



## Use of Government Benefits Increases among Families Leaving Welfare

by Pamela Loprest

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Families that left welfare recently are taking greater advantage of government benefits than those that left shortly after welfare reform was enacted. Moreover, families that receive government benefits after leaving welfare are less likely to return.

In the early days of reform, large numbers of families that left welfare also stopped receiving other government benefits, particularly food stamps and Medicaid (Zedlewski and Gruber 2001; Garrett and Holahan 2000; Acs and Loprest 2001). Such benefits are usually provided in conjunction with Temporary Assistance for Needy Families (TANF) and are thus more susceptible to being lost after leaving welfare—even though most leavers' families remain eligible for them.<sup>1</sup> Reasons eligible families do not participate in these programs include confusion over continued eligibility; difficulty meeting ongoing administrative requirements, particularly while working; and the desire to be rid of any dependence on government.

In response, many states undertook to increase former recipients' knowledge about their eligibility for Medicaid and food stamps and to ease their administrative difficulties by simplifying forms, providing off-hours appointments, and making it possible to redetermine benefits by Internet or telephone. Changes to the federal Food Stamp program in 2001 allowed states to ease that program's reporting requirements.

New results from the National Survey of America's Families comparing families that left TANF between 2000 and 2002 (recent leavers) and families that left between 1997 and 1999 (early leavers) show that use of food stamps and Medicaid has increased and that recent leavers who use government benefits are less likely to return to TANF.

Receipt of food stamps at the time of the interview was higher among recent leavers than early leavers: 35.4 percent compared with 28.1 percent (figure 1).<sup>2</sup> Participation in Medicaid, including enrollment in State Children's Health Insurance Programs (SCHIP), was also higher among recent leavers. Receipt of Medicaid by children increased from 56.9 percent of early leavers to 64.3 percent of recent leavers, consistent with recent findings that Medicaid and SCHIP

enrollment increased substantially among all children in families with incomes below 200 percent of the federal poverty level (Kenney, Haley, and Tebay 2003). Medicaid and SCHIP receipt among adults who left welfare increased from 40.3 percent to 48.0 percent.

### Countering Returns to TANF

Receiving government benefits after leaving welfare can tide families over crises that would otherwise lead them to return to TANF. This is true of both early leavers (Loprest 2002) and recent leavers. Recent leavers were asked about their use of government child care, health insurance, help with expenses, and job search

or job training in the first three months after leaving TANF. Use of the benefits varied, with 24.1 percent using child care, 65.1 percent receiving health insurance, and relatively small proportions getting help with expenses (11.9 percent) and job search or training (10.8 percent). Reported use of each of these benefits in the first months after leaving welfare was similar among recent and early leavers.

The percentage of recent leavers returning to welfare is lower among those who obtained help with child care or health insurance. As shown in figure 2, 19.5 percent of families receiving help with child care returned to TANF, compared with 27.7 percent of families without such help. Similarly, 21.7 percent of

families with government health insurance subsequently returned to TANF, compared with 32.8 percent of families without such insurance. The rates of return among those who received government help with expenses were not significantly different from the rates among those who did not. Nor was there a significant difference in the rate of return between those who received job search assistance or training and those who did not. Former recipients who received more than one type of government assistance were significantly less likely to return to TANF.

### Conclusion

State and federal efforts to halt the downward trend in receipt of Medicaid and food stamps after leaving welfare may have worked.

#### DATA AT A GLANCE

FOOD STAMP RECEIPT AMONG WELFARE LEAVERS ROSE FROM 28 PERCENT IN 1999 TO 35 PERCENT IN 2002.

ADULTS' MEDICAID AND SCHIP RECEIPT INCREASED FROM 40 PERCENT IN 1999 TO 48 PERCENT IN 2002.

33 PERCENT OF FAMILIES WITHOUT MEDICAID OR SCHIP RETURNED TO WELFARE COMPARED WITH 22 PERCENT OF FAMILIES WITH THIS COVERAGE.



