

Spending patterns of public-assisted families

Families receiving public assistance are demographically heterogeneous, as are their spending patterns; the greater the number of assistance programs they receive, the more they allocate their budget share toward basic necessities

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Families receiving public assistance differ from other families not only demographically, but also in the way they spend. Expenditures on basic needs account for a larger share of the assisted families' spending. Furthermore, when the assisted families are classified by the number of public assistance programs received (such as medicaid, food stamps, and subsidized housing), the data indicate that such families are not homogeneous—their demographics are different, as are their spending patterns.

This article summarizes the demographic characteristics and expenditure patterns of families receiving public assistance. The results are based on responses to the Interview survey component of the Bureau of Labor Statistics Consumer Expenditure Survey, conducted in 1998.¹

Federal, State, and local governments provide a variety of assistance programs to low-income families. The Consumer Expenditure Survey collects data on out-of-pocket expenditures of persons by family, as well as their demographic characteristics—including whether the family receives some types of public assistance.² For the purpose of this article, a family is classified as an *assisted family* if it reported receiving at least one of the following six types of public assistance: supplementary security income (SSI), welfare, medicaid, food stamps, government housing subsidies, or public housing.³

Types of assistance

Of the 84.5 million noninstitutional civilian families in the United States, assisted families made up 14 percent in 1998.⁴ Which single type of assistance was most frequently received? As the following tabulation shows, medicaid is, by far, the most widely used type of assistance. (These percentages add up to more than 100 percent because some families receive more than one type of assistance.)

<i>Type of assistance</i>	<i>Used by percentage of assisted families</i>
Medicaid	68.4
Food stamps	40.2
Supplementary security income	31.9
Welfare	21.4
Government housing subsidies	18.2
Public housing	12.0

A closer look at assisted families is made by disaggregating the assisted families based on the number of assistance programs received. Of the assisted families, 47 percent received one type of assistance; 25 percent, two types; 17 percent, three types; 10 percent, four types; and 1 per-

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cent, five types. (No family received all six types of assistance because the housing assistance was either in the form of public housing or housing subsidies.) The *dominant assistance combination* is the type of support mix that occurs most frequently for that group of assisted families. (See table 1.) Regardless of the number of types of assistance received, medicaid appears in every dominant assistance combination. In the case of families that receive only one type of assistance, 44 percent receive medicaid. For families with three types of assistance, both medicaid and food stamps were received by 58 percent of the families, with either welfare or supplementary security income constituting the third type of assistance. For families with four types of assistance, housing assistance joins medicaid and food stamps for almost 60 percent of these families, with either welfare or supplementary security income as the fourth type of assistance.

The number of families in the group receiving five types of assistance is too small to be representative, in this case, and is thus combined with the group of families receiving four types of assistance in the discussion that follows.

Demographic characteristics

Compared with nonassisted families, assisted families on average are slightly larger in size (2.9 persons, compared with 2.4 persons for nonassisted families), have more children under age 18 (1.1 persons, compared with 0.6 persons for nonassisted families), but have the same number of persons age 65 and older (0.3 persons).⁵ (See table 2.)

The reference person of assisted families is, on average, 47.9 years old, very close to the average age of 47.7 years for the reference person of nonassisted families.⁶ However, among assisted families, the average age of the reference person for families receiving three or more types of assistance is 43.5, compared with persons age 49.4 for assisted families receiving less than three types of assistance.

Among the assisted families, those receiving more types of assistance tend to have more children under age 18 and fewer persons older than age 65.

Assisted families have a lower average number of wage earners (1.0 persons) than nonassisted families (1.4 persons), and among assisted families, the average number of wage earners declines as the number of assistance programs received increases.

Geographically, the highest concentration of assisted families is in the South, regardless of the number of assistance programs received.

Race. Of all nonassisted families, about 88 percent of the reference persons are white, 8 percent are black, 3 percent Asian/Pacific Islander, and 1 percent American Indian/Aleut/Eskimo.

The racial proportions for reference persons in assisted families are 70 percent white, 26 percent black, 2 percent Asian/Pacific Islander, and 3 percent American Indian/Aleut/Eskimo. Among assisted families, as the number of assistance programs increases, the proportion of white reference persons declines, while the proportion of black reference persons increases.

