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Commission on the Economic Status of Women

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WELFARE IN MINNESOTA

Facts About Minnesota's Public Assistance Programs

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BACKGROUND INFORMATION

Welfare reform has been a major issue nationwide and in Minnesota. During the 1986 Minnesota legislative session legislation was introduced to reduce AFDC grants by 30 percent. This legislation did not become law but several study commissions were established to explore welfare reform options. This handout will look at: what welfare is; how much of the state budget is used for welfare; how the welfare dollar is allocated; and describe in more detail the Medical Assistance program (MA) and the Aid to Families with Dependent Children program (AFDC). Currently AFDC is the major welfare program under review, it is also the major program affecting women and children.

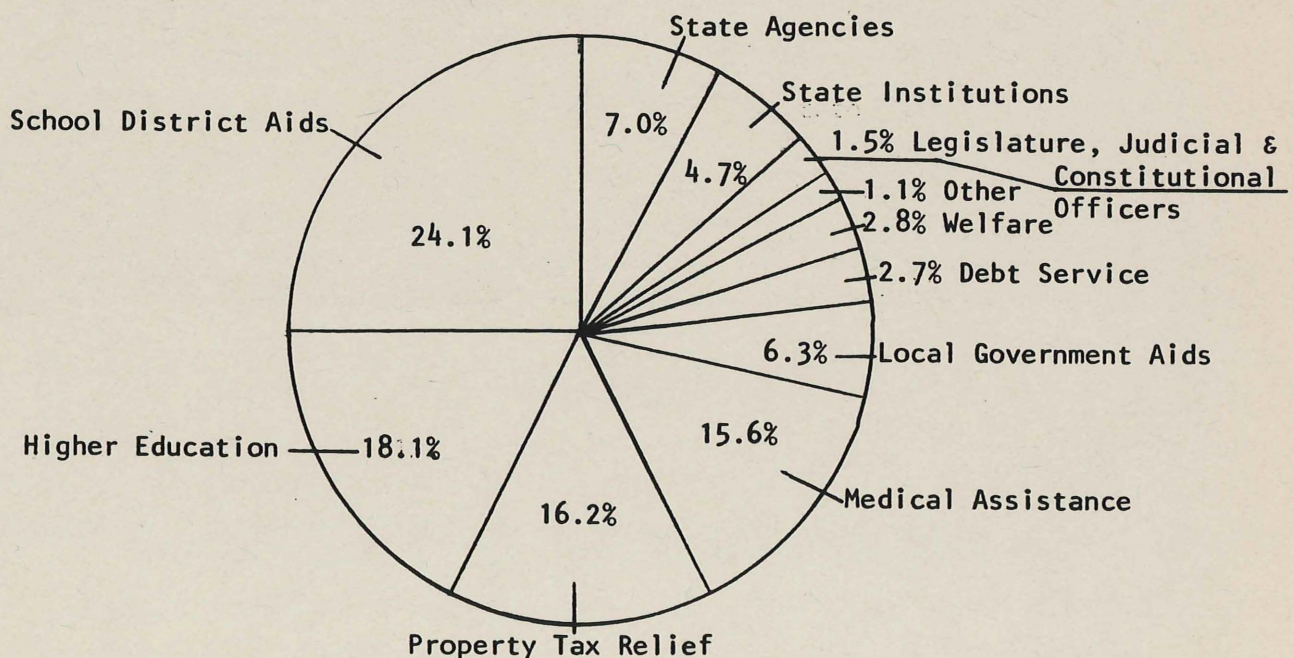
All data in this report are for fiscal year 1985 unless otherwise noted. Data are from the Minnesota Department of Human Services.

"Welfare" is the term most commonly used to describe public assistance programs for persons in financial need. While other government subsidies are provided to other segments of the population welfare programs are designed to provide help to the poverty population. In 1985, there were 255,247 Minnesotans, approximately 6 percent of the state's population, who received some form of public assistance. With the exception of General Assistance, the majority of adult recipients of each program are women. These women are most likely to be the caretakers of young children or elderly women.

For the 1985-87 biennium, welfare expenditures excluding medical assistance account for just under 3 percent of the state's budget. Medical Assistance makes up an additional 15.6 percent of the state's budget. Total state expenditures for welfare are 18.4 percent of the state budget.

