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ON THE PRECIPICE OF REFORM:
WELFARE SPELL DURATIONS
FOR RURAL, FEMALE-HEADED FAMILIES

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On the Precipice of Reform: Welfare Spell Durations

For Rural, Female-Headed Families

The replacement of the Aid to Families with Dependent Children (AFDC) program with Temporary Assistance to Needy Families (TANF) legislated a dramatic shift in the federal social safety net and effectively ended the federal guarantee of assistance to families in need. The impact of this legislation falls directly on welfare recipients and indirectly on low-wage workers groups who have experienced declines in the real value of both cash assistance (when used) and wages earned in the labor market (Uchitelle; Findeis and Jensen). The impact may be particularly acute in rural and central city areas which have been disproportionately impacted by changes in global competition, industrial restructuring (Kasarda; Lichter, Johnston and McLaughlin), and which are dominated by small businesses less likely to offer fringe benefits, such as health insurance and dependent care reimbursement plans, to their employees (McBride, Wolaver and Wolfe).

Welfare reform poses questions concerning not only how women will comply with the work requirements and cash assistance time limits, but also how women will physically get to their work site (transportation) and who will watch their children while they are at work (childcare). These questions are compounded in rural areas by the lack of support services such as public transportation and day care slots (U.S. GAO, 1997; 1998). Rural single-mother families are especially economically vulnerable under the new welfare legislation, not only because of their low levels of education (Porterfield and McBride) and a lack of living-wage jobs (Zimmerman and Garkovich), but also because economic opportunities are often limited in rural areas (Lichter, Johnston, and McLaughlin).

Although welfare reform legislation was passed at the national level in August 1996, reform in welfare programs at the state level started much earlier. After the passage of the Family Support Act in 1988 states began experimenting with time limits, work requirements, and sanctions. By mid-1996 a majority of states had already implemented reform through the state waiver system, though in many states this reform was only implemented in a few urban or suburban areas. The data set used in this paper, combining the 1992 and 1993 panels of the Census Bureau's Survey of Income and Program Participation (SIPP) cover much of this period of unprecedented change in public assistance programs (from October 1991 to April 1996). Although the data end at the precipice of the debate and passage of national welfare reform legislation, they provide a unique pre-national reform baseline by examining how long women use public assistance on average, and what appear to be the reasons why they enter or exit the welfare rolls (such as change in income or marital status). The 1993 SIPP panel has been reconvened to create a bridge survey between the 1993 panel and a new panel survey, the Survey of Program Dynamics, which will allow for pre- and post-reform analysis with the same national longitudinal sample. This paper is the first stage in a larger research project, which will follow this panel through the 5-year life of the current welfare program. In addition, through comparison with results of earlier research, it provides evidence of the success of state welfare reform efforts to change the behavior of welfare recipients.

Previous Literature

Very little of the large volume of literature examining welfare programs includes any geographic characteristics, and of those that do, few explicitly evaluate rural and urban differences in program participants or outcomes. However Fitzgerald, using the combined 1984

and 1985 panels of the Survey of Income and Program Participation (SIPP), found that welfare recipients living in urban areas with populations of 250,000 or more had longer spells of welfare use than did smaller urban and rural area recipients, even when controlling for local labor market conditions. Similar results were obtained by Rank and Hirschl using Wisconsin state administrative data and by Neil, Bassi, and Wolf using the National Longitudinal Survey (NLS) Young Women's panel. All of these researchers suggest that shorter public assistance use in rural areas is due to lack of program information and increased stigma of receiving assistance in an area where anonymity is more difficult. Other researchers measuring welfare spells have not explicitly examined the influence of geographic location (see for example, Blank).

Few studies have looked at the outcomes of rural women as they leave AFDC. The economic circumstances of rural single-mothers and their families may improve little as these families move from welfare receipt to work. However, Meyer and Cancian, using the National Longitudinal Survey of Youth (NLSY), found that rural women had significantly lower incomes after leaving the AFDC program than did urban women.

