

# Aid to Dependent Children of Unemployed Parents: The First Seven Months of Operation\*

FAMILIES with children lacking support or care because of a parent's unemployment became eligible for aid under the State-Federal program of aid to dependent children in May 1961, when Public Law 87-31, amending title IV of the Social Security Act, became effective. Before then, Federal participation in payments under aid to dependent children was possible only when the child's need was caused by the parent's death, incapacity, or absence from the home.

President Kennedy had recommended the extension of aid to dependent children as part of his program to ease the effect of unemployment. The legislation represented a significant change in Federal welfare policy, since it meant that, for the first time, the Federal Government shared the cost of assistance to families of needy unemployed persons. The measure was temporary; it was scheduled to expire at the end of June 1962.<sup>1</sup>

In May 1961—the first month the provision was in effect—Illinois, New York, Pennsylvania, and Rhode Island made payments to such families. In November 1961, 13 States<sup>2</sup> were making payments under the new provision. Some States failed to act because of inadequacy of State funds or because of a belief that unemployment was not sufficiently severe to justify extending aid to dependent children.

In studying the administration of the new provision in its first 7 months of operation (May–November 1961) the Bureau of Family Services reviewed practice in 45 localities in these 13 States. The localities selected were urban centers with

substantial unemployment or other areas where unemployment was relatively high.

In the course of the study the case records of more than 1,800 recipients were read, the characteristics of the relevant State plan provisions were examined, and the State's monthly statistical reports were analyzed. Discussions were held with officials of two other Federal agencies involved in the program—the Bureau of Employment Security of the Department of Labor and the Office of Education's Division of Vocational Education.

## OPERATIONS

In the May–November study period, 12 of the 13 States<sup>3</sup> received 86,300 applications for aid to dependent children of unemployed parents. The applications of 80,400 were processed, and assistance was granted to 66,100 applicants.

Assistance payments totaled \$33.3 million during the 7 months. Cash payments accounted for about 95 percent of the total and vendor payments for medical care for the other 5 percent. In November alone, payments totaling \$6.7 million reached 43,200 families with 157,000 children.<sup>4</sup> The vast majority—95 percent of these families—lived in six<sup>5</sup> of the 13 States. The average monthly payment per family was \$155, and the average monthly payment per recipient was \$34. (Averages are based on the total number of children and one parent or other adult relative where the needs of at least one such adult were considered in determining the grant.) Among the States, average November payments were lowest in Delaware—\$90 per family and \$18 per recipient—and highest in Illinois—\$250 per family and \$48 per recipient.

<sup>3</sup> Data on applications were not available from the State of Washington.

<sup>4</sup> In the 15 States with such provisions in operation in April 1962, more than 60,000 families with more than 217,000 children received total payments of \$9,577,400.

<sup>5</sup> Connecticut, Illinois, New York, Pennsylvania, Washington, and West Virginia.

\* Prepared in the Bureau of Family Services. The article is based on a report made for the use of the Committee on Ways and Means of the House of Representatives.

<sup>1</sup> Public Law 87-543, signed by the President on July 25, 1962, extended the provision for 5 years.

<sup>2</sup> Connecticut, Delaware, Hawaii, Illinois, Maryland, Massachusetts, New York, Oklahoma, Pennsylvania, Rhode Island, Utah, Washington, and West Virginia. Since November, North Carolina and Oregon have started making such payments, and Washington, effective June 30, 1962, discontinued making such payments.

## CASES CLOSED

Of the 14,300 applications that were denied or disposed of for reasons other than approval during the May–November period, only 4 percent were rejected because the parent refused to accept suitable employment. The most common reason (reported in 21 percent of the cases) for denial of assistance was the applicant's receipt of income in excess of need according to the State's assistance standard. Ten percent of the applicants failed to meet the State's definition of unemployment; 3 percent had resources other than income that exceeded the State standards; and 2 percent were not able to meet the residence requirements set by the State.

Partial information on the remaining 60 percent indicates that a relatively large number withdrew their applications or failed to keep appointments with the agency, perhaps because the applicant obtained employment. Some applicants failed to give required information. For others, eligibility for aid to dependent children was established on the basis of the parent's incapacity instead of his unemployment.

The approved applications as a proportion of all applications disposed of varied considerably among the States. The range was from a low of 57 percent in Maryland to a high of 94 percent in Rhode Island.<sup>6</sup>

Almost half (46 percent) of the 66,100 persons whose requests for aid to dependent children of unemployed parents were approved were receiving general assistance at the time their applications were accepted. The proportion of such cases among the States ranged from 1 percent in West Virginia to 95 percent in Delaware and Illinois. All of the 13 States except West Virginia and Oklahoma provided general assistance for unemployed families, either throughout the State or in some localities.

