POLICY BRIEF

Transitions from AFDC to SSI
Prior to Welfare Reform

Prepared by: THE LEWIN GROUP

David C. Wittenburg
David C. Stapleton
Erin Chan

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The Cornell RRTC co-principal investigators are:

Susanne M. Bruyère—Director, Program on Employment and Disability, ILR Extension, Cornell University

Richard V. Burkhauser—Sarah Gibson Blanding Professor and Chair, Department of Policy Analysis and Management, College of Human Ecology, Cornell University

David C. Stapleton—Senior Vice President and Director of Applied Economics with The Lewin Group
The Supplemental Security Income (SSI) and Temporary Assistance for Needy Families (TANF) programs serve overlapping target groups. SSI serves adults and children with disabilities from low-income families, while TANF serves low-income families with needy children. Consequently, policy changes in one program can affect the other.

The target group for Aid to Families with Dependent Children (AFDC), TANF’s predecessor, also overlapped with SSI’s target group. Many have anticipated that the replacement of AFDC with TANF in August 1996 would eventually increase SSI participation as TANF recipients with disabilities sought SSI benefits to avoid TANF work requirements and time limits.

The purpose of this brief is to examine the interaction between the SSI and AFDC programs in the pre-reform period (1990 to 1996). We examine the interaction of these programs for young women (age 18 to 40) and children (age 0 to 17) using matched data from the Survey of Income and Program Participation (SIPP) and Social Security Administration (SSA) records (matched SIPP/SSA data). We supplement our analysis with qualitative findings from site visits to five states.

We find a very strong link between AFDC and SSI for young women and children. Significant portions of young female and child SSI recipients in the 1990 to 1993 period were in AFDC families and/or had received AFDC in the past. In addition, a substantial number of young females and children who were AFDC recipients during this period eventually applied for SSI.

Because the SSI program is now serving a much larger population of families with young women and children than in the past, SSA might need to develop policies to better serve this group. The findings also suggest that this period is a poor “baseline” against which to measure the impact of the reforms, primarily because of the instability in programs and policies.

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1This brief summarizes findings from D. Stapleton, D. Wittenburg, M. Fishman, and G. Livermore (2000). The research was funded by the Social Security Administration. (See also Stapleton et al., 1999).
Introduction

The Supplemental Security Income (SSI) and Temporary Assistance for Needy Families (TANF) programs serve overlapping target groups. SSI serves adults and children with disabilities from low-income families, while TANF serves low-income families with children. Consequently, policy changes in one program can affect the other. The target group for Aid to Families with Dependent Children (AFDC), TANF’s predecessor, also overlapped with SSI’s target group. Many have anticipated that the replacement of AFDC with TANF in August 1996 would eventually increase SSI participation as TANF recipients with disabilities sought SSI benefits to avoid TANF work requirements and time limits.

Methodology

The purpose of this brief is to examine the interaction between the SSI and AFDC program in the pre-reform period (1990 to 1996). We examine the interaction of these programs for young women (age 18 to 40) and children (age 0 to 17) using matched data from the Survey of Income and Program Participation (SIPP) and Social Security Administration (SSA) records (matched SIPP/SSA data). We supplement our analysis with qualitative findings from site visits to five states.

Empirical Findings

We use the SIPP/SSA matched data to observe direct transitions from AFDC to SSI. The primary advantage of these data is that it provides information on the entire history of SSI participation for nationally representative samples. Hence, we can use these data to observe detailed transitions of SIPP respondents before, during, and after their SIPP interviews. We pooled data from the 1990, 1991, 1992, and 1993 SIPP panels to increase the sample sizes for our analysis.

We first examine descriptive characteristics for young female and child SIPP respondents who were identified as SSI recipients in January of the year they were first interviewed (Exhibit 1). Three characteristics distinguish young female SSI recipients from other adult SSI recipients. They were more likely to have a child of their own living with them, at least two times more likely to be past recipients of AFDC, and more likely than any other group to live in a family that received AFDC. SSI children predominately lived in low-income, mother-only families, and a substantial portion lived in an AFDC family. In the absence of the SSI program, many of these children would likely be eligible for AFDC.