Individual level factors such as age, race, education, family health status, motivation to work, and the number and ages of children also seem to affect, or at least be associated with, both the ability to exit from welfare and entrance into employment or training (Hanoch; Edin and Lein). Rural single-mother AFDC recipients have higher levels of education, on average, and are more likely to work (or at least to report work) than their central city counterparts (Rank and Hirschl; Porterfield and McBride). Still, 30 percent of rural single mothers receiving AFDC in 1995 had less than a high school education and an additional 42 percent had only a high school education (Porterfield and McBride). In addition, there is evidence that many single mothers on welfare engage in unreported work activities (Edin and Lein).

Results from earlier research on welfare exits is mixed. In general, research using data from the 1980s or earlier find marriage to be the primary mode through which women exit welfare (Blank). Research using more current data find work to be the primary mode through which women exit welfare (Sandefur and Cook).

Limitations of Previous Studies

Although these findings provide some evidence that rural welfare recipients are more likely to use public assistance for shorter period of time (shorter spells), the findings for the most part do not suggest a solution to the problem of moving these rural recipients from welfare to work, especially in this period of transition from AFDC to TANF. There are several reasons for this. First, only a few of the studies cited above looked *specifically* at the rural welfare population. Although Rank and Hirschl do estimate the length of welfare use by rural and urban families, their Wisconsin results may not hold for residents of other states.

Second, the relevance of earlier estimates of public assistance spell durations is limited because of the use of older data which may not be representative of the current welfare population. Recent changes in support services at the local level and the impact of sanctions (such as the requirement to work), suggest that AFDC spell lengths may be decreasing over time. In addition, given recent welfare reform legislation, use of secondary data implies an assumption that single mothers on AFDC are similar enough to single mothers on TANF that behavior on TANF can be predicted from AFDC data. While it is not know whether this assumption will hold, *recent* AFDC data collected during a period of state welfare reform, are currently the best available proxy for data on TANF use.

Data Sources

This paper uses data from the 1992 and 1993 panels of the Survey of Income and

Program Participation (SIPP), a multipanel, longitudinal survey conducted since 1984 by the Bureau of the Census. The SIPP is a nationally representative sample of adults that provides detailed sociodemographic information as well as information on month-by-month fluctuations in household and individual income, health insurance status, labor force status, and participation in government-sponsored programs such as AFDC, Food Stamps, and Medicaid. The information is collected triennially for all individuals in the household (including children under the age of 15) for the four months preceding each interview. The full 1992 panel consists of ten interviews, covering a period of 40 months, and including about 51,100 persons in the first interview. The full 1993 panel consists of nine interviews covering a period of 36 months and including about 51,900 persons in the first interview. In each panel, additional households and persons were added to or excluded from the sample if they entered or exited from the original SIPP household.

This analysis relies on data drawn from two different components of the 1992 and 1993 SIPP panels. First, most demographic, economic, and program participation data were drawn from the 1992 and 1993 SIPP longitudinal files (merged files with data from all waves in the two panels). Second, data on geographic location (metropolitan or residual) are not included in the longitudinal files so were drawn from the core files of each wave for each of the two panels. Core files are available for only 9 of the 10 waves in the 1992 SIPP panel on the Census Bureau's Data Extraction System web site, so geographic location for the last four months of the 1992 panel is imputed from information given in month 36. In addition, geographic information is subject to confidentiality restrictions and therefore only available for 19 states and the District of Columbia.[1] Panel respondents living in jurisdictions other than these 20 were dropped from the sample. The resulting data set and analysis can be interpreted as representative only of welfare recipients in these 20 jurisdictions, rather then representative of U.S. welfare recipients overall.

While the 31 omitted states comprise a nontrivial segment of the SIPP sample, it does not eliminate the usefulness of the SIPP in examining program participation. The existence of data (without confidentiality problems) for states with the largest populations and AFDC participation rates (California, Florida, Illinois, and New York) implies that, at least for these states, SIPP data are accurate. Nevertheless, data from two panels of the SIPP were combined in order to gain enough observations to be able to stratify the analysis by geographic (rural and urban) location.

