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Plans of the Department of Health and Human Services

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Family Well-Being After Welfare Reform
Edited by Douglas J. Besharov
This chapter briefly describes some of the efforts of the U.S. Department of Health and Human Services (HHS) to understand the condition of the low-income population before and after welfare reform. Our agenda involves many activities, only a few of which can be described here.

Under welfare reform the task of looking at outcomes for the low-income population has become more complex. New geographic differences in programs, for example, mean that we need finer geographic detail to understand outcomes. Therefore, some of the national survey data that we have used in the past needs to be supplemented to understand what is going on.

HHS is concerned with a wide array of individual and family outcomes. The department is focusing on the economic well-being of families with children, including the work status of parents, earnings, poverty status, other sources of income, and whether families get child support. We are also interested in noneconomic areas, such as family structure and household composition, including whether the family has one parent or two parents and whether teens are living with their parents; fertility behavior; participation in a wide variety of programs; food security; housing; and child well-being.

This chapter discusses several methods for improving our ability to understand outcomes for the low-income population under welfare reform. Those methods include improving national data, conducting state-level surveys, using administrative records, and monitoring at-risk population groups. This discussion emphasizes the latter two topics, although HHS is actively pursuing efforts in all of these areas.
Survey Data

Most of what we know about the low-income population comes from national data sets, such as the Current Population Survey (CPS) and the Survey of Income and Program Participation (SIPP). As noted earlier, existing national data sets must be improved in order to capture the new variation in programs across the country. For example, we hope to co-sponsor with the Census Bureau a project to match Survey of Program Dynamics (SPD) records with Social Security records to better understand who is dropping out of that survey and how that attrition is affecting the representativeness of the sample. HHS also has a continuing interest in expanding the types of outcomes captured in national surveys. We support, for example, a set of projects to improve measures of child well-being in national surveys. Kristin Moore of Child Trends and others have helped us with that.

We may not harvest the fruits of our efforts to improve national data for a number of years. Each involves conceptualizing a measure of well-being, defining appropriate measures, and then collecting the data. Nevertheless, these efforts are crucial if we are to understand the broader issues affecting the low-income population over the long run.

One of the projects on our agenda for next year is a much more complete and clear codification of what policies states are pursuing, so that researchers can begin to group states by type of policy to analyze the effects of those policies. A second approach is to conduct specific state surveys or to supplement national surveys by, for example, adding to the SIPP to create reliable state samples. For smaller states, the combination of state surveys and administrative data is probably the best bet for looking at outcomes.

HHS is collecting a great amount of state-level survey data and at this point has supported projects to collect data in twenty-four states. The surveys are state-sponsored and focus on the questions that the states themselves feel are important. These efforts collect data on people who either are welfare recipients or have been welfare recipients, allowing the study of a wide variety of outcome measures. We are encouraging states to use comparable measures in at least some areas. Yet, we believe that welfare reform policies demonstrate a clear interest in promoting states’ autonomy and ability to ask their own questions. Therefore, we have not attempted to enforce any kind of uniform survey across the states.

Administrative Data

We also support using administrative data to track outcomes. Let us now discuss the advantages and challenges of this approach and look briefly at examples of this work. Because of our interest in administrative data for understanding low-income populations under welfare reform, the Office of the Assistant Secretary for Planning and Evaluation (ASPE) sponsored a review of the potential for and challenges in using such data. That review, conducted by the Joint...
Center for Poverty Research, highlighted several advantages and challenges in administrative data and serves as a basis for many of the concepts below.¹

**Advantages of administrative data analysis.** One of the great advantages of administrative data is that they capture information about the full population of people involved in a program. As a result, a researcher can examine rare subgroups and understand patterns of service delivery that might not be captured in a survey. Obtaining data on the full population also allows a researcher to detect changes that may not be evident in a small survey sample and to examine small geographic areas, which may be impossible in a survey. Most administrative data systems provide addresses of program recipients. Welfare researchers are probably behind other fields—such as criminology—in their use of data mapping, but advances are occurring. For example, as part of Manpower Demonstration Research Corporation’s Urban Change project, Claudia Coulton of Case Western Reserve University and others are examining neighborhood clustering of program receipt and how that changes over time.

Another great advantage is that administrative data were collected before welfare reform and continue to be collected. Such information can be difficult to obtain from surveys. Although programs (and their data sets) may change over time, administrative data offer the possibility of understanding shifts in how people were connected to programs prior to reform and how they are connected now. This approach has some limitations. State computer systems change, and data archiving is not always as complete as researchers would like. We should not wait too long to go back and create pre–Temporary Assistance for Needy Families (TANF) baselines for the flows across programs.

Finally, administrative data often can capture program variation better than surveys. The data show directly which people are affected by which “caseload events,” such as sanctions. Such information may be more difficult to gather in surveys because respondents may not be aware of how they have been treated within the system.

