

Appendix B

Alternative Definition of Dependence Based on Income from TANF and Food Stamps

Appendix B. Alternative Definition of Dependence Based on Income from TANF and Food Stamps

As directed by the Welfare Indicators Act of 1994 (Pub. L. 103-432), this annual report on *Indicators of Welfare Dependence* focuses on dependence on three programs: the Aid to Families with Dependent Children (AFDC) program, now Temporary Assistance for Needy Families (TANF); the Food Stamp Program; and the Supplemental Security Income (SSI) program. The summary measure of dependence proposed by the Advisory Board includes income from all three programs in its definition:

A family is dependent on welfare if more than 50 percent of its total income in a one-year period comes from AFDC, food stamps and/or SSI, and this welfare income is not associated with work activities.

This appendix examines an alternative definition of dependence that considers TANF and food stamps alone, excluding SSI. As shown in Table B-1, the rate of dependency would have been much lower – only 1.9 percent – in 2003 if based on income from TANF and food stamps, as opposed to 3.6 percent when counting income from all three programs (TANF, food stamps, and SSI).

There also is significant variation across age groups in the programs upon which individuals are dependent. The elderly depend more on SSI than on TANF and food stamps; whereas 1.9 percent of elderly persons are dependent when counting the three major types of means-tested assistance, very few, 0.1 percent, are dependent when the definition is limited to TANF and food stamps. In contrast, children are primarily dependent on TANF and food stamps.

Dependency from AFDC/TANF and food stamp receipt has declined since 1995, while dependency from SSI receipt alone has remained stable, as shown in Table B-2. As a result, the difference between the standard definition (based on all three programs) and the alternative definition (based on TANF and food stamps only) has grown. In 1995, over two-thirds (68 percent) of individuals who were dependent under the standard definition also were dependent under the alternative definition shown in this appendix. By 2003, the proportion had dropped to just over half (53 percent). If this report had focused on the alternative definition of dependence, it would have shown an even larger decline in dependence than usually reported. For example, between 1995 and 2003, dependency declined by 47 percent (3.6 percent to 1.9 percent) under the alternative definition, compared to a decline of 32 percent (5.3 percent to 3.6 percent) under the standard definition.

Table B-1. Percentage of the Total Population with More than 50 Percent of Income from Various Means-Tested Assistance Programs, by Race and Age: 2003

	TANF, SSI & Food Stamps	TANF & Food Stamps	SSI Only
All Persons	3.6	1.9	1.3
Racial/Ethnic Categories			
Non-Hispanic White	2.1	0.9	0.9
Non-Hispanic Black	10.1	5.9	2.9
Hispanic	5.2	3.2	1.5
Age Categories			
Children Ages 0-5	7.5	5.4	1.3
Children Ages 6-10	5.8	3.9	0.9
Children Ages 11-15	5.0	3.3	1.0
Women Ages 16-64	3.6	1.8	1.4
Men Ages 16-64	2.3	0.9	1.2
Adults Ages 65 and over	2.2	0.1	1.9

Note: Income is measured as total family income.

Persons of Hispanic ethnicity may be of any race. Beginning in 2002, estimates for Whites and Blacks are for persons reporting a single race only. Persons who reported more than one race are included in the total for all persons but are not shown under any race category. Due to small sample size, American Indians/Alaska Natives, Asians and Native Hawaiians/Other Pacific Islanders are included in the total for all persons but are not shown separately.

Source: Unpublished tabulations from the Current Population Survey, Annual Social and Economic Supplement, 2004, analyzed using the TRIM3 microsimulation model.

Table B-2. Percentage of the Total Population with More than 50 Percent of Income from Various Means-Tested Assistance Programs: 1995-2003

	TANF, SSI & Food Stamps	TANF & Food Stamps	SSI Only
1995	5.3	3.6	1.1
1998	3.8	2.1	1.3
1999	3.3	1.7	1.2
2000	3.0	1.5	1.2
2001	3.1	1.4	1.3
2002	3.2	1.5	1.3
2003	3.6	1.9	1.3

Source: Unpublished tabulations from the Current Population Survey, Annual Social and Economic Supplement, 1996-2004, analyzed using the TRIM3 microsimulation model.