The two data sets described above were matched by a unique individual identifier. The resulting data set contains one record for each of 1521 single-female headed families receiving public assistance during at least one month of the time period covered by the 1992 and 1993 SIPP panels (October 1991 to April 1996). Families with female heads aged 65 or older were dropped from the file under the assumption that they were unlikely to be subjected to the work requirements.

Methodology

Although the various studies cited above have produced estimates of welfare spell durations for the entire welfare population, estimates of the duration of welfare use for rural welfare recipients are of inherent interest, especially to test the hypotheses that these spells are likely to be shorter than welfare spells of people residing in urban areas and that the length of welfare spells has grown shorter over time.

The variable of interest in this research is spells of welfare use. Spells are defined as beginning when a person reports they are receiving public assistance benefits and ending when they no longer receive cash assistance or food stamps. Public assistance or welfare is defined as receipt of Aid to Families with Dependent Children (AFDC), general assistance, or food stamps. All three programs are considered under the assumption that single-female headed families with

children who are receiving food stamps or general assistance are likely eligible for AFDC or may be misreporting AFDC use (Fitzgerald).

Two methods are used to analyze welfare use. First the duration of welfare spells are estimated. These are estimated for the first observed completed spells and right-censored spells only. Of the 1521 families in the sample, 1097 began their experience in the SIPP panel while on welfare (these are termed "left-censored" spells) and for 948 of these families no other welfare spells were observed. These observations were excluded from the duration analysis for reasons discussed below. The remaining 149 families experience another welfare spell so are included in the analysis of welfare spell durations. Families who ended their panel experience before ending their spell on welfare (termed "right-censored" spells) totaled 305. Completed welfare spells of 1 or more months (with the beginning and ending of the welfare spell observed) were experienced by 268 families. Eighty percent of the sample were urban residents at the beginning of their first observed welfare spell while 20 percent resided in rural areas.

Statistical techniques for analyzing spell durations are well developed if the beginning of each spell is observed (Kiefer; Allison: 41-49). Welfare spells in the combined panel SIPP data were first analyzed using nonparametric techniques (the Kaplan-Meier estimator) for preliminary analysis. Maximum likelihood estimation techniques are then used to estimate the parameters of the hazard function for the first observed welfare spell and estimation is obtained separately for those welfare families residing in urban and rural areas. Estimation requires the specification of a functional form for how the hazard rate varies with time. Several options for the functional form of the hazard rate are available, including the Weibull, log-normal, and log-logistic models (Allison). The Kaplan-Meier analysis was used as a guide for the specification of the functional form, with the finding that the hazard rate for these data first increased and then decreased,

approximating the log-logistic functional form.

The structure of the data present some econometric issues. Restriction of the sample to spells with an observed beginning eliminates people whose welfare spells were in progress at the beginning of the panel (described here as left-censored spells) unless they had another spell which began during the panel survey. Since people in the midst of spells at the beginning of the panel are more likely to be in the midst of long spells, eliminating left-censored spells could lead to an underestimate of the duration of spells. On the other hand, treating left-censored spells as right-censored (as suggested by Allison:10) likely leads to an overestimate of the duration of spells due to the problem of length bias (see Flinn or Swartz, Marcotte and McBride for a discussion of this problem).[2]

Second, the procedures developed by McBride (1994) were used to compute an estimate of the distribution of welfare spell durations at a point in time. The process of estimating the total duration of welfare spells at a point in time yields a fairly precise estimate of very long spells (that is, spells that have already lasted at least 24 months) because the SIPP sample includes spells that have lasted at least that long (both panels of the SIPP cover the entire years of 1993 and 1994). These include descriptive characteristics of families on welfare and estimates of their welfare use for the prior 24 month period. Unfortunately, due to the short duration of the SIPP panels, it is not possible to accurately measure the portion of the welfare population which will bump the 5-year time limit on the new Temporary Assistance for Needy Families (TANF) program.