**Challenges of administrative data analysis.** A clear disadvantage of administrative data is that when clients leave a program, they leave the administrative data set for that program. With a rapidly declining caseload, such as the one we have now, we have fewer of the population of interest in the administrative data. Another challenge with administrative data sets is that they do not always cover the outcomes of interest. Researchers interested in the economic well-being of a child, for example, want to know the total income of the household in which the child is living. Administrative data may only tell us that the mother is employed; discovering whether other

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people in the household were employed or had income is more difficult. In addition, administrative data typically offer few insights into post-program outcomes. They also offer limited variables for analysis and do not give us the rich data on child well-being that we would like to have. One challenge ahead is to make better use of interesting sources of outcome data, such as school records.

Researchers find it difficult to compare administrative data sets from one system or state with data sets from another system or state. Multiple definitions exist across systems and states—a family or case in one system is defined differently in another. The growing state-to-state (or county-to-county) variation in welfare programs makes comparisons across state systems difficult to understand. Administrative data often do not directly record program variation, so researchers must further investigate the meaning of data fields, population coverage, and policy context.

Understanding data quality can also be a challenge. Data quality varies from data set to data set as well as across fields within any one data set. For example, a data set may have complete and high-quality data in one field, such as payments, but poor quality in another field, such as household composition or race. Changes in federal reporting requirements also may affect quality. Working with administrative data requires patience and diplomacy to negotiate with data-producing agencies and to dig through poor documentation to understand what the data can and cannot provide.

Concerns about confidentiality can also hinder researchers’ efforts to use administrative data. Many concerns are easy to address from a legal and technical standpoint. However, researchers must take seriously the confidentiality concerns raised by state governments and other organizations. Addressing those concerns can be a time-consuming process. When working with multiple data sources to link records, researchers must understand and explain what the threats to confidentiality may be and how they will be minimized.

The world of administrative data analysis sits where the survey research world was about forty or so years ago. Our challenge is to ensure that the use of administrative data moves forward over the next forty years in the same way as the social survey world. That is a real challenge.

Linking Administrative Records: Examples

One way to deal with the problem of understanding what happens to clients who leave a program is to match data across programs, a process we will now discuss. Clients of one program often are clients of many programs, either at the same time or in sequence. When a woman leaves TANF, for example, she may be covered by unemployment insurance. By creating linked data files, researchers can follow individuals across multiple programs.
One challenge to these efforts is the lack of common identifiers across systems. “Probabilistic matching” techniques improve the chances that a person found in one system is the same as a person found in another system. The Joint Center report notes that negotiating agreements among agencies to create matched data files can “make or break” a study. Matching records also requires experience with a particular state’s data systems to understand their nuances. HHS is supporting efforts to do this kind of data matching in a number of states. One of the key questions is whether, and for which populations, patterns of overlap and sequencing will change under welfare reform.

Researchers at the Chapin Hall Center for Children have recently conducted a study looking at the movement among Aid to Families with Dependent Children (AFDC), Medicaid, and foster care before welfare reform. They examined overlap and sequencing in cohorts in three states that entered one of the three programs in the mid-1990s. The study seeks to understand the state-by-state variation in the programs, to lay a baseline for understanding patterns after welfare reform, and to understand why changes in movement among these programs may occur.

The three states under study are California, Illinois, and North Carolina. The study documents great variation in how quickly people move off of AFDC. Table 1 shows that AFDC recipients in North Carolina left the program much more quickly than did recipients in the other two states. Although we know that much overlap exists between the AFDC population and the child welfare population, it is important to document exactly how that overlap occurred before welfare reform. Table 1 shows that only a small percentage (2.0 to 2.6 percent) of AFDC recipients moved into foster care during this period. Yet, the percentage of foster care entrants who were previously involved in AFDC is very high (68 to 71 percent). Most children entering foster care before welfare reform did so directly from AFDC, but few AFDC recipients move into foster care. Further study of the systems in these states will document whether the flow of people from income-support programs to foster care changed after welfare reform.

This study also indicates some of the definitional issues that arise in working across states on administrative data. What is “foster care” in one state is not necessarily “foster care” in another state. The growth of kinship care and of child-only cases in TANF, alluded to in other chapters in this volume, raises real concerns about the standardization of definitions of foster care. What appear to be subtle distinctions between the programs can lead to different

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2 Ibid.

conclusions about cross-state variation. Potential data incompatibilities have to be carefully assessed.

