Eligible families and payments under alternative AFDC earnings disregard formulae

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Alternative AFDC Earnings Disregard Formulae

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Supplementary Document: State Estimates of Eligible Families and Payments Under New Rule (1) and New Rule (2).

Eligible Families and Payments Under Alternative AFDC Earnings Disregard Formulae

This paper examines the impact on payments and eligibility of two alternative methods for computing earnings disregards on AFDC (Aid to Families with Dependent Children). The current method and the two proposed revisions are:

CURRENT RULE: $30 + 1/3(Earnings - $30) + Actual Child Care Expenses + Actual Work-Related Expenses

NEW RULE (1): $60 + .2(Earnings) + Actual Child Care Expenses + 1/3(Earnings - $60 - .2(Earnings) - Actual Child Care Expenses)

NEW RULE (2): $60 + .2(Earnings)+ 1/3(Earnings - $60 - .2(Earnings)) + Actual Child Care Expenses

Under the current disregard rule, actual child care expenses and actual work-related expenses are disregarded against earnings at 100 percent. Under alternative methods (1) and (2), allowable work-related expenses are set as a constant fraction (20 percent) of actual earnings. Further, under New Rule (1), child care expenses can only be disregarded against earnings at two-thirds of actual expenses; under New Rule (2), child care expenses can be disregarded at 100 percent, as the current rule allows.

In a previous paper,* the difference between current rule disregards

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*Lynn B. Ware, "Earnings Disregards on AFDC: Current and 'Revised' Formulae," SWRRI, Boston College, March 15, 1978.

and estimated disregards under New Rule (1) was examined in some detail. A priori, we expected to find that working families would benefit (i.e., AFDC payments and, hence, spendable income would increase) under New Rule (1) if earnings increased, but work-related expenses and child care expenses remained constant. In a preliminary analysis based on the 1975 AFDC Characteristics Survey (NCSS Tape, 1975), however, we found that work-related and child care expenses in fact increased proportionally faster than earnings. Hence, those families which on average earned more (worked more hours or received higher hourly wage rates) also tended to experience a payments decrease under New Rule (1): Their earnings disregard was lower relative to the current rule; their countable income was higher relative to the current rule; and hence their payments were lower relative to the current rule.

On the other hand, this same analysis showed that families which on average earned less (worked fewer hours or received lower hourly wage rates) would benefit under New Rule (1). Their actual work-related expenses averaged less than 20 percent of actual earnings. However, under New Rule (1) these families would receive an administrative disregard equal to 20 percent of earnings in any case. New Rule (1) would therefore tend to redistribute earnings disregards from families with higher earnings to families with lower earnings. Payments, of course, would be redistributed in the opposite direction, towards families who, for whatever reasons, earned less. To the extent that higher earnings result from more hours of work rather than high hourly wage rates, and to the extent that work expenses increase with hours worked, this new rule has a perverse effect. It penalizes low wage workers who work long hours, while subsidizing high hourly wage workers who work less.

In the analysis presented below, payments under the current rule and the two revisions are computed for families in each state and for the nation as a whole. The results are presented in the attached Summary Tables. The data base is again the 1975 AFDC Characteristics Survey (Tape). All payment and eligibility estimates are as of the time of this survey.

The Data Base and Estimation Methodology

The 1975 AFDC Characteristics Survey provides demographic and financial characteristics data on a probability sample of 31,063 AFDC recipient units (families). Weighted by their specific population weights, this sample sums to about 3.4 million families, which is approximately equal to the total caseload reported in Public Assistance Statistics (NCSS, Report A-2, April 1975). The tape is formatted in 80 column card images (records) punched directly from the Survey questionnaires. Seven (7) records summarize family and personal characteristics data for a single recipient unit. Additional records provide more detailed information on each adult and child.

The payments simulations below are based on those records which contain information on family size and composition, income (earned and unearned), standards of need, and allowable disregards and payments. Not all of the records on the Tape, however, could be used; some had an error in the data field containing the state standard of need.* In all instances, the objectionable standards were greater than $999, a value that could not be accurate according to published data. This error, in turn, affected subsequent data fields on the same record, including income and earnings data. Similar errors affected the record containing data on family employment expenses, disregards and payments. The weighted count of families with these kind of errors -- 11,666, or .35 percent of all families -- will be noted as "bad data" in each of the summary tables below. The exclusion of these families from the analysis does not affect the results that follow.