1985-87 MINNESOTA STATE BUDGET

Total Spending \$10.5 Billion



There are five major welfare programs to aid persons in poverty which receive state funds. They are AFDC, Medical Assistance (MA), Minnesota Supplemental Assistance (MSA), General Assistance (GA) and General Assistance Medical Care (GAMC). Food Stamps and Supplemental Security Income are federal programs and will not be discussed in detail. Below is a brief description of the state programs.

AFDC: Aid to Families with Dependent Children is a federal/state/county program which provides income maintenance to dependent children and their caretakers who meet eligibility requirements. More than 8 out of 10 caretakers are women.

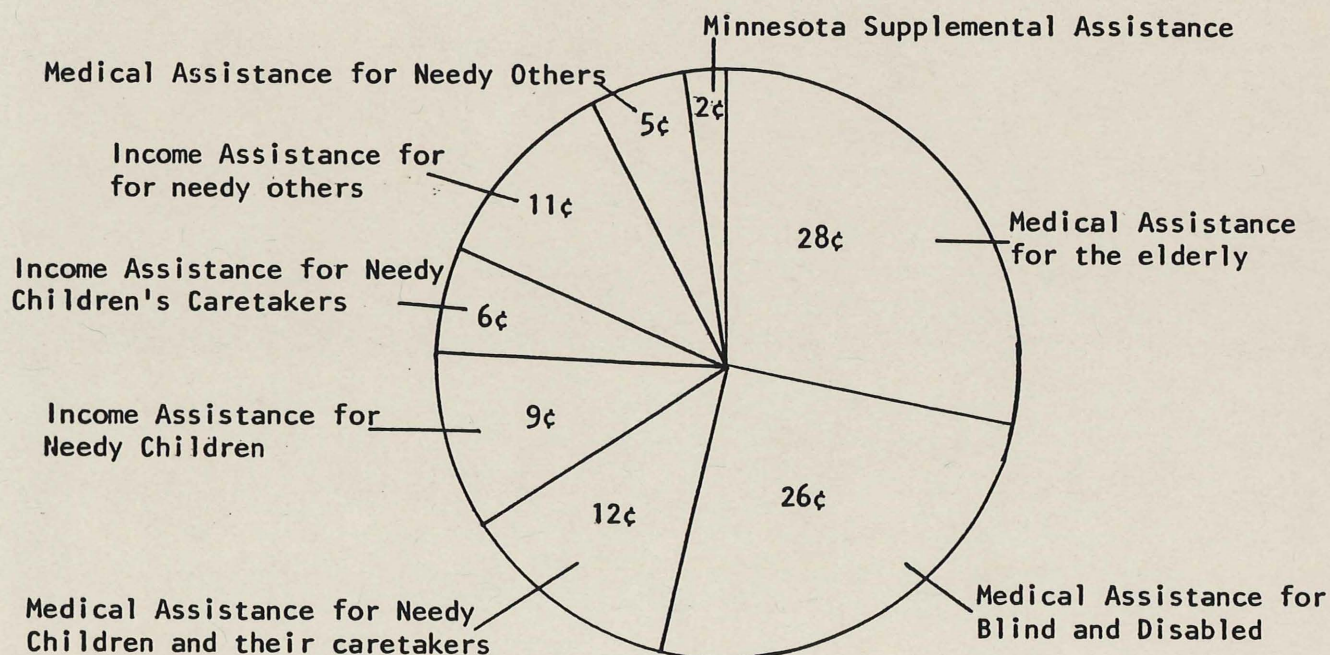
MSA: Minnesota Supplemental Aid is a state program which supplements the Federal Supplemental Security Income program and Social Security benefits to needy aged, blind and disabled persons. About 54 percent of MSA recipients are women.

GA: General Assistance is a state program which provides cash assistance for basic maintenance needs. It is for needy persons who do not qualify for AFDC, SSI or MSA. Thirty-seven percent of GA recipients are women, including battered women in shelters.

MA: Medical Assistance is a federal/state program that pays the cost of medical care for eligible persons who cannot afford the cost of necessary medical services.