### Table 1. Program Participation in Three States, 1995–1996, Summary Statistics

<table>
<thead>
<tr>
<th>Group</th>
<th>California</th>
<th>Illinois</th>
<th>North Carolina</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFDC entrants who leave within one year</td>
<td>42</td>
<td>47</td>
<td>73</td>
</tr>
<tr>
<td>AFDC cohort who transition to “Medicaid only” within one</td>
<td>23</td>
<td>12</td>
<td>31</td>
</tr>
<tr>
<td>year of leaving AFDC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AFDC cohort who leave the system (that is, participate in</td>
<td>19</td>
<td>35</td>
<td>42</td>
</tr>
<tr>
<td>none of these three programs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foster care entrants previously in AFDC or Medicaid</td>
<td>71</td>
<td>71</td>
<td>68</td>
</tr>
<tr>
<td>AFDC cohort who entered foster care within two years</td>
<td>2.0</td>
<td>2.6</td>
<td>2.5</td>
</tr>
</tbody>
</table>


Another analysis of linked administrative data analysis by Chapin Hall Center examined the patterns of food stamp and WIC participation and the effects of participation on the health of low-income children. The study used a linked administrative data set with birth records, food stamp and WIC participation data, and Medicaid claims in Illinois between 1990 and 1998. The study documented that children receiving WIC were more likely to receive preventative health care services and were less likely to be diagnosed with health problems associated with inadequate nutrition. The study shows the value of capturing a full population (through birth records) and the benefit of finding outcome data within administrative records (health care diagnoses).

### Monitoring At-Risk Population Groups

Our final approach is to look not just at people who have been on welfare but also at population subgroups that one might consider to be at risk. This year ASPE will publish the first volume of a series entitled *Trends in the Economic Well-being of Low-Income Americans*. This volume will have five chapters:

- Demographics, poverty estimates, and general income data for the entire population.

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4Ibid.
• Demographics, poverty estimates, and general income data for families with children.

• Demographics, poverty estimates, and general income data for working-age adults.

• Demographics, poverty estimates, and general income data for the elderly.

• Public programs serving the low-income population

The first four chapters will provide similar information for different demographic groups, whereas the last chapter will examine the role of government programs in the lives of the low-income population and how those programs reduce poverty. This book will provide information on poor Americans and how their situation has changed over time and will show how the distribution (and severity) of poverty across population subgroups differs under the official poverty definition and under an alternative definition developed by the National Academy of Sciences. We plan to publish an annual update.

The book will consist mostly of tables, with a few graphs. Some text will be included to discuss data and methodological issues, and an appendix will provide additional information on federal programs for low-income Americans. Tables will cover work status, earnings, poverty status, and other sources of income for families with children. We will break down the data by age, race, and various other characteristics, and we will look at household composition, family structure, and fertility. We will also look at how children are doing by variables, such as family type, age group, ethnicity, region, metro/nonmetro, and the disability and immigrant status of their parents. One important challenge we face is the definition of family units. Recently, we have begun to work with CPS data to include cohabitation as a variable, but because the book focuses on trends, little of that work will be included. We are planning to have in our measurement appendix a piece on cohabitation as a factor and how much difference it makes in the family definition.

All the tabulations in this publication will be on the low-income population, and we will include information by quintile, so that readers will have a total population to compare against as well. We typically break the groups into people living at 50, 100, 150, and 200 percent of the poverty threshold. The sources for this information will be principally the CPS, the SIPP, and the Panel Study of Income Dynamics (PSID), along with the National Longitudinal Survey of Youth (NLSY).

As noted earlier, we will present data under two measures of poverty (the official measure and one based on the National Academy of Sciences’ recommendations) to see whether our picture of the characteristics of people in poverty differs according to how one defines poverty.
We will have a section on poverty spells, which look at duration of poverty for families with children as well as the entry and exit reasons, to the extent that we can.

Conclusion

Our forthcoming annual volume on low-income Americans is only one of many efforts, but it draws together the results of a number of studies to make them more accessible to people who are attempting to track the condition of low-income families. We will continue to pursue multiple approaches to understanding the complex set of outcomes for low-income Americans in the era following welfare reform.

References


Comments

Howard Rolston*

Administrative data can sometimes provide the best information about how families are faring under welfare reform, and they often can fill in important gaps in information. They can, however, be overused and result in misleading or unwarranted conclusions. As an example of one problem with using administrative data to assess the income trends of families leaving welfare, this chapter describes the findings from an analysis by researchers at the University of Wisconsin that relied solely on administrative data.

Welfare reform and the concomitant decline in the welfare caseload have greatly increased the interest in how families are faring after they cease to receive cash assistance. Numerous states have undertaken data collection activities (now commonly referred to as “leaver studies”) to understand the post–welfare reform status of families. For example, Cancian and her colleagues analyze data from both the National Longitudinal Survey of Youth (NLSY) and administrative records, matching former recipients with their benefit streams (AFDC and food stamps) pre- and post-exit as well as with quarterly earnings data as reported under the unemployment insurance (UI) system. Income is then defined as the sum of the three (hereinafter referred to as the administrative measure). Although the authors “recognize the limitations of these data and the need for survey data to supplement their findings,” they also “conclude that reliance on administrative data provides the best option for evaluating the impacts of reform in the near future.”