The weighted sum of all remaining families, those whose records showed a standard of need and a monthly payment less than $1000, will be noted as "good data." These families form the data base for the payments and eligibility simulations. (See Figure 1).

"Good data" families were first divided into two income recipiency categories: (1) families which reported no non-public assistance income during the survey month; and (2) families which reported some income, earned or unearned, during the survey month. At the time of the Survey, families which had no income (77.22 percent of all "good data") are not affected by changes in the earnings disregard. Payments to these families are transcribed to the state summaries directly from the Tape.

Families which reported some income were then divided into two categories based on type-of-income recipiency: (1) families which

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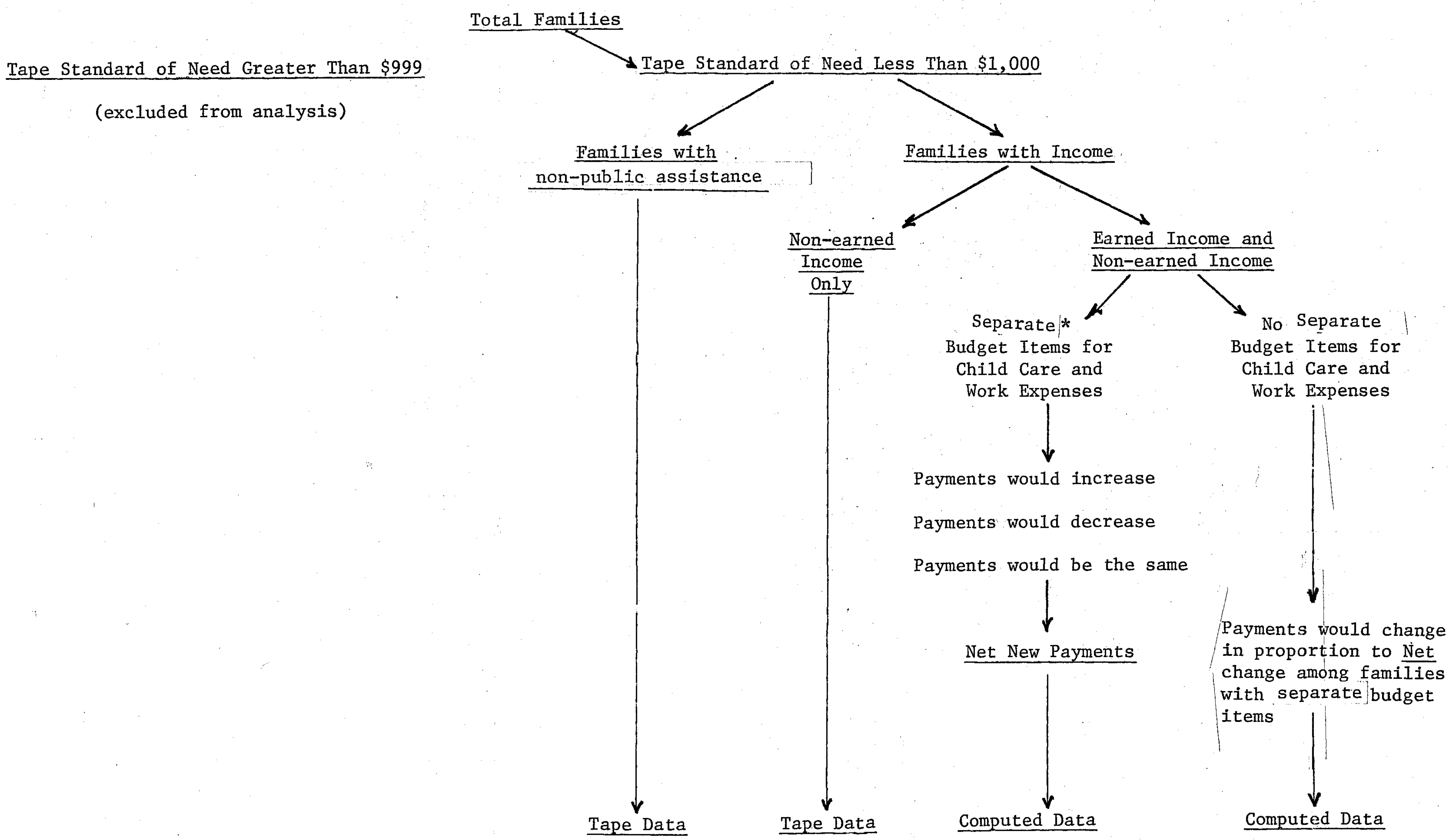
*Missing data was indicated by 9999.