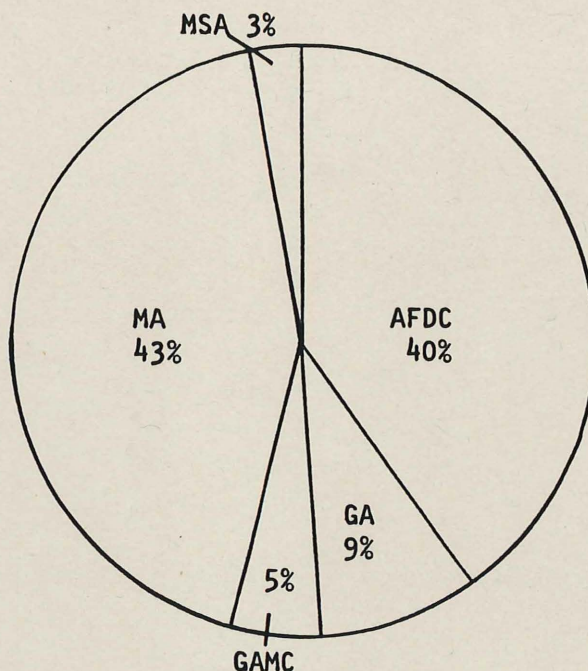
GAMC: General Assistance Medical Care is a state/county program that pays medical expenses incurred by general assistance recipients and other needy people not eligible for medical assistance.

YOUR WELFARE DOLLAR
(State and County Dollars)



Shown below is the distribution of recipients by state public assistance programs.

PERCENT OF WELFARE RECIPIENTS IN EACH PROGRAM







373,511* Recipients

An unduplicated count is 255,247

Two out of three welfare dollars are spent for medical care. Cash payments of income maintenance programs are considerably less costly per recipient than those for health needs. Shown below is the average payment per person for each of the public assistance programs. Medical Assistance payments are payments made directly to the provider of medical services for the services provided to a recipients. Medical assistance payments are not made to recipients.

AVERAGE MONTHLY PAYMENT PER PERSON IN FISCAL YEAR 1985

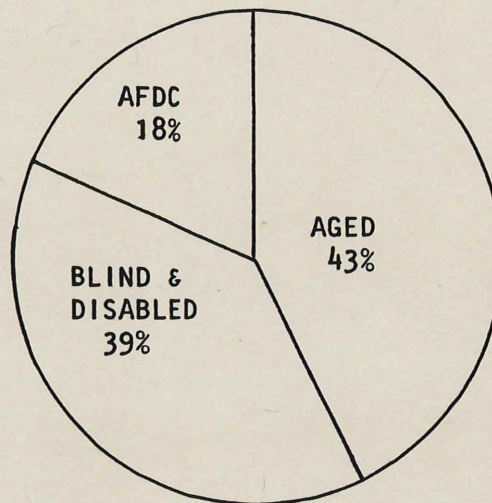
AFDC		\$149.88
Minnesota Supplemental Aid		\$142.82
General Assistance		\$204.77
Medical Assistance		\$508.45*

*Medical Assistance payments are not grants, they are payments made directly to the provider of medical services for the services provided to a recipient.

MEDICAL ASSISTANCE

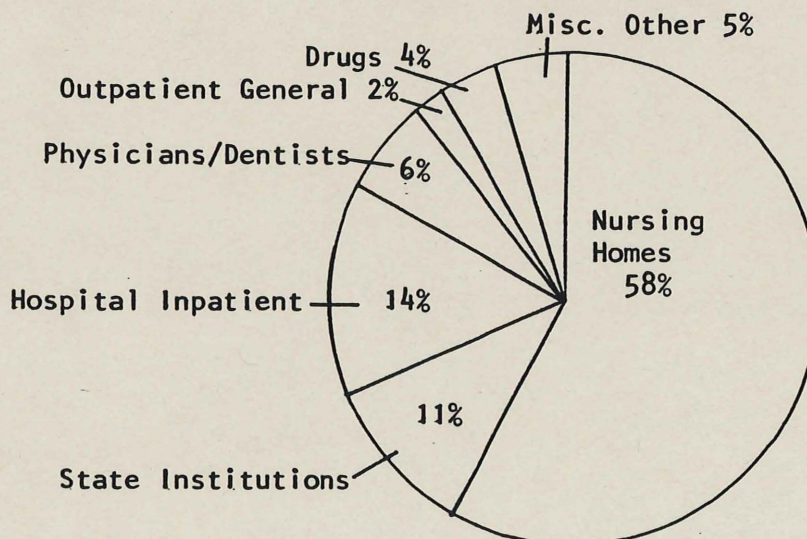
In Fiscal year 1985, medical assistance expenditures totalled \$994,060,970. The average monthly number of eligible recipients was 258,639 and the average monthly utilization rate was 158,865. Although the majority of persons receiving Medical Assistance are members of AFDC families -- about 50 percent of the grants were to these families -- their proportion of the dollar amount is much smaller, less than 20 percent. Shown below are the costs of medical care by category of recipients and type of service in FY 85:

MA COSTS BY TYPE OF RECIPIENT
Fiscal Year 1985



Total=\$465,021,722

MA COSTS BY TYPE OF SERVICE
Fiscal Year 1985



AID TO FAMILIES WITH DEPENDENT CHILDREN

ELIGIBILITY

Minnesota law defines a dependent child as one who is "found to be deprived of parental support or care by reason of death, continued absence from home, or physical or mental incapacity of a parent . . ." During most of the 50-year history of the AFDC program, the predominant deprivation factor has been the continued absence of a father.

To be eligible for AFDC, a family must meet eligibility criteria which includes absence or incapacity of a parent as well as income and asset limits. For FY 86, the income standard of need for a caretaker with two children was \$528 per month. The table below list the standard of need for different family types and sizes.

<u>STANDARD OF NEED FOR FY 86**</u>			
<u>Number of Children in Grant</u>	<u>Children Only</u>	<u>Plus One Adult</u>	<u>Plus Two Adults</u>
1	\$248	\$434	\$507
2	342	528	601
3	430	616	689
4	505	691	764
5	581	767	840
6	657	843	916
7	722	908	981
8	786	972	1045

** These grants received a 1 percent increase as of July 1986.

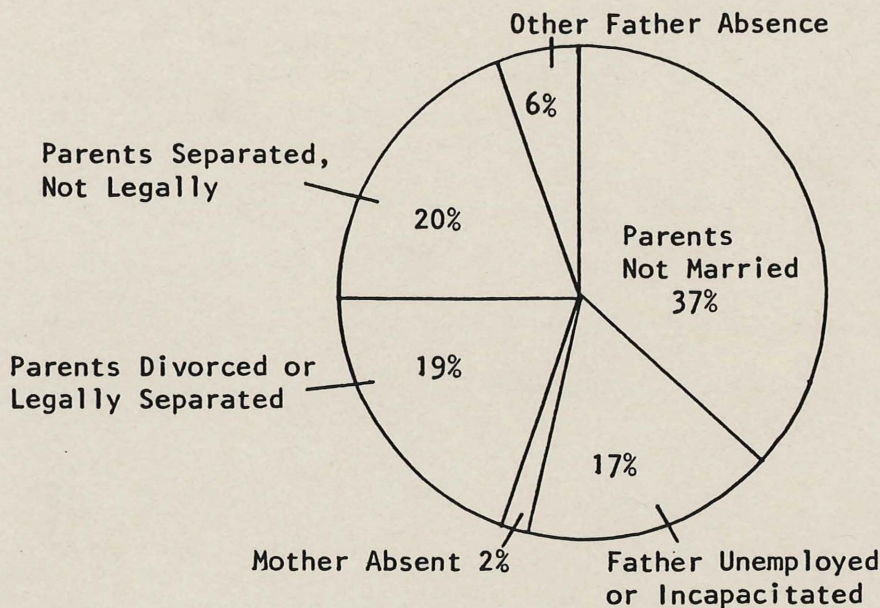
In fiscal year 1985, there were a monthly average of 93,648 children and 55,694 caretakers receiving AFDC benefits.

First time use of AFDC almost always coincides with the start of single parenthood. In Minnesota it was found that only 5 percent of new AFDC cases were the result of reduced earnings by a single parent.

A birth out of wedlock became the major cause for father's absence in 1982. Prior to that time the end of a marriage was the largest cause of single parenthood among AFDC cases. In FY 85, "parents not married" continued to be the major cause for the father's absence. Parents separated, not legally was the second largest reason for the father's absence and parents divorced or legally separated was a close third.

Criteria for eligibility for AFDC was expanded in July 1970 to include two-parent families where the father met the program's definition of an unemployed father. In 1979 this category was expanded to include unemployed mothers and became the unemployed parent category. In 1979 unemployed fathers were the reason for eligibility for 7 percent of children receiving AFDC benefits. In 1985 an unemployed father was the reason for eligibility for 17.3 percent of children.