Cancian and her colleagues calculate the administrative measure of income before and after welfare exit for a cohort of Wisconsin families that left cash assistance for at least two consecutive months. Their study is intended to answer the question, “Are they better off after leaving the program than they were as recipients?” Their analysis “shows that more than half of

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*Howard Rolston is the director of Planning, Research and Evaluation at the Administration for Children and Families, U.S. Department of Health and Human Services. The views expressed are the author’s personal views and do not represent the views of HHS or the Administration.


2Ibid., 2.
all leavers did not obtain the income level they received just before they left AFDC. About 32 to 40 percent of leavers increased their economic resources (cash income, including food stamps), while the rest did not.”³ In summarizing how families are faring under welfare reform, Robert Kuttner describes this result as follows: “Between half and two-thirds of ex-welfare recipients are economically worse off.”⁴

The analysis of administrative data (this paper does not address the NLSY analysis) in Cancian et al. suffers from major shortcomings. This chapter presents both a general argument and empirical evidence as to why their administrative measure of income is a misleading and biased measure, especially in the context of state leaver studies. Cancian’s approach suggests that families are worse off, when that may not be a warranted conclusion. I want to stress that this paper does not attempt to assess whether families are better or worse off, only the specific measure that has been used for this purpose. I also raise questions about the appropriateness of the base period that is used in the analysis and argue that more general limitations of leaver studies make the administrative measure of income a poor measure of the effects of welfare reform when used in those studies.

General Analysis and Past Research

Families cease to receive cash assistance for numerous reasons.⁵ Many become formally ineligible, and many leave the rolls either because they believe they are no longer eligible without a formal determination being made or because they perceive themselves as no longer needing welfare. It is likely that, historically, most pre-welfare reform exits were based on changes in income available to the family, such as increased earnings of the recipient or others in the family, or increases in other forms of cash benefits. Note, however, that leaving welfare does not mean that the family’s income increased. For example, a significant number of people probably just left welfare when they became employed, even if their net income failed to increase or even declined. In other cases, other family members may have increased their earnings; even though that increase was less than the value of the welfare benefits, a recipient may have decided that the family no longer needed welfare. Non-income-related reasons for leaving include no longer having an eligible child in the household, moving to another locale and increased assets. Bane

³Ibid., 15.


⁵In this paper I use “families” and “households” interchangeably. Doing so ignores important and difficult questions, especially those concerning the availability of the income of other household and family members to a former recipient and her children, which are beyond its scope.
and Ellwood estimate the first two as encompassing about 1 in 8 exits. The third is probably too small to estimate.

Income-related case closures are primarily of three kinds: increased recipient earnings; family structure changes, such as marriage, remarriage, reconciliation, and cohabitation; and other income transfers, such as Supplemental Security Income (SSI) or Retirement, Survivors, and Disability Insurance (RSDI). Pre-welfare reform estimates of the proportion of closures that are associated with increases in recipient earnings are in the 40 to 50 percent range, and (as noted) Bane and Ellwood estimate other transfer payments as being responsible for about 1 in 8 exits. Thus, if historically about 85 percent of closures were income-related, recipient employment closures accounted for a little more than half of them.

Leaver studies based on post–welfare reform exits suggest that the head of about 50 to 60 percent of families that leave welfare is working in the first or second quarter following the exit. This figure is somewhat higher than analyses of national data that are based on earlier periods—but not dramatically so. Thus, a large proportion (but somewhat less than half) of exits now and previously were a result of increased income availability from sources other than employment. The problem with using the administrative measure of income is that it fails to include any sources of non-employment income or employment income of other household members that have become available to a family, the availability of which induced the family to opt not to receive cash assistance, or in some cases, rendered them ineligible for it. Of course, using UI as a measure of earnings also fails to capture informal earnings outside of the UI system.

Thus, an examination of what we know about why families have left assistance historically suggests that using the administrative measure of income downwardly biases estimates of post–welfare reform income compared with pre-reform exit income. However, more direct empirical evidence supports the claim that use of this measure leads to erroneous inferences about the relative state of the economic well-being of families before and after they leave cash assistance under welfare reform.

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7Numerous other studies illustrate that the administrative measure of income is an understatement (see, for example, Daniel Meyer and Maria Cancian, “Economic Well-Being Following an Exit from Aid to Families with Dependent Children,” *Journal of Marriage and the Family* 60 (1998): 479–492; and Kathryn Edin and Laura Lein, *Making Ends Meet: How Single Mothers Survive Welfare and Low-Wage Work* (New York: Russell Sage Foundation, 1997). Although this understatement is an important part of my argument, I am mostly concerned that the understatement is likely to be greater in the post-exit period than in the pre-exit period, making the measures biased over the transition across welfare exit.
Data from the NEWWS Evaluation

The National Evaluation of Welfare-to-Work Strategies (NEWWS),\(^8\) conducted by Manpower Demonstration Research Corporation (MDRC), is a randomized test of eleven programs in seven sites examining the effectiveness of alternative strategies for moving welfare recipients into work. Individuals were randomly assigned from 1991 to 1994 and were tracked for up to five years using both administrative records and household surveys. Because administrative records, including AFDC, food stamps, and UI earnings, are available for 45,000 randomly assigned individuals and because the control group was exempt from mandatory participation in work activities, the experience of the control group is a strong way to examine the “natural trajectory” of the administrative measure of income for leavers in the absence of welfare reform or even work requirements.