Homeownership. About 68 percent of persons who do not receive assistance are homeowners, of whom almost two-thirds are paying off a mortgage. In comparison about 35 percent of persons who do receive assistance are homeowners, of whom about half are paying off a mortgage. Among assisted families, the proportion consisting of homeowners declines and the proportion consisting of renters increases as the number of assistance items received increases.

Educational attainment. The Consumer Expenditure Survey also provides data on the maximum level of education attained by the family's reference person. Of the nonassisted families, about 28 percent have a bachelor's degree or higher, about one-third have an associate's degree, or attended college (but did not graduate or have not graduated), and about 36 percent attended high school, of whom more than three-quarters graduated. Of the assisted families, about 7 percent have a bachelor's degree or higher, about one-fifth have an associate's degree, or attended college (but did not or have not graduated), and about 54 percent have attended high school, of whom, slightly more than half graduated.

Table 1. Most frequently used combinations of assistance programs, Consumer Expenditure Survey, 1998

Number of assistance programs received	Assistance program combination	Percentage of assisted families with the combination
1	Medicaid	44
	Supplemental Security Income	16
2	Medicaid, supplementary income	33
	Medicaid, food stamps	31
3	Medicaid, food stamps, welfare	33
	Medicaid, food stamps, supplementary income	25
4	Medicaid, food stamps, supplementary income, and housing assistance (housing subsidy or live in public housing)	32
	Medicaid, food stamps, welfare, and housing assistance (housing subsidy or live in public housing)	27
5	Medicaid, food stamps, welfare, supplementary income, and housing assistance (housing subsidy or live in public housing)	64

Table 2. Demographic characteristics of complete income reporting families, by assistance status and by number of assistance programs received, Consumer Expenditure Survey, 1998

Characteristic	All families	Nonassisted families	Assisted families	Assisted families by number of assistance programs			
				1	2	3	4 or 5
Number of families in the sample	17,619	15,207	2,412	1,143	600	409	260
Family weight (U.S population)	84,496,784	72,906,610	11,590,174	5,554,086	2,920,720	1,925,762	1,189,606
Age of reference person	47.7	47.7	47.9	49.4	49.3	45.2	41.7
Average number in family							
Family size	2.5	2.4	2.9	2.9	3.0	2.7	3.1
Number of earners	1.3	1.4	1.0	1.2	0.9	0.6	0.4
Children under age 18 .....	.7	.6	1.1	1.0	1.0	1.2	1.7
Persons age 65 and older .....	.3	.3	.3	.4	.3	.2	.1
Vehicles	1.9	2.0	1.2	1.6	1.2	.7	.6
Percent distribution							
Race (reference person):							
White	85.3	87.9	69.5	74.9	69.3	64.5	53.4
Black	10.6	8.1	26.0	21.7	25.5	31.2	39.0
American Indian, Aleut, Eskimo	1.0	.8	1.9	1.3	3.6	1.4	1.4
Asian, Pacific Islander	3.9	3.2	2.6	2.1	1.7	3.0	6.3
Gender (reference person):							
Male	58.1	61.1	39.1	47.4	39.0	27.9	18.5
Female	41.9	38.9	60.9	52.6	61.0	72.1	81.5
Housing status:							
Homeowner	63.9	68.4	35.3	46.0	39.1	16.5	5.9
With mortgage	39.0	42.2	19.0	25.3	20.8	8.4	1.9
Without mortgage	24.9	26.2	16.3	20.7	18.4	8.1	4.0
Renter	32.3	27.8	60.5	50.6	57.4	78.7	85.0
Other	3.8	3.8	4.2	3.4	3.4	4.8	9.1
Family structure:							
Husband and wife only	21.3	23.6	6.8	9.2	5.8	3.7	3.4
Dual parent with children	30.7	31.3	26.4	33.7	24.9	16.9	11.3
Single parent with children	6.1	4.5	16.6	10.2	12.3	27.5	39.1
Single	29.5	29.8	27.5	26.0	26.8	31.9	29.0
Other	12.4	10.8	22.7	20.9	30.2	20.1	17.2
Educational attainment (reference person):							
None .....	.4	.2	1.6	1.3	2.0	1.6	2.4
Elementary	7.0	5.3	17.5	16.4	20.4	17.3	15.6
High school, nongraduate	10.0	7.9	22.9	17.4	24.6	26.9	38.0
High school, graduate	28.3	27.9	31.2	32.1	30.8	34.8	22.4
Associate's degree, or college without graduation	29.7	31.3	20.2	23.2	17.9	17.0	17.3
Bachelor's degree or higher	24.7	27.5	6.6	9.6	4.4	2.4	4.5
Region:							
Northeast	18.9	18.9	19.1	18.3	16.5	21.2	25.4
Midwest	23.1	23.5	20.5	21.3	16.2	23.9	21.8
South	34.3	34.0	36.0	36.9	39.4	31.4	31.5
West	23.7	23.6	24.4	23.6	27.9	23.5	21.3