Alternatively, these results may reflect broader trends toward increased enrollment, or harder economic times may have encouraged more families to seek or retain these benefits. In any case, increased participation, coupled with evidence that receipt of government benefits is linked to lower returns to welfare, shows that noncash government benefits are playing a positive transitional role for a greater number of families.

### References

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### Endnotes

<sup>1</sup> A small number of families leaving welfare will have incomes above the eligibility thresholds for these programs.

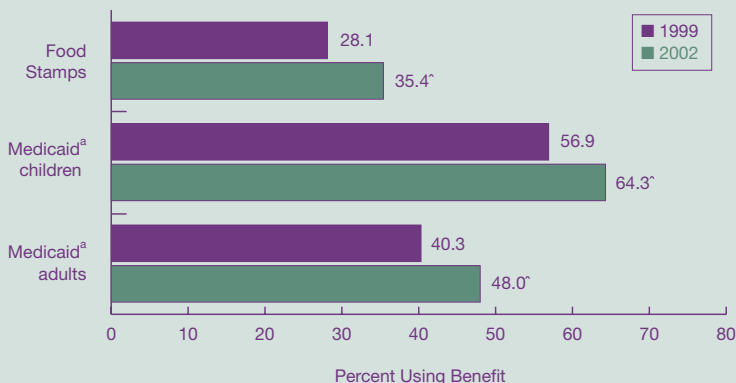
<sup>2</sup> Because most families on TANF also receive food stamps and Medicaid, the results reported here for food stamps and Medicaid refer only to families that left TANF and did not return.

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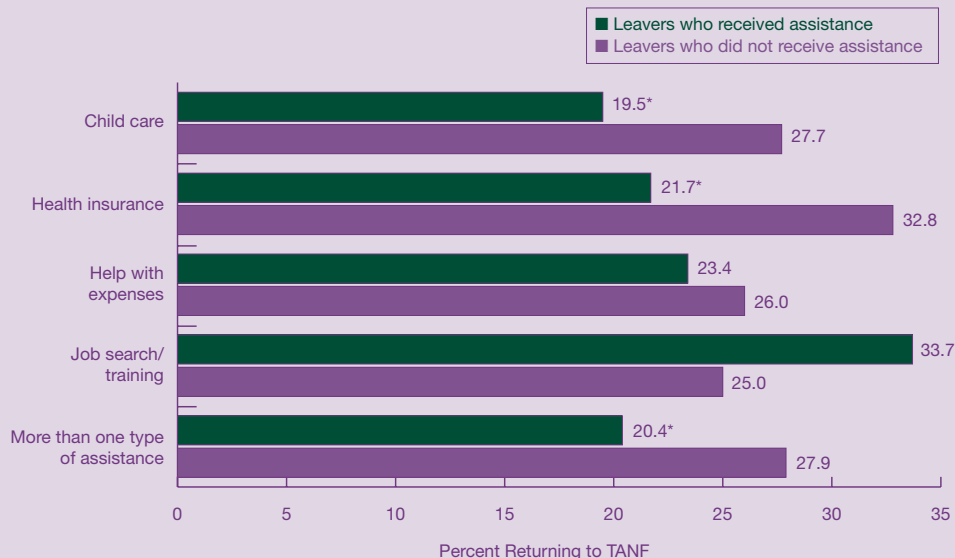


**Figure 1. Former TANF Recipients' Use of Government Benefits, 1999 and 2002**



Sources: 1999 and 2002 National Survey of America's Families  
 Note: Includes only former recipients who have not returned to TANF.  
<sup>a</sup> Medicaid includes SCHIP.  
 \* Increase from 1999 is significant at the 0.10 level.

**Figure 2. Return Rates, by Use of Government Assistance in the First Three Months after Leaving TANF, 2002**



Source: 2002 National Survey of America's Families  
 \* Estimate is significantly different from estimate for those not receiving assistance at the 0.10 level.