In order to simulate the Wisconsin study, MDRC was asked to produce tables showing the income (as defined by the administrative measure) for all recipients who exited AFDC for at least two months in (1) the calendar quarter prior to their exit, (2) the quarter of their exit, and (3) the average of the four subsequent quarters.\(^9\) This definition is directly comparable to the definition used in the Wisconsin study.

The analysis was based on five years of follow-up on all individuals in the six sites for which the full period of follow-up was available. The results in the following table are based on sample sizes ranging from 1,012 in Grand Rapids, Michigan, to 1,974 in Riverside, California, and encompass everyone who exited AFDC for at least two months in the five-year period and had at least four quarters of follow-up data available subsequent to the exit.

The pattern in table 1 is clear. At every site a substantial drop-off occurs in the administrative measure of average quarterly income, ranging from 49 percent in Riverside to “only” 22 percent in Atlanta. Although income rises uniformly over the period, even by the fourth quarter in no site has it approached the level of the quarter prior to exit (not shown in the table). Also not shown in the table, the rise primarily stems from increases in welfare, not earnings. Examining the proportion of families that are worse off in the manner of the Wisconsin study suggests an even more negative picture than the Wisconsin data do. In Wisconsin, using the administrative measure of income, one-third to two-fifths of all leavers were worse off, depending on family size. In the NEWWS data, looking across sites (but not across family sizes), in an average quarter two-thirds to four-fifths of families are worse off using the administrative measure (not shown in table 1). Thus, even in the absence of any welfare reform—or

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\(^8\)NEWWS was formerly known as the National JOBS Evaluation.

\(^9\)I am grateful to Stephen Freedman and Electra Small of MDRC for extracting the NEWWS data on which my analyses are based.
JOBS—requirements, the administrative measure suggests a dramatic decline in the income of exitters.

Additional analysis of the NEWWS data is useful in suggesting the extent to which the decrease in the administrative measure of income results from its implicit assumption that all income-related exits are a result of earnings increases of a parent—that is, increases in non-earnings-related income that are associated with exits are not included in the measure. MDRC reproduced the same analysis as the above, but separately for families in which the recipient had UI earnings in the exit quarter and families in which she did not.

Clearly the drop-off in income is much sharper for families without UI earnings, averaging .44 (table 3) versus .83 (table 2) for families with earnings across the six sites. This result strongly confirms that the administrative measure introduces bias through its failure to capture non-earnings-related income changes that are associated with what the welfare-dynamics research suggests are a significant proportion of welfare exits.

Examination of the group of people who have UI earnings in the exit quarter substantially narrows the income gap by anywhere from seven to twenty-seven percentage points (the average reduction is thirteen percentage points) and eliminates about 43 percent of the gap. This view suggests that although failure to capture the income that results in non-earnings-related closures is a major factor in explaining the bias in the administrative measure, it is not a full explanation.
A number of other factors could be responsible, including other sources of earnings that are not captured by UI, exits that are related both to the acquisition of earnings and other forms of income, and some people choosing to leave AFDC even though it resulted in their having lower income. Additional analysis of the NEWWS data, however, suggests another explanation for much of the discrepancy.

**The base period.** Although it is often said that under AFDC, earnings were subtracted dollar-for-dollar from benefits, in fact the program used earnings disregards, including the first $90 of income indefinitely, $30 for twelve months, and one-third of the remainder for four months. Furthermore, some states allowed earnings to “fill the gap,” creating an additional disregard. Finally, anecdotal evidence and common sense strongly suggest that many recipients who became employed did not immediately inform the welfare office of their new income. Thus, recipients who became employed typically did not directly exit from AFDC (or TANF), and they thereby enjoyed a period in which they received both earnings and welfare. This pattern would make the quarter prior to exit artificially high in comparing recipients’ pre-exit income status with their post-exit status.10 Tables 4 and 5 show results for exiters with and without earnings retrospectively for four prior quarters.

The data strongly support the “inflated baseline” hypothesis. Looking at the long-term baseline uniformly shows an increase in income after exit for earners and shows that the quarter prior to exit is substantially higher than the average of the previous four quarters.11 Examination of nonearning exiters reveals no similar increase from the long-term baseline to the quarter before exit, confirming the notion that under AFDC, earners on average enjoyed a period of increased income prior to their exit from AFDC. Thus, the pattern of the NEWWS
Given that most states have substantially increased earnings disregards under TANF, it may well be that the pattern is now different.