Twelve percent of the applicants were drawing unemployment insurance benefits when their application for aid to dependent children of unemployed parents was approved. Twenty percent had filed unemployment insurance claims on which action was pending, and 68 percent neither were receiving benefits nor had claims pending. In the latter group were 19 percent who had received unemployment insurance benefits within the 6 months preceding approval of their application for aid to dependent children of unemployed parents.

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<sup>6</sup> The range excludes Oklahoma, where only 20 applications were received and 7 disposed of.

During the period studied, the turnover in the unemployed-parent segment of the aid to dependent children caseload was rapid. By the end of November, 25,800 cases—37 percent of those approved for assistance or transferred from general assistance to aid to dependent children of unemployed parents—had been closed. In most cases (68 percent of the total number closed) the parent—usually the father—had obtained a job. The proportion of cases closed because of employment ranged from 15 percent in Maryland to 73 percent in Rhode Island. Among those who were successful in finding work, 23 percent went back to their former jobs, 3 percent obtained employment through employment security referrals, and 42 percent found work through their own initiative or with the help of friends and relatives. Reports for the 13 States indicated that most unemployed fathers were searching for work day in and day out, and outside their own community as well as within it.

Other cases were closed because there was no longer an eligible child in the home (1 percent) or because the parent refused to accept a suitable job (2 percent). Partial information on the remaining cases indicates that many began to receive unemployment insurance benefits, moved and left no forwarding address, or failed to comply with requirements.

In addition to the 66,100 applications approved for aid to dependent children of unemployed parents, 2,900 families who had been receiving aid to dependent children for reasons other than unemployment became eligible under the unemployed-parent provision—usually when an absent father returned to the home. These families would have become ineligible for aid to dependent children without the extension of the program in the States where they lived.

## DEFINITION OF UNEMPLOYMENT

One of the most important factors affecting the number of families who qualify for aid to dependent children of unemployed parents is the definition of unemployment, which varies from State to State. Broad coverage is permitted under the definitions adopted by Delaware, Hawaii, Illinois, New York, Pennsylvania, Rhode Island, Utah, and Washing-

ton. Coverage under Oklahoma's definition is restricted, and it is somewhat limited under the definitions used by Connecticut, Maryland, Massachusetts, and West Virginia.

In the States with broad coverage, the programs include the children of parents who have been in the labor market but are not currently employed, have not been in the labor market but are currently seeking work, are employed part time, or have been self-employed. The restricted program adopted by Oklahoma excludes the families of farm laborers, odd-job men, seasonal workers, domestic workers, and the self-employed. The States with limited coverage exclude the children of jobless persons who had worked full time within the 3 months before they applied for assistance as well as those of persons receiving or eligible for unemployment insurance benefits.

To receive Federal grants for aid to dependent children of unemployed parents, all States must require the unemployed parent to accept suitable work. Five States<sup>7</sup> also require him to be "actively seeking work."

## REVIEW OF STATE EXPERIENCE

State administrative practice in aid to dependent children of unemployed parents was reviewed in October 1961. At that time none of the 13 States had more than 4 months of operating experience in a new and complex area, and most of them had less. The full potentialities of the new provision for achieving the legislative objectives—helping unemployed parents to become self-supporting and providing financial assistance and social services to their families—are not known. Further experience might modify the present findings.

The most significant services that aid to dependent children of unemployed parents offered the recipient families were found to be the prompt and regular provision of cash support and the prevention of family breakup. Opinion in most States agreed that congressional recognition of the need for assistance and services had been helpful and that this extension of aid to dependent children had sharpened awareness of the needs of families hit by unemployment. The experience further indicated the necessity for more and better qualified public

<sup>7</sup> Connecticut, Illinois, Maryland, Pennsylvania, and West Virginia.

assistance staff and for more effective mobilization of community resources (or organization of resources where they do not exist) to meet the basic social and economic problems.

The unemployed parents in the 13 States fell into three general groups, according to the study:

1. Those who remained jobless only for short periods. These were fathers under age 45, capable of work and with stable work records, who had been unemployed less than 3 months. They were often steel, construction, or other seasonal workers. In some cases, such fathers obtained work before the agency had acted on their assistance applications. Roughly one-fourth of the caseload at the end of September was in this group.

2. Those whose chances for returning to work depended upon broadened economic opportunity, training or retraining, or other special services. This group included school "dropouts" and young persons recently discharged from military service who had no work experience or skills. Also included were young workers aged 20-30, with several children, limited education, and no skills, who had moved from one short-term job to another, with no vocational goal. Older men, aged 30-55, were also in the group. These were, in general, men with large families and education below the eighth-grade level, and any skills they may possess are not transferable to other jobs. About half the caseload was believed to be in this category.

3. Those whose qualifications and potentialities make reemployment extremely difficult. Among them were unemployed, unskilled laborers, who had physical, mental, or emotional handicaps, in addition to limited education and poor work experience. At least a fourth of the caseload appeared to be in this group.