Results

Duration of Welfare Spells

Results of the log-logistic survival models used to estimate welfare spell durations are

presented in Table 1. For the full sample, the median length of a welfare spell is 14.4 months. While this is slightly higher than the 13.3 months found by Blank, this is likely because Blank only examined completed spells in this part of her analysis. Other researchers using monthly AFDC data find median duration of welfare spells to be around 12 months (Fitzgerald; Klawitter, Plotnick, and Edwards).

As suggested by previous research, the median length of a welfare spell is significantly shorter (likelihood ratio test) for a rural welfare family (12.2 months) than for an urban welfare family (15.1 months). This corresponds nicely with Rank and Hirschl's findings for rural welfare recipients (12 months), but is much lower than their estimated welfare spell durations in mixed rural/urban (16 months) and urban counties (28 months).

Perhaps more interesting is the distribution of spell lengths. Twenty percent of rural welfare families have public assistance spells of four or fewer months in length as compared to just under 17 percent of urban welfare families. Seventy percent of rural welfare families exit the welfare rolls by the end of 2 years versus 63.6 percent of urban welfare families. At the end of 3 years of observation, just over 20 percent of rural welfare families are still receiving public assistance versus 26 percent of urban welfare families (not shown in Table 1). Again, these results are nearly identical to those found by Rank and Hirschl for welfare recipients in rural counties, but survival of longer spells for urban recipients in the combined SIPP panels is much lower than Rank and Hirschl's results for mixed rural/urban and urban counties.

In comparison to earlier results, results from the combined 1992 and 1993 SIPP panels suggest little change in the duration of welfare spells among rural recipients and a substantial downward shift in the duration of welfare spells among urban recipients. Part of this observed change may be due to different data sets, but it is likely that at least part of the change can be

attributed to the use of more current data. In recent years, most of the welfare program changes taking place in the states under federal welfare waivers were first implemented in urban areas within the states rather than statewide. Another possible explanation is that the stigma attached to welfare use long present in rural areas is beginning to appear in urban areas. Or, perhaps urban recipients are more aware of legislative changes taking place in welfare and are adjusting their welfare use accordingly.

Point-in-time Results

Point-in-time results are generated by choosing a particular month, in this case December 1994, in which to examine both family characteristics and welfare use over the past two years (from January 1993 through December 1994). In December 1994 there were 730 female-headed families in the sample who were receiving welfare. Nearly three-quarters of these families received welfare in each month during 1994 and 65 percent received welfare in each of the past 24 months (during all of 1993 and 1994).

The expected distribution of welfare spell durations looking at the welfare population cross-sectionally at a point in time is shown in Table 1. While the distribution of new spells of welfare show that a large proportion are of very short duration, at any point-in-time a large share of welfare recipients are those for whom spell of welfare are much longer. This is the length bias issue (Flinn; Swartz, Marcotte and McBride). Even if only about one-third of those who enter welfare have long spells (more than two years in this case) as indicated in the estimation of the duration of new spells, because the majority of welfare recipients enter and exit the system rather quickly, at any single point in time the long-stayers are over represented in the welfare population. Table 1 shows that of those families on welfare in December 1994, 83.6 percent of urban families and 79.4 percent of rural families are in welfare spells expected to last more than

two years.

Characteristics of family heads in December 1994, by geographic location, are shown in Table 2. Seventy-eight percent of families lived in urban areas and 20.5 percent lived in rural areas. (For 1.5 percent of families geographic location could not be identified.) Rural and urban family heads are similar in many respects. On average, these women are in their early 30s, have two children and have a monthly family income of around $1000. They are equally likely to have preschool children. Fifty-seven percent of welfare-dependent women in both rural and urban areas have at least one preschool child and a similar percentage have at least one elementary school child, providing evidence of the importance of affordable childcare as these women move from welfare to work.

In other areas, urban and rural welfare dependent female family heads look very different. As documented elsewhere, rural welfare moms are more likely to have finished high school (though this variable is not significant in this small sample), are more likely to be or have been married, and are much more likely to be working in December 1994. For those who do work, rural moms are more likely to be working full time (40 plus hours per week) as opposed to part time (less than 25 hours per week).