Table 4. Combined Income from UI, AFDC, and Food Stamps (Earners)

<table>
<thead>
<tr>
<th>Site</th>
<th>Average of Quarters 2–5 Prior to Exit</th>
<th>Quarter Prior to Exit</th>
<th>Average of Quarters 1–4 after Exit</th>
<th>Average of Quarters 1–4 Divided by Average of Quarters 2–5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlanta</td>
<td>2097</td>
<td>3035</td>
<td>2576</td>
<td>1.23</td>
</tr>
<tr>
<td>Columbus</td>
<td>2475</td>
<td>3338</td>
<td>2633</td>
<td>1.06</td>
</tr>
<tr>
<td>Detroit</td>
<td>2422</td>
<td>3375</td>
<td>2753</td>
<td>1.35</td>
</tr>
<tr>
<td>Grand Rapids</td>
<td>2153</td>
<td>2894</td>
<td>2350</td>
<td>1.30</td>
</tr>
<tr>
<td>Portland</td>
<td>2277</td>
<td>3008</td>
<td>2728</td>
<td>1.37</td>
</tr>
<tr>
<td>Riverside</td>
<td>2567</td>
<td>3457</td>
<td>2696</td>
<td>1.25</td>
</tr>
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</table>


Table 5. Combined Income from UI, AFDC, and Food Stamps (Non-Earners)

<table>
<thead>
<tr>
<th>Site</th>
<th>Average of Quarters 2–5 Prior to Exit</th>
<th>Quarter Prior to Exit</th>
<th>Average of Quarters 1–4 after Exit</th>
<th>Average of Quarters 1–4 Divided by Average of Quarters 2–5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlanta</td>
<td>1558</td>
<td>1465</td>
<td>798</td>
<td>.43</td>
</tr>
<tr>
<td>Columbus</td>
<td>1741</td>
<td>1756</td>
<td>618</td>
<td>.37</td>
</tr>
<tr>
<td>Detroit</td>
<td>1970</td>
<td>2042</td>
<td>1117</td>
<td>.36</td>
</tr>
<tr>
<td>Grand Rapids</td>
<td>1810</td>
<td>1944</td>
<td>1014</td>
<td>.38</td>
</tr>
<tr>
<td>Portland</td>
<td>2066</td>
<td>2111</td>
<td>779</td>
<td>.42</td>
</tr>
<tr>
<td>Riverside</td>
<td>2073</td>
<td>2178</td>
<td>609</td>
<td>.33</td>
</tr>
</tbody>
</table>


Table 6 shows the pre-exit increase in employment for those who have earnings in the exit quarter.

Table 6. Employment Rate of Exiters with Earnings

<table>
<thead>
<tr>
<th>Site</th>
<th>Average of Quarters 2–5 Prior to Exit</th>
<th>Quarter Prior to Exit</th>
<th>Quarter of Exit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlanta</td>
<td>48.5</td>
<td>84.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Columbus</td>
<td>55.9</td>
<td>83.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Detroit</td>
<td>41.1</td>
<td>81.5</td>
<td>100.0</td>
</tr>
<tr>
<td>Grand Rapids</td>
<td>41.5</td>
<td>75.1</td>
<td>100.0</td>
</tr>
<tr>
<td>Portland</td>
<td>32.0</td>
<td>70.4</td>
<td>100.0</td>
</tr>
<tr>
<td>Riverside</td>
<td>44.5</td>
<td>78.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>


The research on changes in circumstances associated with welfare exits, along with the patterns in the administrative measure of income in the six NEWWS sites, strongly suggests that the administrative measure of income misses important sources of income that are associated

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12Given that most states have substantially increased earnings disregards under TANF, it may well be that the pattern is now different.
13: Plans of the Department of Health and Human Services

with welfare exits. This is not to suggest that, either before or after welfare reform, people were better or worse off after they left welfare.\textsuperscript{13} For example, it could be argued that because no particular requirements beyond providing information that one was still eligible were associated with welfare receipt for the NEWWS control group, leavers would not have left welfare unless their income was higher than it would have been had they stayed on welfare. Although even in the absence of welfare reform, some individuals left welfare for various reasons even though it was not in their immediate economic interest, it is implausible that those who left AFDC without earnings voluntarily reduced their incomes by the magnitudes that the above data on the administrative measure would suggest. Nonetheless, a stronger inference about the actual income status of exiters compared with their status prior to exit is not necessarily justified.

Conclusion

The lesson from the above analysis is not that the individual parts of the administrative measure (that is, amounts of UI earnings, TANF, and food stamp benefits) are not useful. The parts are worth more than the whole, and each contains valuable information about how families are faring after welfare. For example, UI earnings trajectories give some idea about whether individuals are advancing in the work force, TANF receipt helps us understand welfare recidivism, and food stamp receipt can help us understand the extent to which those who remain off welfare participate in a program that can help support low-income workers. Each element offers potentially valuable information, especially to managers of programs who may want to address issues to support low-income working families who are not receiving welfare.