Family structure. Another distinction between nonassisted and assisted families is in composition. For instance, families consisting of a husband and wife only make up 24 percent of nonassisted families, compared with 7 percent of assisted families; and single parents with children make up 5 percent of nonassisted families, compared with 17 percent of assisted families. Among assisted families, the proportion of single-parent families increases more than twofold when the number of assistance items received is four or more, compared with families that receive less than three types of assistance. Con-

versely, the proportion of dual-parent families generally falls as the number of assistance items received increases, from 34 percent for families receiving one type of assistance to 11 percent for families receiving four or more types of assistance. Single-parent families make up 6.1 percent of all families. Of these single-parent families, 38 percent receive assistance. Also, those families have more members and more children under age 18, compared with nonassisted single-parent families. (See chart 1.) None of the single-parent families has members aged 65 or older. About 83 percent of the reference

Chart 1. Demographic characteristics of single-parent families, by assistance status and number of assistance programs received, 1998

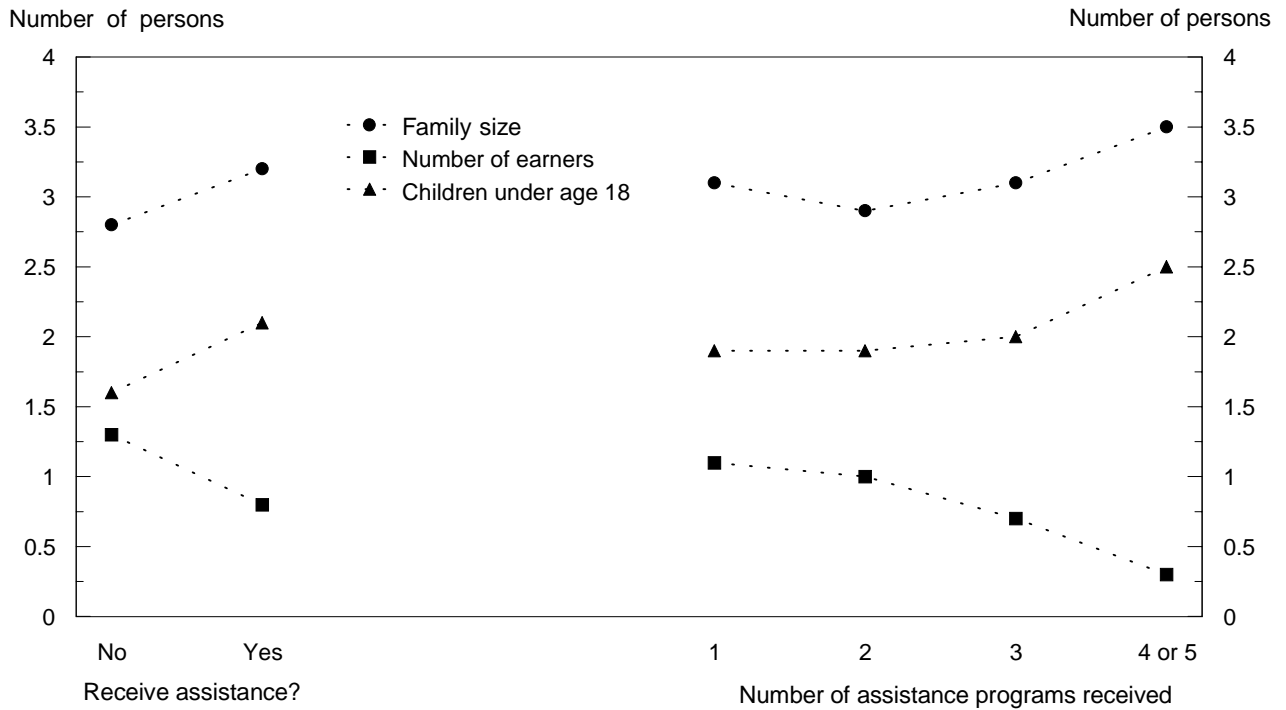
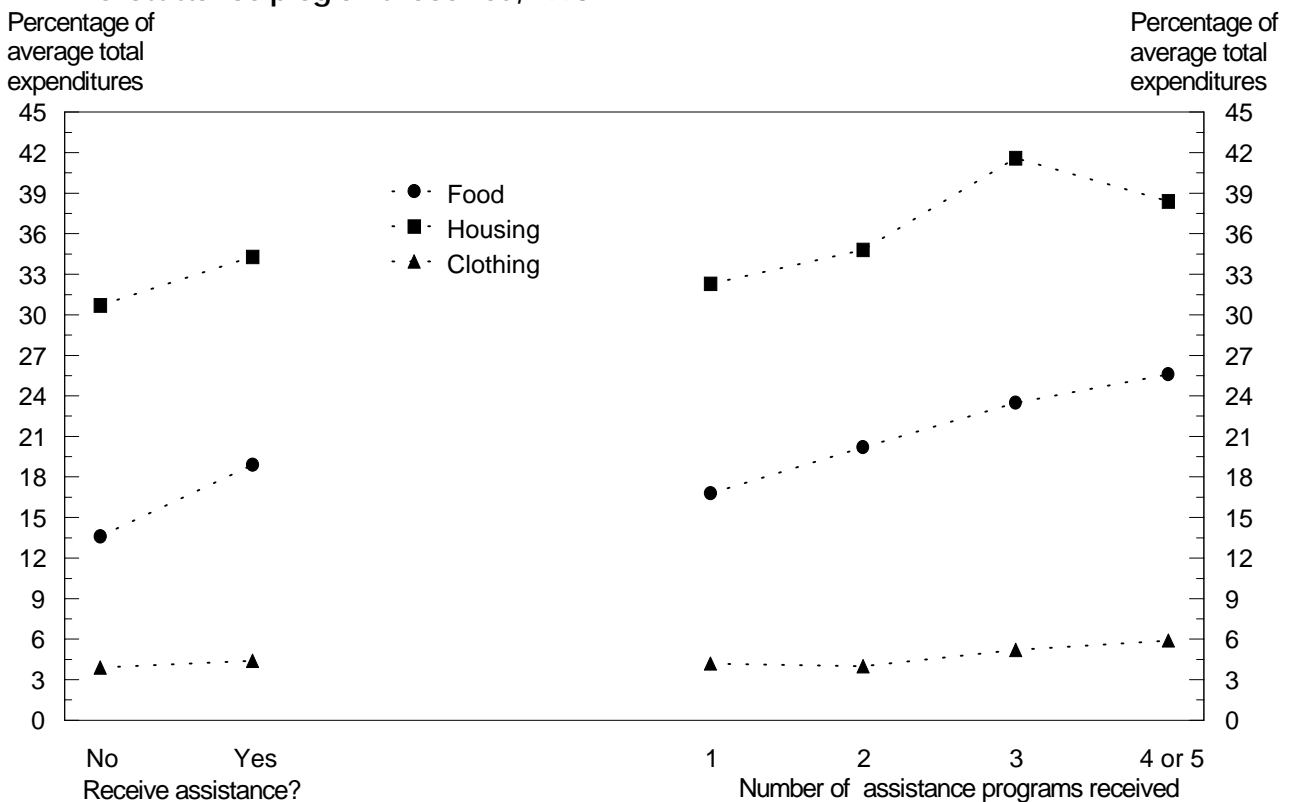


Chart 2. Expenditure shares on basic necessities by family assistance status and number of assistance programs received, 1998



persons of single-parent nonassisted families are women, 74 percent are white and 21 percent are black. In contrast, 96 percent of the reference persons of single-parent assisted families are women, 52 percent are white, and 46 percent are black. The proportion of single parents who are high school graduates living in nonassisted families is 25 percent, compared with 27 percent for assisted families. However, while 28 percent of the reference persons of single-parent nonassisted families have at least a bachelor's degree and 34 percent have attended some college or have an associate's degree, the proportions for single-parent assisted families are lower, at 5 percent with some college and 19 percent with an associate's degree.