## COOPERATION WITH OTHER STATE AGENCIES

The 1961 amendment required that the State assistance agencies make cooperative arrangements with the State employment services to ensure that the unemployed parent be returned to work as quickly as possible. They must also enter into an agreement with the State vocational education agencies to assist in retraining unemployed parents who have limited ability or who are displaced by technological change from jobs they once held.

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TABLE 2.—Contributions and taxes collected under selected social insurance and related programs, by specified period, 1958-62

[In thousands]

Period	Retirement, disability, and survivor				Unemployment		
	Old-age and survivors insurance <sup>1 2</sup>	Disability insurance <sup>2 3</sup>	Federal civil-service <sup>4</sup>	Railroad retirement <sup>2</sup>	State unemployment insurance <sup>5</sup>	Federal unemployment taxes <sup>6</sup>	Railroad unemployment insurance <sup>7</sup>
Fiscal year:							
1958-59.....	\$7,565,086	\$894,995	\$1,515,852	\$525,369	\$1,675,286	\$324,020	\$102,014
1959-60.....	9,842,685	987,079	1,509,695	606,931	2,164,757	341,108	152,998
1960-61.....	11,292,675	1,022,002	1,745,833	570,812	2,361,279	345,356	152,709
10 months ended:							
April 1960.....	6,961,556	721,339	1,262,332	474,933	1,605,274	338,346	114,686
April 1961.....	8,263,935	743,205	1,426,720	449,023	1,711,556	341,965	117,925
April 1962.....	8,295,232	745,364	1,467,207	431,652	1,897,624	453,182	110,379
1961							
April.....	664,441	62,464	121,205	14,285	246,944	1,943	1,328
May.....	1,961,004	172,435	145,341	77,262	613,259	2,293	4,173
June.....	1,067,736	106,362	173,773	44,527	36,463	1,099	30,610
July.....	283,727	24,569	122,328	14,261	246,803	710	688
August.....	1,805,395	163,566	192,353	84,163	499,030	865	10,288
September.....	756,692	72,749	101,949	55,296	12,150	635	24,867
October.....	215,950	27,180	139,669	1,306	153,877	775	1,029
November.....	1,264,602	108,381	125,281	75,893	321,159	851	8,642
December.....	416,584	42,126	160,862	46,716	22,248	567	27,695
1962							
January.....	135,655	10,173	143,348	11,235	108,351	47,803	662
February.....	1,679,426	148,093	134,808	80,574	222,402	378,936	5,361
March.....	1,038,420	89,000	147,308	49,639	14,654	18,881	30,368
April.....	698,780	59,527	199,300	12,568	296,949	3,158	779

<sup>1</sup> Represents contributions of employees, employers, and the self-employed in employments covered by old-age and survivors insurance; beginning January 1951, on an estimated basis, with suitable subsequent adjustments; beginning May 1951, includes deposits in the trust fund by States under voluntary coverage agreements; beginning December 1952, adjusted for employee tax refunds.

<sup>2</sup> Excludes all transfers between old-age, survivors, and disability insurance system and railroad retirement account under the financial interchange provisions of the Railroad Retirement Act.

<sup>3</sup> Represents contributions of employees, employers, and the self-employed in employments covered by disability insurance, on an estimated basis with suitable subsequent adjustments; includes deposits in the trust fund by States under voluntary coverage agreements; beginning 1959 adjusted for

employee tax refunds.

<sup>4</sup> Represents employee and employing agency (Government) contributions.

<sup>5</sup> Represents deposits in State clearing accounts of contributions plus penalties and interest collected from employers and, in 3 States, contributions from employees; excludes contributions collected for deposit in State temporary disability insurance funds. Data reported by State agencies.

<sup>6</sup> Represents taxes paid by employers under the Federal Unemployment Tax Act.

<sup>7</sup> Also covers railroad temporary disability insurance.

Source: *Monthly and Final Statement of Receipts and Expenditures of the U. S. Government* and other Treasury reports, unless otherwise noted.

## CHILDREN OF UNEMPLOYED PARENTS

(Continued from page 9)

Of the unemployed fathers in families receiving aid to dependent children, only 1 in 20 of those who returned to work were placed in jobs through public employment offices. These parents have as a whole less education and fewer skills than other job applicants, and they cannot compete on an equal footing with them. Unless they are given preferential treatment, the placement service is not likely to be effective for them. A few welfare agencies have established their own employment divisions.

Seven<sup>8</sup> of the 13 States elected to include unem-

<sup>8</sup> Delaware, Hawaii, Illinois, New York, Pennsylvania, Utah, and West Virginia.

ployed parents receiving aid to dependent children in their work-relief programs. They could not claim Federal matching funds, however, for any part of the assistance payment that was in fact payment for work performed.

The extent to which the recipients took part in such programs could not be determined precisely, but available data indicated that the number was relatively small in most of the seven States.

Nearly all the States gave training courses for such occupations as practical nursing, supervision of food preparation and handling, machine operation, sewing, and typing. The lack of training resources, however, was a problem common in all States.