	14.1 * +
Food at home			
Welfare	24.7	20.9 *	19.3 *
Non-welfare	11.7	10.9 *	10.3 * +
Food away			
Welfare	2.7	2.5	2.9
Non-welfare	4.6	4.2	3.8 * +
Alcoholic beverages			
Welfare .....	.9	.5 *	.5 *
Non-welfare	1.0	.9 *	.9 *
Housing:			
Welfare	36.7	38.5	48.8
Non-welfare	31.4	32.8 *	33.0 *
Shelter			
Welfare	21.9	23.8	22.3
Non-welfare	18.6	19.9 *	20.7 *
Owned dwellings:			
Welfare	2.7	3.9	5.2 *
Non-welfare	10.9	12.6 *	13.6 * +
Mortgage interest			
Welfare	1.6	2.2	3.0 *
Non-welfare	6.7	7.3 *	7.8 * +
Property tax			
Welfare .....	.6	.7	1.3 * +
Non-welfare	2.2	3.1 *	3.3 * +
Maintenance, repairs, insurance, and other expenses			
Welfare .....	.6	.9	.9
Non-welfare	2.1	2.3 *	2.5 *
Rented dwellings			
Welfare	18.8	19.6	16.8
Non-welfare	5.8	5.9	5.7
Other lodging			
Welfare .....	.4	.3	.2
Non-welfare	1.9	1.4 *	1.4 *
Utilities, fuels, and public services:			
Welfare	10.4	10.9	10.5
Non-welfare	7.1	7.4 *	7.3
Natural gas			
Welfare	2.0	1.5 *	1.8
Non-welfare .....	.9	.9	1.0 +
Electricity			
Welfare	4.0	4.2	4.0
Non-welfare	2.9	2.8	2.7 * +
All other fuels			
Welfare .....	.3	.2	.2
Non-welfare .....	.4	.3 *	.3 *
Telephone			
Welfare	3.3	4.1 *	3.7
Non-welfare	2.2	2.5 *	2.5 *
Water and public services			
Welfare .....	.8	.9	.9
Non-welfare .....	.7	.9 *	.9 *
Household operations:			
Welfare	1.2	1.2	1.5
Non-welfare	1.7	1.7	1.9 * +
Domestic services			
Welfare .....	.9	1.0	1.2
Non-welfare	1.4	1.4	1.4
Babysitting and daycare services			
Welfare .....	.2	.2	.3
Non-welfare .....	.2	.2	.2
Other household expenditures			
Welfare .....	.3	.2	.4 +
Non-welfare .....	.3	.3	.5 * +

Table 3. Shares of total expenditures spent on selected items, Consumer Expenditure Survey, 1988-89, 1997-98, and 2001-02, in percent—Continued

Item	1988-89	1997-98	2001-02
Household furnishings and equipment:			
Welfare	3.1	2.7	2.5
Non-welfare	4.0	3.8 *	3.2
Household textiles			
Welfare .....	.3	.2	.2
Non-welfare .....	.4	.2 *	.2 * +
Furniture			
Welfare	1.1	1.0	.9
Non-welfare	1.3	1.2 *	1.0 * +
Floor coverings			
Welfare	n.a.	.1	n.a.
Non-welfare .....	.2	.2 *	.1 * +
Major appliances			
Welfare .....	.7	.4 *	.4 *
Non-welfare .....	.6	.5 *	.5 * +
Small appliances			
Welfare .....	.2	.2	.1 *
Non-welfare .....	.2	.2 *	.1 * +
Miscellaneous household equipment			
Welfare .....	.7	.8	.8
Non-welfare	1.3	1.5 *	1.2 +
Apparel and services:			
Welfare	6.9	5.5	5.2 *
Non-welfare	5.2	4.2 *	3.6 * +
Men's and boys' apparel:			
Welfare	1.3	1.0	1.0 *
Non-welfare	1.3	1.1 *	1.0 * +
Men, 16 and over			
Welfare .....	.5	.3	.4
Non-welfare	1.1	.9 *	.7 * +
Boys, 2 to 15			
Welfare .....	.9	.7	.6 *
Non-welfare .....	.2	.2	.2 * +
Women's and girls' apparel:			
Welfare	2.4	1.9	1.8
Non-welfare	2.1	1.6 *	1.4 * +
Women, 16 and over			
Welfare	1.5	1.1	1.1
Non-welfare	1.8	1.3 *	1.2 * +
Girls, 2 to 15			
Welfare .....	.9	.8	.7
Non-welfare .....	.3	.3	.3 * +
Children under 2			
Welfare	1.1	.9	1.0
Non-welfare .....	.2	.2	.2 * +
Footwear			
Welfare .....	.8	.7	.6 *
Non-welfare .....	.5	.5 *	.3 * +
Other apparel products and services			
Welfare	1.3	1.1	.8 *
Non-welfare	1.1	.8 *	.7 * +
Transportation:			
Welfare	13.3	16.0	18.1 *
Non-welfare	20.5	20.0	20.4
Cars and trucks, new (net outlay)			
Welfare .....	.4	1.1	2.1 *
Non-welfare	5.3	4.1 *	4.5 * +
Cars and trucks, used (net outlay)			
Welfare	4.5	5.9	6.8
Non-welfare	4.0	4.6 *	4.9 * +
Other vehicles			
Welfare .....	.3	n.a.	n.a.
Non-welfare .....	.1	.1 *	.2 *
Vehicle finance charges			
Welfare .....	.4	.6	.7 *
Non-welfare	1.2	.9 *	1.0 * +