Expenditure allocations

For assisted families, average total expenditures and income before taxes decline as the number of assistance programs received increases. One method to compare family expenditure patterns is to calculate *budget shares*; the average expenditures for a major expense category as a share of average total expenditures. (See table 3.) For both assisted and nonassisted families, the largest budget shares are allocated to housing, transportation, and food, respectively. These three expenditure categories together make up 63 percent of average total expenditures for nonassisted families, compared with 72 percent, for assisted families. Nonassisted families allocate budget shares to education at 1.6 percent, and personal insurance and pensions at 12 percent, which are about two times greater than the allocated budget shares of assisted families. On entertainment, the budget share for nonassisted families is 5.1 percent, compared with 4.2 percent for assisted families. Unlike food, housing, and clothing budget shares, the health budget share decreases as the number of assistance

programs increases, from 5.1 percent for families with one type of assistance to 1.9 percent for families with four or more types of assistance. In contrast, the health budget share for nonassisted families is 5.2 percent. The lower out-of-pocket health expenditure by poorer families might be reflective of medicaid assistance, or these families are spending less on preventive care, or both.

Basic needs. Food, housing, and clothing are basic living needs, and therefore are expected to take up a larger share of a poorer family's expenditure budget. This is reflected in the data—the expenditure budget allocations for each of these expense categories is higher for assisted families than for nonassisted families, and in general, the budget allocations increase for assisted families as the number of assistance programs increases. (See chart 2.) Overall, for families with three or more types of assistance programs, the average annual expenditure on food, housing, and clothing make up 70 percent of average total expenditures, compared with 53 percent for families with one type of assistance, and 48 percent for nonassisted families.

Food. For assisted families, the food budget share is 19 percent, or an annual mean expenditure of \$3,799 (\pm \$80 standard error), compared with 14 percent, or an annual mean expenditure of \$5,085 (\pm \$55 standard error) for nonassisted families. (See tables 3 and 4.) Within the class of assisted families, the food budget share is higher for poorer assisted families: 17 percent for families with one type of assistance, compared with 26 percent for families with four or more types of assistance. Although the food budget share increases with the number of assistance programs received, the annual mean food expenditure per family member declines—from \$1,423 for families receiving one type of assistance to \$1,041 for families receiving four or five types of assistance.⁷ In contrast, nonassisted families spend an

Table 3. Allocation of annual average total expenditure by assistance status and by number of assistance programs received, Consumer Expenditure Survey, 1998

Budget item	All families	Nonassisted families	Assisted families	Assisted families by number of assistance programs received			
				1	2	3	4 or 5
Average total expenditure	\$35,042	\$37,420	\$20,085	\$24,599	\$18,577	\$13,968	\$12,620
Income before taxes	41,150	44,658	19,085	24,760	16,609	12,022	10,109
Budget shares (percent of average total expenditures):							
Food	14.0	13.6	18.9	16.8	20.2	23.5	25.6
Housing	30.9	30.7	34.3	32.3	34.8	41.6	38.4
Transportation	19.0	19.0	18.9	20.7	18.7	11.5	16.4
Clothing	3.9	3.9	4.4	4.2	4.0	5.2	5.9
Health	5.2	5.2	4.6	5.1	4.8	3.2	1.9
Education	1.6	1.6	.8	1.1	.5	.3	.7
Entertainment	5.0	5.1	4.2	4.3	3.8	4.1	4.2
Personal insurance and pensions .	11.6	12.0	6.7	8.0	6.5	3.3	1.8
All other expenditures	8.9	9.0	7.2	7.6	6.7	7.3	5.2

Table 4. Expenditure on basic living needs, by assistance status and number of assistance programs received, Consumer Expenditure Survey, 1998

Basic living needs	All families	Nonassisted families	Assisted families	Assisted families by number of assistance programs received			
				1	2	3	4 or 5
Food:							
Annual mean expenditure	\$4,909	\$5,085	\$3,799	\$4,127	\$3,751	\$3,279	\$3,226
Standard error	49	55	80	127	130	160	206
Housing:							
Annual mean expenditure	10,844	11,471	6,897	7,945	6,457	5,807	4,846
Standard error	148	157	202	290	266	244	324
Clothing:							
Annual mean expenditure	1,377	1,456	879	1,032	747	724	744
Standard error	29	31	43	62	69	127	72

annual average of \$2,119 per family member on food.