REASON FOR AFDC CHILD'S ELIGIBILITY Fiscal Year 1985



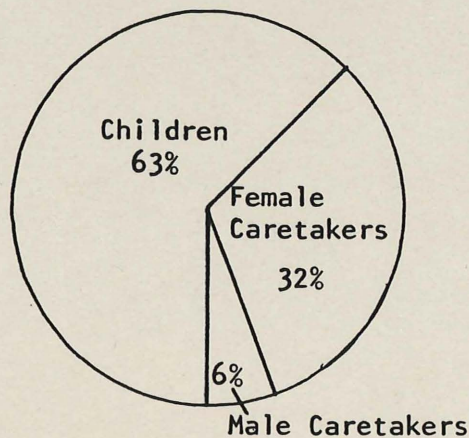
Total=93,648 Children

AFDC CARETAKERS

The majority of AFDC recipients are children. The AFDC caretaker is most likely to be a mother in her twenties. Only 11 percent of the mothers are in their teens.

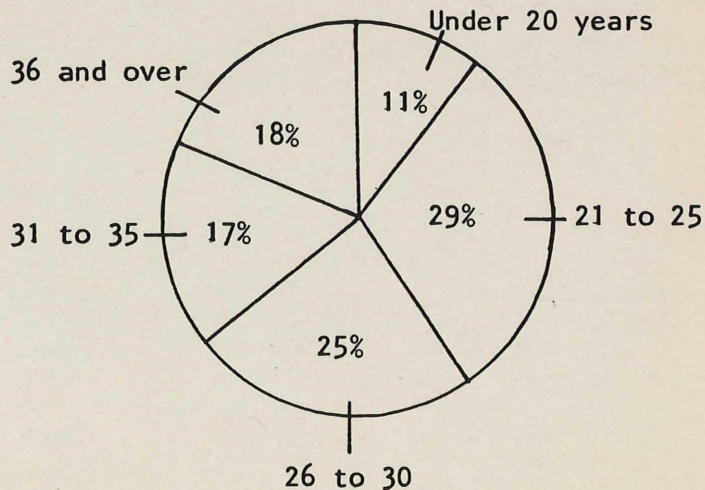
In June 1985, 17 percent of all AFDC caretakers were employed, 88 percent of them part-time. The overall average earnings per employed adult for June was \$287.65. Eighteen percent of eligible female caretakers were employed.

AFDC RECIPIENTS



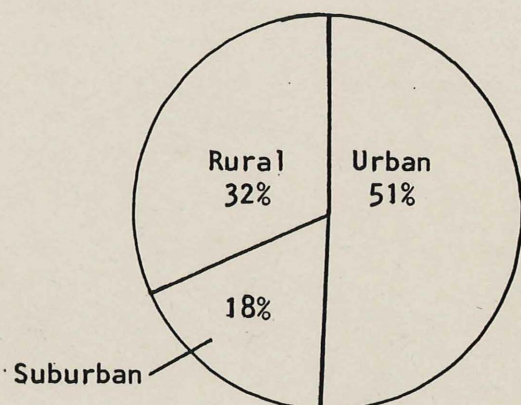
Total=149,342 Persons

AGE OF FEMALE CARETAKERS

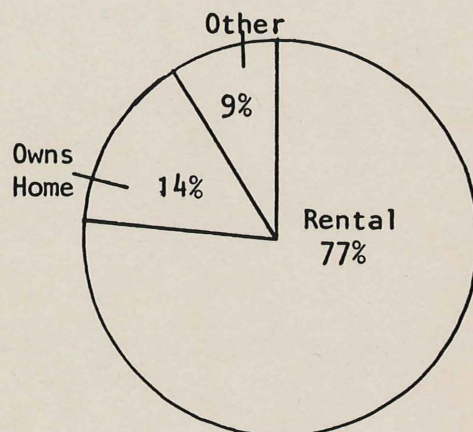


In Minnesota, close to two-thirds of all single-parent families live in the Twin Cities metropolitan area. This is reflected in the AFDC caseload where more than half the recipients live in an urban area and an additional 18 percent live in suburban areas. Unlike the majority of Minnesotans who are homeowners, AFDC families are most likely to live in rental housing.

RESIDENCE OF AFDC RECIPIENTS



HOUSING OF AFDC RECIPIENTS



CHILDREN ON AFDC

The "typical" child on AFDC in 1985 was six years old. The largest single age group was three years, accounting for 8 percent of all children on AFDC. More than one-third of AFDC children are pre-schoolers.