If the administrative measure of income is a poor measure of addressing the status of welfare exiters, it is an even worse measure in assessing the effects of welfare reform when applied in a state leaver study. The best that state leaver studies can achieve is a description of the status of exiters, because no such studies have a plausible counterfactual: Only a few even attempt to capture similar data for exits that occurred prior to welfare reform. In addition, even if such data on pre-reform exits are developed, surely the population of exiters has been affected by changes in welfare; the economy; and other policies, such as the Earned Income Tax Credit, so that pre-reform exiters cannot be compared with post-reform exiters. There is great reason to be skeptical that such noncomparabilities could be overcome by statistical analysis.

Using the administrative measure in the context of welfare reform experiments is somewhat less problematic than in leaver studies because the underestimate is almost surely less biased across experimental and control groups than across the transition off welfare. Even in

\textsuperscript{13}Richard Bavier analyzed 1993 and 1996 SIPP panels and found that around half of all leavers in both panels appear to have lower average household pretax money income plus food stamps in observed months off the rolls than in their last month on the rolls. See Bavier’s unpublished manuscript, “A Look at Welfare Reform in the Survey of Income and Program Participation.”
experiments, however, the measure requires some assumptions. For example, it may be that welfare reform leads to increases in the earnings of other household members, who decide that the family is better off with one person increasing his or her work rather than the adult recipient complying with work requirements. Nonetheless, the bias seems likely to be less significant than in leaver studies.

The administrative measure of income is not a useful measure for examining post-reform family income in the context of leaver studies, particularly in comparison with pre-exit income. Even as an interim measure, administrative data are too biased to tell whether families are better or worse off after leaving welfare, and they almost surely underestimate families’ economic circumstances after welfare. Furthermore, because they almost always lack a reliable counterfactual, state leaver studies are not good instruments for assessing the effects of welfare reform. Analysis of the NEWWS data for control group participants illustrates how drawing conclusions about the effects of welfare reform using a biased measure of income and lacking a good counterfactual surely leads to unsupported conclusions. It also shows that use of the administrative measure of income, even when the inference is limited to the altered status of families who have left TANF, will lead to erroneous inferences about trends in family income.

Acknowledgments

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References


Discussion

Peter H. Rossi: With regard to the administrative data, we need to emphasize data-quality problems. Some of the administrative data I have seen are terrific on payments. There are no zero entries, but there are an awful lot of blank spaces under race—20 to 30 percent are missing. Although not necessarily AFDC or food stamp data, a lot of data that are not essential for administrative purposes are missing. Improving the quality of administrative data, especially of all the data items that should be provided, ought to be part of HHS’s program.

Bob Goerge at Chapin Hall, the master of cross-linkage of data sets, is a man of infinite patience and undoubted diplomatic skills, because it requires both to do what he does. I am surprised that he can do as much as he does for at least the few states that he has started on. That he extracted that information is extremely important. We have to diffuse that knowledge and so-called data smarts and coin a new term for other people who want to face the same problem.

What kind of obstacles does the confidentiality issue present, and how do we solve them? Raising the issue is easy. Solving it, or providing information about how to solve it, is extremely important. I am ambivalent about the idea of linking all data sets together. My ACLU background says, “Hey, don’t do it,” and the researcher says, “Oh, if we could only have that, we would solve the problems of the world.” Of course, we would not solve the problems of the world, and if I had that data, I certainly would not break any confidentiality requirements; but I do not know about other researchers. Some might, and I therefore want some guarantee.

I do not know how to solve that problem. I would like to see the linkage go across wide sets of data—not just data from the welfare area, but from other fields and other agencies, such as criminal justice records. I’m glad to see foster care being included in the records, but then why not child abuse complaints and substantiation? I do not know whether the records can be linked, but we should think in terms of what the problems of gathering such a cross-linked data system are, what the dangers are of doing so, and what the quality of the resulting combined data sets might be.

Matthew Stagner: I think Peter Rossi raises some good concerns. People I know in the world of administrative data analysis often draw the analogy to the survey research world of forty years ago or so, which is probably an appropriate analogy. Our challenge is to ensure that the use of administrative data moves forward over the next forty years in the same way that the social survey world has.
Patricia Ruggles: I think one possibility with administrative records is that linkages sometimes can pick up information that is either not reported or misreported. For example, race is not built in for many cases. If the case is linked to a survey, race often can be added to the administrative record, and we can get a better sense of what is going on that way.

Peter H. Rossi: By the way, MDRC’s Urban Change project will provide direct linkage between surveys and administrative data for AFDC and food stamps and earning records.

Judith M. Gueron: Having been involved with a population that has used administrative records for twenty years and is good at it, I am still dismayed at how challenging access is every single time. We have merged administrative and survey data over and over, but in the same places. There are new rules and new obstacles every time.