Welfare Entry and Exit

Entry into and exit from welfare may take place for several reasons. The reasons examined here include change in marital status (a change from married to not married for entry and a change from not married to married for exit), change in child custody or birth of a child, change in earnings, change in family income, or some other reason may precede or accompany a change in welfare status. The three months preceding welfare entry, the two months preceding welfare exit, and the exit month are examined for changes in marital status, an increase or

decrease in the number of children in the family, a decrease or increase in personal earned income of $50 or more, or a decrease or increase in family monthly income of 10 percent or more. Statistics associated with these changes are shown in Table 3. For the 399 families for whom spell beginnings are observed, by far changes in earnings and family income occurred in the majority of families (63.4 percent). Rural families appear somewhat more likely to enter welfare through earnings or income decrease (67 percent) than are urban families (62 percent). Similarly on the exit side, of 540 families for whom exit from welfare is observed, 72.5 percent experienced an increase in personal earnings of $50 or more or an increase in family monthly income of at least 10 percent or both (5.2 percent of families experienced both). Interestingly, urban families appear more likely to exit welfare through earnings or income increase (29.2 percent) than are rural families (22.5 percent). In contrast, change in marital status is least likely to occur just prior to welfare entry (1 percent of cases) and relatively unlikely to occur (less than 5 percent of cases) around the time of welfare exit. (Rural and urban counts are too small in this category to draw any conclusions based on geographic location.)

Conclusions and Implications

Geographic location does make a difference in welfare spell durations, but not as much of a difference as was found in earlier analyses. This result has some potentially important implications for states as they struggle to implement welfare reform in all counties and to hold nearly all adult welfare recipients to the same set of work requirements. Federal welfare reform was passed, in part, because the states appeared to be successful with their reforms. However, one wonders whether welfare reform is harder in rural areas than in urban areas and that is why many states chose to implement waivers first in urban areas. Results of this study suggest it will be difficult, if not impossible, to quickly implement welfare reform in rural areas in order to

meet the two-year time limits, though the five-year time limits may be less elusive. Results from this analysis suggest that urban recipients have responded to program changes, that A...welfare reform works, as President Clinton has stated (Broder). Yet the reality is that, beyond a few months surrounding welfare exit, we don't really know what many women are leaving welfare for. The combined SIPP panels data clearly follow other recent research findings and suggest that the most predictable method of removing women from the welfare rolls (at least for a time) is to provide them with the means of increasing their income through increased or higher-paid work. As Meyer and Cancian suggest, this may be more difficult in rural areas where women's earnings are lower after welfare exit. This study provides a partial picture of what is happening to families as they exit public assistance, but many questions remain. We don't know how rural and urban women will get to work or who, if anyone, will watch their children while they work. We don't know what will happen if the economy slows too much or if there aren't enough jobs in rural areas to absorb the increased supply of low-skilled labor. While these are questions which can and will be answered with longitudinal data, these data almost always provide a retrospective picture, and the clock is ticking for welfare families.

Other research suggests that the way to keep women working (and hopefully moving up in terms of experience and earnings) is to provide them with the necessary support services such as transportation and child care (U.S. GAO, 1998). For instance, if it is found that transportation costs are indeed a major barrier facing women leaving AFDC rolls, then policy makers may need to think about instituting programs that will help welfare recipients get to their location of employment. This may involve altering public transit routes, instituting van pools (perhaps through public-private partnership), or engaging in asset building (Sherraden, 1991) so that low-income families living in areas without public transportation are able to purchase and maintain

private automobiles. These important topics are just beginning to be seriously addressed.

This is a critical time of change in the U.S. social safety net. This change is particularly critical for rural areas where distances are great, underemployment is high, good jobs are scarce, and where welfare reform has not yet really been tested. This paper begins to address these issues by providing a geographically-disaggregated baseline of welfare use just prior to passage of federal welfare reform.