About half of the AFDC children are only children, and most of the others have only one sister or brother. There are 3 or fewer children in over 90 percent of AFDC cases. The decrease in recipient family size from previous years can be accounted for by generally declining birth rates as well as by the increase in the number of AFDC cases where the parents are not married. The 1985 average 1.85 children per AFDC case is in marked contrast to the 2.8 children per case recorded in 1968.

LENGTH OF STAY ON AFDC

The average length of stay on AFDC in Minnesota is approximately 2 years. In June 1985, 59 percent of AFDC families had been on AFDC less than two years, with over one-third on for less than one year. Almost 85 percent of AFDC families had been on the program for less than 5 years.

REASONS FOR LEAVING AFDC

The end of single parenthood seems to account for 40 percent or more of single parent family exits from the AFDC program. Earnings by the single parent explain about 50 percent of the exits.

Separated and divorced AFDC recipients stay on the program for shorter periods of time than do mothers who have had their children out of wedlock. Sixty-eight percent of divorced women and 61 percent of separated women remain on AFDC for less than 2 years, while only 39 percent of unwed mothers are off of AFDC in less than 2 years.

A high school diploma, or equivalent, appears to be associated with whether a recipient stays on or exits from the AFDC program. Seventy-five percent of single parents on AFDC are high school graduates. Ninety-four percent of AFDC recipients who leave the program through work are high school graduates while only 52 percent of the long term AFDC recipients (84 or more months) have high school diplomas.

People who leave AFDC through work also tend to have fewer children. This is probably due to the fact that child care needs and costs are lower with fewer children. Eighty-nine percent of single parents who left the AFDC program through work have one or two children. This compares to 82 percent of all AFDC families that have only one or two children and 68 percent of the long term families that have only one or two children.

HOW MINNESOTA'S AFDC PROGRAM COMPARES TO OTHER STATES

The tables on the following pages compare Minnesota's experience with the AFDC program to that of other states. The tables list the percentage of the population on AFDC, AFDC benefit levels, per capita income, and AFDC standard of need for each state. These tables were compiled by the Minnesota State Planning Agency.

STATES BY PERCENTAGE OF POPULATION ON AFDC
AND AFDC BENEFIT LEVEL, 1984

State	Total Population (thousands)	Receiving AFDC (thousands)	% Population Receiving AFDC	AFDC Monthly Payment For HH of 3 (rank)
1. D.C.*	623	59.2	9.5%	\$327 (26)
2. Michigan*	9,075	696.1	7.7	417 (10)
3. Illinois*	11,511	732.9	6.4	302 (30)
4. New York*	17,735	1,112.1	6.3	474 (7)
5. California*	25,622	1,603.0	6.3	555 (2)
6. Ohio*	10,752	670.0	6.2	276 (33)
7. Mississippi	2,598	154.0	5.9	96 (51)
8. Wisconsin*	4,766	280.3	5.9	533 (3)
9. West Virginia*	1,952	104.5	5.4	206 (43)
10. Louisiana	4,462	227.1	5.1	190 (45)
11. Maryland*	4,349	219.6	5.1	313 (27)
12. Hawaii*	1,039	51.6	5.0	468 (8)
13. New Jersey*	7,515	368.2	4.9	385 (12T)
14. Maine*	1,156	55.1	4.8	360 (17T)
15. Pennsylvania*	11,901	557.9	4.7	348 (21)
16. Rhode Island*	962	43.3	4.5	385 (12T)
17. Kentucky	3,723	158.3	4.3	197 (44)
18. Delaware*	613	25.3	4.1	287 (31)
19. Vermont*	530	21.9	4.1	531 (4)
20. Georgia	5,837	239.9	4.1	208 (42)
21. Iowa*	2,910	117.7	4.0	360 (17T)
22. Massachusetts*	5,798	233.8	4.0	396 (11)
23. Washington*	4,349	172.0	4.0	476 (6)
24. Missouri*	5,008	197.4	3.9	263 (35)
25. Connecticut*	3,154	122.9	3.9	467 (9)
26. Alabama	3,990	151.8	3.8	118 (50)
27. South Carolina	3,300	118.4	3.6	168 (46)
28. New Mexico	1,424	50.5	3.6	258 (36)
29. MINNESOTA*	4,162	147.5	3.5	524 (5)
30. Tennessee	4,717	153.6	3.3	138 (49)
31. Alaska	500	15.4	3.1	719 (1)
32. Indiana	5,498	165.6	3.0	256 (37)
33. Virginia	5,636	154.2	2.7	269 (34)
34. Kansas*	2,438	66.5	2.7	347 (22)
35. Arkansas	2,349	63.4	2.7	164 (48)
36. Nebraska*	1,606	42.7	2.7	350 (20)
37. Oregon	2,674	70.8	2.7	310 (28)
38. North Carolina	6,165	159.5	2.6	223 (41)
39. Colorado*	3,178	81.1	2.6	346 (23)
40. Montana	824	20.8	2.5	332 (24)
41. Florida	10,976	271.4	2.5	231 (40)
42. Oklahoma	3,298	79.2	2.4	282 (32)
43. Arizona	3,053	71.7	2.4	233 (38T)
44. Utah	1,652	37.8	2.3	363 (16)
45. South Dakota	706	16.1	2.3	329 (25)
46. Texas	15,989	351.3	2.2	167 (47)
47. Wyoming	511	9.0	1.8	360 (17T)
48. North Dakota	686	12.1	1.8	371 (15)
49. Idaho	1,001	17.5	1.8	304 (29)
50. Nevada	911	13.4	1.5	233 (38T)
51. New Hampshire	977	14.2	1.5	378 (14)
U.S. TOTALS	238,599	10,579.6	4.4%	