Every few years, the Department of Labor (DOL) sends out draft regulations stating that we might lose access to all administrative data. It is unbelievable that the government has not developed consistent guidance on accessing these records. Forget the complications that then develop about confidentiality and merged data sources and public-use files. But some of the data—particularly given how it comes from some sources over which HHS has no control, such as unemployment insurance earnings records—are vital to doing large-scale research and following people over time in any cost-effective way. HHS must somehow work with DOL to ensure access to the data. We are building a database, and it is vital to be pushing that along.

To second what Peter Rossi said about thinking hard about future social experiments, the end of Section 1115 and the passage of welfare reform really pulled the rug out from under HHS. The agency had an extraordinary record of integrity in supporting quality research over twenty years and interpreting that work strongly and highly, thereby promoting random-assignment experiments in welfare reform. In some sense, you are the envy of other agencies, but there hasn’t been a major random assignment experiment since the passage of the welfare reform bill, and that is a problem. It is a real issue as to what your clout and ability and incentive structure are to do experimental research, compared with the states, but many opportunities and important questions could be addressed with this approach.

Urban Change is not unique in being a data source containing both administrative records and surveys. In general, more work is needed to understand the strengths and weaknesses of the different data sources, and they always conflict.

State-Level Analyses

Harold S. Beebout: In the work with trends that Patricia Ruggles described, I saw nothing state-by-state, I assume because we don’t really have the data. In this new world of devolution, states
are going in different directions with policies, and we’d certainly like to be able to know how people are faring under one regime versus another.

_Patricia Ruggles_: In the trends volume, we look at data by geographic region and by metro/nonmetro, but not specifically by state because we’re typically using national data sources. We are doing other work in which we’re attempting to look at state-level data much more directly.

One of the projects on our agenda for Fiscal Year 2001 is to do a much more complete and clear codification of the claims and policies that states are pursuing, so that researchers can begin to group states a little bit for the purpose of doing data analysis. A second approach is, indeed, to do specific state surveys or to figure out how to supplement national surveys by, for example, adding to the SIPP so as to create reliable state samples.

But that is a continuing issue, one that continues to be difficult. The combination of state surveys and administrative data is probably the best we’re going to get in terms of looking at those kinds of issues in the short run and in other than the ten or twelve largest states.

_Harold S. Beebout_: But unless you exert a lot of control, individual state surveys normally don’t add up to much in terms of making comparable analyses.

_Patricia Ruggles_: We are doing our best. We’ve sent out suggested table shells that we are asking the states to attempt to fill in, that kind of thing. Again, we have no leverage other than bribery, and we have a limited amount of that available, so we have an ongoing problem. You’re absolutely right.

_Lorraine V. Klerman_: I don’t know whether they’re at all applicable here, but there are two models from the health field. One is the model used by the Centers for Disease Control (CDC): They have three surveys, for which they provide the basic survey material, and the states can add to it. One is the Pregnancy Risk Assessment Monitoring System (PRAMS), one is the Behavioral Risk Survey, and one is the Youth Risk Survey. So here is one federal agency that has been able to get the states to buy into doing the same basic thing across a range of topics so that they can compare some data across the nation and look at some state-specific data.

The second model is, interestingly, a voluntary model, which is what came out of the State Children’s Health Insurance Program (SCHIP), in which you had the same problem. The legislation said, “You ought to report on the following things,” and the states and the federal government spent about a year trying to figure out what data source they had that would enable the states to report on those things.
When I did a case history of SCHIP, I found it surprising that the Feds were never really able to solve the problem. The National Academy for State Health Policy actually solved the problem—it pulled together a series of federal and state people and voluntary agencies and developed a manual, which is one of the most remarkable manuals I have ever seen. It is addressed not only to the most sophisticated states but also to states that barely know how to use a computer. It even says, “Tap your mouse on the left-hand side, and you get these kinds of data.” No, we don’t know yet what is going to happen, but the assumption is that most of the states will use this manual and what it says to do for data.

So the CDC model is a model of saying, “If you use this basic thing, we’ll help you do otherwise,” and the second one is a model of getting together the states and other agencies through a voluntary agency—a nonofficial, nonpublic agency—and saying, “Look, it’s in your best interest to go the same way.”

Patricia Ruggles: We are certainly trying both of those approaches. I see the state-level project that we’re doing as being analogous to what was done with SCHIP, except that we’re trying to put together the manual ourselves. In welfare reform, it is important to note that the context was one of creating greater state autonomy. Many states feel strongly about that and those issues in the welfare reform area in a way that I don’t think they do in many of the health areas.

Lorraine V. Klerman: Oh, they do. SCHIP is exactly the same.

Patricia Ruggles: Is it?

Lorraine V. Klerman: That is why SCHIP is so disorganized. One of the things that was seriously considered was just increasing Medicaid in order to bring in more children, and the states refused to do that. The states said that they wanted the autonomy to decide what the best health insurance program was for their own state. So in that sense, it is analogous.

Patricia Ruggles: We have found that because of the way the act is written and because of the emphasis on autonomy, our ability to actually mandate data collection is limited.