Footnotes

1 Included are Massachusetts, New Jersey, New York, Pennsylvania, Illinois, Ohio, District of Columbia, Florida, Georgia, Maryland, Mississippi, North Carolina, Arizona, California, Hawaii, Nevada, New Mexico, Oregon, and Utah.

2 Treating left-censored spells as right-censored in the duration estimation results in a median spell length of 80.56 months.

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Table 1. Duration of welfare spells

Total spell duration in months (a)	New welfare spells			Spells at a point in time		
	All families	Urban families	Rural families	All families	Urban families	Rural families
1-4	17.4%	16.6%	19.8%	1.0%	0.6%	2.2%
5-8	15.5%	15.0%	17.3%	1.9%	2.1%	1.5%
9-12	11.7%	11.4%	12.4%	3.3%	2.9%	4.7%
13-16	8.7%	8.7%	9.0%	3.8%	4.2%	2.7%
17-20	6.7%	6.7%	6.6%	3.1%	3.0%	3.4%
21-24	5.2%	5.2%	5.0%	4.0%	3.5%	6.1%
25 or more	34.8%	36.4%	29.9%	82.9%	83.6%	79.4%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Median spell duration	14.35	15.12	12.18	--	--	--
Number of observations	573	441	132	730 (b)	569	150

NOTE: (a) Estimated total spell duration, from beginning of spell to the end, estimated using methods described in the paper.

(b) Includes 11 cases with geographic location unspecified.

SOURCE: 1992 and 1993 Panels of the Survey of Income and Program Participation (SIPP).

Table 2. Characteristics of welfare recipients at a point in time: December 1994

Characteristic	In Urban families	in Rural families
Welfare recipients		
All 12 months in 1994	79.1%	75.3%
Age (average)	32.3	31.2
(Range)	15-59	15-62
Marital status*		
Married	3.0%	6.5%
Never married	49.6%	39.6%
Education level		
Less than high school	58.6%	53.2%
High school	24.3%	31.2%
Some college	16.1%	14.3%
4 or more years college		
Average number of children	2.1	2.0
Preschool children		
None	42.6%	42.6%
One	37.7%	43.2%
More than one	19.7%	14.2%
Elementary-age children		
None	44.9%	39.9%
One	31.1%	40.5%
More than one	24.0%	19.6%
High school age children		
None	67.8%	71.0%
One	22.3%	18.9%
More than one	9.9%	10.1%
Working in December 1994*	18.5%	35.1%
Workers:		
Median earnings	$624	$726
Median hours worked	30.0	34.5
Number of hours worked*		
Less than 25	40.2%	31.0%
25-39	32.8%	29.3%
40 or more	27.0%	39.7%
Family income (average)	$1,054.70	$949.11
(standard deviation)	($1059.80)	($751.2)
Poverty rate (family income as ratio to poverty line)		
0-0.99	73.9%	74.3%
1.0-1.49	13.6%	16.5%
1.5 or more	12.5%	9.2%
In subsidized rent/housing	34.7%	28.6%

SOURCE: 1992 and 1993 Panels of the Survey of Income and Program Participation (SIPP).

Table 3. Reasons for welfare spells beginning and ending

	Number of families	Percent of families
Reasons for welfare spells beginning:		
Marriage ended	4	0.9%
Child enters family	30	7.0%
Earnings drop $50 or more (a)	178	41.4%
Family income drops 10% or more (a)	91	21.2%
Other	137	31.9%
TOTAL	430	100.0%
Reasons for welfare spells ending:		
Marriage	26	4.4%
Children in family dropped	26	4.4%
Earnings increase $50 or more (b)	289	49.2%
Family income increases 10% or more (b)	134	22.8%
Other	140	23.9%
TOTAL	587	100.0%

NOTES: (a) 10 families had both an earnings drop and a drop in family income.

(b) 28 families had both an earnings increase and an increase in family income.

SOURCE: 1992 and 1993 Panels of the Survey of Income and Program Participation (SIPP).