Housing. The housing budget share for assisted families is 34 percent, or an annual mean expenditure of \$6,897 (\pm \$202 standard error), compared with 30 percent, or an annual mean expenditure of \$11,471 (\pm \$157 standard error) for nonassisted families. Like the food budget share, the housing budget share for assisted families also increased with the number of assistance programs received, except for those families with at least four types of assistance; such families have a lower housing expenditure share than do families with three types of assistance. This might be attributed to the larger proportion of families with four or more types of assistance receiving housing assistance than the group of families with three types of assistance. (See table 1.)

Clothing. Both assisted and nonassisted families' clothing budget share is about 4 percent. This translates to an annual mean expenditure of \$879 (\pm \$43 standard error) for assisted

families and \$1,456 (\pm \$31 standard error) for nonassisted families. A look at families by size reveals that nonassisted families spend an annual mean of \$602 per family member on clothing—two times more than do assisted families. Like the food budget share, the clothing budget share increases with the number of assistance programs received, but the annual mean clothing expenditure per family member declines.

IN SUMMARY, assisted families are not a homogeneous group. Those receiving four or more types of assistance, on average, have the most number of members and children under 18, and are most likely headed by a female single parent who did not or has not graduated from high school, and who most likely live in rented quarters. In terms of spending, assisted families spend a larger share of their budget on basic necessities. As the number of assistance items increases, the average annual expenditure on basic living needs—food, housing, and clothing—takes up a larger share of average total expenditures. □

Notes

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¹ Data presented in this study are for *complete income reporting consumer units* interviewed from January through December 1998. Due to the 3-month reference period of the quarterly Interview component of the Consumer Expenditure Survey, the data for this article include data for October 1997 through November 1998; this effectively constitutes 12 months of data due to the rotating sample design of the survey.

Complete income reporters are respondents who have provided values for major sources of income, such as wages and salaries, self-employment income, and Social Security income. Even complete income reporters may not have provided a full accounting of all income from all sources. In the current survey, across-the-board zero income reporting was designated as invalid, and the consumer unit was categorized as an incomplete reporter.

A *consumer unit* includes: 1) members of a household related by blood, marriage, adoption or other legal arrangement; 2) a person living alone or sharing a household with others but who is responsible for at least two of the following three major types of expenses—food, housing, and other ex-

penses; or 3) two or more persons living together who pool their income to make joint expenditure decisions.

² For this article, a family refers to the term, *consumer unit*, which is the unit of analysis in the Consumer Expenditure Survey.

³ Supplemental security income refers to assistance payments to low-income aged, blind or disabled persons; the requirements vary by State. Welfare assistance includes payments under various assistance programs, such as emergency assistance, general assistance, and Cuban Refugee Assistance. The Consumer Expenditure Survey asks for the total value expended on food; the survey does not distinguish if any part of that food expenditure was paid for with food stamps.

⁴ In comparison, data from the 1993 panel of the Survey of Income and Program Participation (SIPP), which covers the period October 1992 to December 1995, showed that in each month of 1994, about 15.2 percent of the U.S. civilian population, on average, participated in one or more of the following assistance programs: Aid to families with dependent children (AFDC), general assistance (GA), food stamps, Supplemental security income (SSI), medicaid, and housing assistance. See *Dynamics of Economic Well-*

Being: Program Participation, Who Gets Assistance?, Current Population Reports, P70-69 (U.S. Department of Commerce, Bureau of the Census, Household Economic Studies, August 1999).

⁶ A reference person is the first member mentioned by the respondent when asked to "start with the name of the person or one of the persons who owns or rents the home." It is with respect to this person that the relation-

ship of the other consumer unit members is determined.

⁷ The annual mean expenditure per family member group of an expense category is calculated as the annual mean expenditure for the expense category (See table 4.) divided by the average family size. (See table 2.)

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