Figure 1:
tribution of Families of Availab of Data and



Estimates of payments under $30 + 1/3 Rule
Estimates of payments under alternative rules

*Total expenses in AFDC budget = 0 or Child Care expense > 0 or Work Expenses >0 when total expenses > 0.

reported only non-earned income during the survey month; and (2) families which reported some earned income (and, perhaps, some unearned income). At the time of the survey, the 476,080 families which had only non-earned income would not be affected by a disregard on earnings, though such income would be deducted from their standard of need to determine family eligibility and from their payment standard to determine the amount of their AFDC payment. Payments to these families are transcribed to the state summaries directly from the Tape.

This leaves families with some earned income who may be affected by a change in the disregard formula. In order to compute earnings disregards under New Rule (1) and (2), separate expense data were required for child care and work-related expenses.* Not all family records included this information. Initial analysis of the impact of the two revised disregard rules, therefore, had to be confined to those families with earned income who either (1) had no reported employment-related expenses,** or (2) had reported total related expenses and either child care expenses, or direct

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*Earnings disregards were also calculated under the current rule. These disregards were used to calculate "benchmark payments" to estimate the impact on families of changes in payments based on the new disregards. Families whose payments would decrease under a new disregard rule, for example, are families whose computed new rule payment would be less than their computed current rule payment. Actual payments were also given on the 1975 Tape. These payments were then used to "adjust" new rule payments to a "tape basis," in order to compare payments under current and new rules. This last correction was necessary because the actual payment noted on the Tape sometimes differed from that calculated according to current rules. Over-payment and under-payment errors may account for the discrepancy.

**Families with earnings but no employment-related expenses would be affected by both New Rule (1) and (2), since work-related expenses are taken at 20 percent of earnings, regardless of actual expenses.

work-related expenses, or both. There were 395,979 such families in the 1975 Survey (11.78 percent of all "good data"). Payments under New Rule (1) and (2) to the 95,446 families who had earnings and employment expenses, but no separate child care and work-related expenses, were estimated by assuming that their new payments would change in the same proportion as net payments changed among families with separate expense data. (See below).

Information from NCSS Series D-2 on state payment standards, largest amounts paid, and other payment maximums were then used to calculate payments under the current and alternative disregard formulae for families with earnings and separate expense data. By comparing computed payments under the current 30 + 1/3 rule with computed payments under New Rule (1) or (2), these families were divided into three mutually-exclusive groups:

Families whose payment would decrease:

Payment (Current Rule, Computed) > Payment (New Rule, Computed)

Families whose payment would increase:

Payment (Current Rule, Computed) < Payment (New Rule, Computed)

Families whose payment would not change:

Payment (Current Rule, Computed) = Payment (New Rule, Computed)

The total number of families in each payment group is identified in each state table. Also provided are total and average payments for each payment group, under the current and an alternative disregard formula. Furthermore, the state and national summary tables indicate actual (Tape) payments for families in each group. These payments typically vary somewhat from payments calculated under the current disregard formula. For purposes of aggregating across different income recipiency categories, and for purposes of comparing the change in payments under alternative disregard formulae, total and average payments were adjusted to a "tape basis." This adjustment involved multiplying the computed New Rule payment among families with earnings by the ratio of current rule actual payments (Tape) to current rule computed payments:

$$\text{Adjusted New Rule Payments to Families with Separate Expense Data} = \text{Computed New Rule Payments} \times \frac{\text{Current Rule Payments (Tape)}}{\text{Current Rule Payments (Computed)}}$$