Table 3. Shares of total expenditures spent on selected items, Consumer Expenditure Survey, 1988-89, 1997-98, and 2001-02, in percent—Continued

Item	1988-89	1997-98	2001-02
Gas and motor oil			
Welfare	3.4	3.2	3.4
Non-welfare	3.9	3.3 *	3.4 *
Maintenance and repairs			
Welfare	1.5	1.5	1.8
Non-welfare	2.1	1.9 *	1.7 * +
Vehicle insurance			
Welfare	1.3	1.7	1.8 *
Non-welfare	2.2	2.3 *	2.3 *
Public transportation:			
Welfare	1.0	1.3	.7 * +
Non-welfare	1.1	1.3 *	1.1 +
Intracity mass transit, taxis and limousines, and school buses			
Welfare	-	.2	.1 +
Non-welfare	-	.0	.0 +
Health care:			
Welfare	2.3	2.7	2.7
Non-welfare	5.1	5.4 *	5.7 * +
Health insurance			
Welfare .....	.7	1.1 *	1.5 *
Non-welfare	2.0	2.8 *	3.0 * +
Medical services			
Welfare	1.0	1.0	.5
Non-welfare	2.2	1.7 *	1.6 *
Prescription drugs			
Welfare .....	.7	.4	.5
Non-welfare .....	.9	.7 *	.9 +
Entertainment:			
Welfare	3.9	4.1	4.4
Non-welfare	5.2	5.3	5.1
Fees and admission			
Welfare .....	.4	.4	.5
Non-welfare	1.5	1.5	1.5
TVs, radios, and sound equipment			
Welfare	2.1	2.3	2.4
Non-welfare	1.7	1.8 *	1.8 *
Personal care products and services			
Welfare .....	.9	.9	.6 * +
Non-welfare .....	.9	.9	.7 * +
Reading			
Welfare .....	.4	.3 *	.2 *
Non-welfare .....	.6	.5 *	.4 * +
Education			
Welfare .....	.4	.6	.9
Non-welfare	1.3	1.7 *	1.7 *
Tobacco			
Welfare	2.6	2.1	2.0
Non-welfare	1.0	.8 *	.8 *
Miscellaneous			
Welfare .....	.8	1.3	1.1
Non-welfare	1.2	1.5 *	1.5 *
Personal insurance and pensions:			
Welfare	3.3	3.8	4.6 * +
Non-welfare	9.5	10.2 *	10.2 *
Life and other personal insurance			
Welfare .....	.8	.5	.6
Non-welfare	1.3	1.2	1.1 * +
Retirement, pensions, and Social Security			
Welfare	2.5	3.2	4.0 *
Non-welfare	8.2	9.0 *	9.1 *

* Indicates statistical difference from 1988-89 at the 0.05 significance level
n.a. Not applicable.

+ Indicates statistical difference from 1997-98 at the 0.05 significance level

Table 4. Mean expenditures for selected items (adjusted to 2002 dollars), Consumer Expenditure Survey, 1988-89, 1997-98, and 2001-02

Item	1988-89	1997-98	2001-02
Food total:			
Welfare	\$4,553	\$ 4,443	\$ 4,465
Non-welfare	5,995	5,440 *	5,284 * +
Food at home			
Welfare	4,118	3,852	3,875
Non-welfare	4,318	3,826 *	3,849 *
Food away			
Welfare	441	485	581
Non-welfare	1,661	1,526 *	1,428 * +
Alcoholic beverages			
Welfare	157	89 *	98 *
Non-welfare	394	316 *	331 *
Rented dwellings ¹			
Welfare	3,297	3,965 *	3,434
Non-welfare	2,240	2,273	2,162 +
Reading			
Welfare	239	178 *	143 * +
Non-welfare	76	52 *	47 *
Tobacco			
Welfare	871	640 *	426 * +
Non-welfare	724	465 *	323 * +

¹ Mean expenditures for rent are based on all CUs (home-owners and renters).

* Indicates statistical difference from 1988-89 at the 0.05 significance level

+ Indicates statistical difference from 1997-98 at the 0.05 significance level