*States with AFDC unemployed parent program (Colorado discontinued 2/28/85).

Sources: Statistical Abstract of the U.S., 1986, Bureau of the Census,
Dec. 1985; and Characteristics of State Plans for AFDC, U.S.
DHHS, 1985.

Compiled by Minnesota State Planning Agency.

COMPARISONS OF STATE PER CAPITA INCOMES, APDC BENEFIT LEVELS
AND APDC STANDARDS OF NEED, 1984

State	Per Capita Income	Benefit Level H.B. of 3	Rank	Standard of Need H.B. of 3	Rank
1. Alaska	17,155	\$719	1	\$719	3
2. D.C.	16,845	327	26	654	5
3. Connecticut	16,369	467	9	467	19T
4. New Jersey	15,282	385	12T	385	27T
5. Massachusetts	14,574	396	11	418	24
6. California	14,344	555	2	555	11
7. New York	14,121	474	7	474	17
8. Maryland	14,111	313	27	433	22
9. Colorado	13,742	346	23	421	23
10. Illinois	13,728	302	30	632	6
11. Delaware	13,545	287	31	287	41
12. Kansas	13,319	347	22	347	35
13. MINNESOTA	13,219	524	5	524	13
14. Nevada	13,216	233	38T	285	43
15. New Hampshire	13,148	378	14	378	30
16. Virginia	13,067	269	34	298	40
17. Hawaii	12,761	468	8	468	18
18. Rhode Island	12,730	385	12T	385	27T
19. Washington	12,728	476	6	768	2
20. Texas	12,636	167	47	494	16
21. Wyoming	12,586	360	17T	360	33
22. Florida	12,533	231	40	400	26
23. Michigan	12,518	417	10	467	19T
24. North Dakota	12,461	371	15	371	31
25. Pennsylvania	12,343	348	21	587	9
26. Ohio	12,314	276	33	627	8
27. Wisconsin	12,308	533	3	628	7
28. Nebraska	12,280	350	20	350	34
29. Missouri	12,129	263	35	312	37
30. Iowa	12,090	360	17T	497	14
31. Indiana	11,799	256	37	307	39
32. Oklahoma	11,745	282	32	282	44
33. Arizona	11,629	233	38T	233	49
34. Oregon	11,582	310	28	310	38
35. Georgia	11,441	208	42	366	32
36. South Dakota	11,049	329	25	329	36
37. Louisiana	10,850	190	45	556	10
38. North Carolina	10,758	223	41	446	21
39. Vermont	10,692	531	4	812	1
40. Maine	10,678	360	17T	496	15
41. Tennessee	10,400	138	49	246	47
42. Kentucky	10,374	197	44	197	50
43. New Mexico	10,220	258	36	258	46
44. Montana	10,216	332	24	401	25
45. Idaho	10,174	304	29	554	12
46. South Carolina	10,075	168	46	187	51
47. Alabama	9,981	118	50	384	29
48. West Virginia	9,846	206	43	275	45
49. Arkansas	9,724	164	48	234	48
50. Utah	9,719	363	16	685	4
51. Mississippi	8,857	96	51	286	42

Sources: Statistical Abstract of the U.S., 1986, Bureau of the Census, Dec. 1985; and Characteristics of State Plans for APDC, U.S. DHHS, 1985.