Lastly, payments under New Rule (1) and (2) to families with earnings but no separate expense data were calculated by multiplying actual current rule (Tape) payments to these families by the proportional change in <u>net</u> New Rule payments among families with earnings who had separate expense data. That is,

$$\text{Adjusted New Rule Payments to Families with Earnings but No Separate Expense Data} = \text{Actual Payments (Tape) to Families with Earnings, but No Separate Expense Data} \times \frac{\text{Adjusted } \underline{\text{Net}} \text{ New Rule Payments to Families with Separate Expense Data}}{\text{Total Current Rule Payments (Tape) to Families with Separate Expense Data}}$$

Adjusted <u>Net</u> New Rule payments equal the sum of tape-adjusted payments to families whose payments would decrease or increase, or remain the same under an alternative disregard formula. (This calculation assumes that the net change in payments among families with earnings -- those with and without separate expense data -- would be the same.)

Total payments to the four income/expense data categories of families were then summed for the current disregard formula and the new disregard formula. Under the current rule, this sum is taken directly from the 1975 Tape. Under New Rule (1) or (2), payments to families with no income or families with unearned income only were taken from the Tape; payments to families with earnings, after adjusting to a "tape basis" were then added to these Tape payments. The change in payments under a New Rule disregard was also computed for each state and national summary table.

Table 1 presents a national summary of the impact on eligibility and payments of New Rule (1): \$60 + .2(Earnings) + Child Care Expenses + .33(Remainder). New Rule (1) uses 20 percent of earnings as an allowable work-related expense and limits allowable child care expenses to two-thirds of actual child care expenses. There are a total of 3,361,988 families with "good data" on the 1975 AFDC Characteristics Tape. Out of these families, 2,394,483 reported no income during the survey month and their actual Tape payments of \$568.6 Million would not change under New Rule (1). Similarly, the 476,080 families with only unearned income would receive actual Tape payments of \$71.7 Million under New Rule (1). Among families with earnings, 395,979 reported separate work expenses. For these families a detailed analysis of standards of need, payment standard, largest amount paid, income (earned and unearned), and allowable expenses, disregards and payments under the current and revised disregard formulae is provided.

Table 1:

NATIONAL SUMMARY NEW DISREGARD=$60+.2(EARNINGS)+CHILD CARE EXPENSES+.33(REMAINDER)