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Significant portions of young female and child AFDC recipients applied for SSI benefits between 1990 and 1997 (Exhibit 2). We estimate that 9.2 percent of all young female AFDC recipients in 1990-93 filed a first SSI application after 1990 (270 thousand individuals) with the largest number applying in the 1992 to 1993 period. In addition, 9.0 percent of child AFDC recipients from 1990 to 1993 applied for SSI between 1990 and 1997. The number of young female and child AFDC recipients transitioning onto SSI is even more impressive when compared to their respective SSI caseloads. The estimated number of first applications filed on behalf of young female and child AFDC recipients since 1990 is equivalent to 57.5 and 140.0 percent of the respective mean caseload size of young female and child SSI recipients from 1990 to 1993.

Not surprisingly, the composition of young female and child SSI recipients changed over the pre-reform period. In comparison to young females who were on SSI when first observed in SIPP, young females who entered SSI after they were observed in SIPP were more likely to have been married, have a child, and have lived in an AFDC family (Exhibit 3). For children, post-SIPP recipients were also more likely to participate in AFDC, though we did not find a significant increase in the number of children from mother-only families (Exhibit 4).
Econometric Analysis

We conducted an econometric analysis that examined factors that influence SSI participation, including past AFDC participation. We estimated the relationship between the probability of receiving a first SSI payment during the pre-reform period and a set of individual, state, and policy characteristics predictors. We found that first SSI allowances to young women and, to a lesser extent, children were positively associated with current and/or past AFDC participation. We also found that disability and health variables were especially predictive of allowance, while education, family status, program participation and income variables also had considerable predictive power. For children, parental characteristics such as one parent family and mother’s education were important predictors.

See also Stapleton et al., 1999.

Exhibit 3
Comparison of Young Female SSI Recipients at their First SIPP Interview to Post-SIPP Recipients

Exhibit 4
Comparison of Child SSI Recipients at their First SIPP Interview to Post-SIPP Recipients
Site Visit Summary
We also conducted site visits to five states (California, Connecticut, Florida, Michigan, and Wisconsin) in 1998 to gain a better contextual understanding of the potential impact of the transformation of AFDC to TANF on SSA programs. Only interviewees from Connecticut reported a perception that the recent welfare reforms had already caused increased transitions to SSI. In most of the states, there were two hypotheses for why they had not observed large changes. First, most had been identifying and actively referring potential SSI-eligible welfare recipients to SSI since the early 1990’s. Second, several states noted that the full impact of the welfare reform changes would not be known until the time limits for benefit receipt had elapsed.

Summary and Conclusion
Significant portions of young female and child SSI recipients in the 1990 to 1993 period were in AFDC families and/or had received AFDC in the past. In addition, a substantial number of young females and children who were AFDC recipients during this period eventually applied for SSI.

Policy factors and macroeconomic conditions likely had a large impact on transitions for both young women and children. The increases by children were clearly instigated by a series of SSI policy changes that significantly expanded child eligibility in the early nineties. These changes were accompanied by an economic downturn in the early nineties that likely further increased the number of SSI applications from children. The increase in transitions by young women might reflect a number of factors including: administrative changes in SSI since the early eighties that have made it easier to obtain eligibility for some impairments; spillover effects of the expansion in the child SSI program; outreach efforts by SSA, states and advocacy groups; and loss of earnings or earnings of a spouse due to the 1991 recession.

Given the recent welfare reform changes, it is likely that the SSI program will continue to serve a large portion of families who receive TANF, are former AFDC/TANF recipients, or are diverted from TANF. During our site visits, several officials mentioned pre-reform state efforts aimed at identifying people with disabilities who were participating in welfare programs and referring them to SSI. Many state officials noted that they expected more TANF recipients to apply for SSI as their time limits ran out.

Because the SSI program is now serving a much larger population of families with young women and children than in the past, SSA might need to develop policies to better serve this group. For example, SSA might want to create income disregards for SSI benefits that cover child care expenditures for SSI recipients with children. The findings also suggest that this period is a poor “baseline” against which to measure the impact of the reforms, primarily because of the instability in programs and policies.

Bibliography

See also Stapleton et al., 1999.
For more information about the Cornell RRTC contact:

Susanne Bruyère, Ph.D.  tel  (607) 255-7727
Project Director  fax  (607) 255-2763
Cornell University  TDD  (607) 255-2891
106 ILR Extension Building  e-mail  smb23@cornell.edu
Ithaca, NY 14853-3901  web  www.ilr.cornell.edu/rrtc