		NEW RULE (1) PAYMENTS WOULD:					
		DECREASE		INCREASE		NOT CHANGE	
		OLD	NEW	OLD	NEW	OLD	NEW
TOTAL NUMBER OF FAMILIES ON TAPE (WEIGHTED)	3373654						
FAMILIES WITH "BAD DATA"	11666						
FAMILIES WITH "GOOD DATA"	3361988						
ADULTS REPORTED NO INCOME							
FAMILIES	2394483						
TOTAL PAYMENTS (TAPE ($000))	568578.3						
AVERAGE PAYMENT (TAPE ($))	237.45						
ADULTS REPORTED INCOME							
NONEARNED INCOME ONLY							
FAMILIES	476080						
TOTAL PAYMENTS (TAPE ($000))	71714.5						
AVERAGE PAYMENTS (TAPE ($))	150.64						
SOME EARNED INCOME							
SEPERATE EXPENSE DATA							
FAMILIES	395979		190376		146443		59160
STANDARD OF NEED (TAPE ($))	290.61	288.65	288.65	290.79	290.79	296.52	296.52
PAYMENT STANDARD (COMPUTED ($))	274.47	275.33	275.33	269.78	269.78	283.36	283.36
LARGEST AMOUNT PAID (COMPUTED ($))		253.47	251.44	254.17	254.91	175.15	175.40
NONEARNED INCOME (TAPE ($))	13.72	12.01	12.01	13.07	13.07	20.85	20.85
EARNED INCOME (TAPE ($))	301.49	400.42	400.42	222.90	222.90	177.67	177.67
ALLOWABLE EXPENSES:							
CHILD CARE ($)		43.95	29.44	11.02	7.38	14.72	9.86
CHANGE: NEW-OLD ($)			-14.50		-3.64		-4.86
WORK-RELATED ($)		106.17	80.08	23.67	44.58	38.31	35.53
CHANGE: NEW-OLD ($)			-26.08		20.91		-2.77
EARNINGS DISREGARD ($)		303.41	256.28	129.08	149.61	128.97	123.37
(CHANGE ($))			-47.12		20.53		-5.59
OTHER ALLOWABLE DISREGARDS (TAPE ($))	4.83	3.92	3.92	4.79	4.79	7.86	7.86
TOTAL DISREGARD ($)		307.33	260.20	133.87	154.40	136.82	131.23
PAYMENTS:							
TOTAL (TAPE ($000))	62896.6	30249.3		23398.2		9249.1	
AVERAGE (TAPE ($))	158.84	158.89		159.78		156.34	
TOTAL (COMPUTED ($000))		31496.7	23604.6	24008.4	26822.4	9444.2	9444.2
AVERAGE (COMPUTED ($))		165.44	123.99	163.94	183.16	159.64	159.64
CHANGE: NEW-OLD ($)	-12.82		-41.45		19.22		0.00
TOTAL (ADJUSTED TO TAPE ($000))	58037.1		22624.2		26163.7		9249.1
AVERAGE (ADJUSTED TO TAPE ($))	146.57		118.84		178.66		156.34
INELIGIBLE (OLD RULE)	368						
INELIGIBLE (NEW RULE)	15002						
NO SEPERATE EXPENSE DATA							
FAMILIES	95446						
PAYMENTS:							
TOTAL (TAPE ($000))	14558.6						
AVERAGE (TAPE ($))	152.53						
TOTAL (ADJUSTED TO TAPE ($000))	13585.1						
AVERAGE (ADJUSTED TO TAPE ($))	142.33						
SUMMARY OF NEW-RULE IMPACT							
OLD RULE							
FAMILIES	3361988						
TOTAL PAYMENTS (TAPE ($000))	717736.2						
AVERAGE PAYMENTS (TAPE ($))	213.49						
NEW RULE							
FAMILIES	3346986						
TOTAL PAYMENTS (ADJUSTED TO TAPE ($000))	711916.0						
AVERAGE PAYMENTS (ADJUSTED TO TAPE ($))	212.70						
CHANGE							
TOTAL PAYMENTS ($000)	-5820.2						
AVERAGE PAYMENTS ($)	-0.78						
PERCENT (PAYMENTS)	-0.8109						

Compared to the current rule, we find that about half of these families (190,376/395,979) would receive a lower average payment under New Rule (1). Allowable child care expenses would decrease by an average \$14.50; allowable work-related expenses would decrease by an average \$26.08; total disregards would decrease by an average \$47.45; and computed New Rule payments would be an average \$41.45 lower than computed current rule payments. When adjusted to actual Tape payments (\$158.89), average adjusted New Rule (1) payments to these families would fall to \$118.84, principally because of the 20-percent-of-earnings limit on work-related expenses.

About two of five families with earnings and separate expense data (146,443/395,979) would realize a payments increase under New Rule (1). While their average child care disregard would fall by \$3.64, their disregard for work-related expenses would increase by nearly \$21. Overall, their total disregard would increase by \$20.53 under New Rule (1). Computed payments would rise on average by \$19.22. When adjusted to actual Tape payments (\$159.78), average payments would increase to \$178.66. Virtually the entire increase in payments to these families can be attributed to the increased work expense disregard; that is, to the administrative subsidy of .2(\$222.90) minus actual expenses (\$23.67).

About three families out of twenty would not experience any change in payments under New Rule (1). While their disregards for child care and work-related expenses would be lower under New Rule (1), their countable income would remain sufficiently low relative to their state payment standards to warrant the same \$156.34 average payment.

The net, tape-adjusted decrease in average payments to all families with earnings and separate expense data would be $12.27:* from a current rule actual payment of $158.84 to a New Rule (1) adjusted payment of $146.57.

The estimated decrease in payments among the 95,446 families with earnings but no separate expense data, $152.53 (Tape) to $142.33 (adjusted to tape), is proportionally equal to the net, tape-adjusted decrease in payments among families with earnings who had separate expense data ($152.53 x $146.57 / $158.84).

It is important to note that an estimated 15,002 families whose countable income could be calculated from information on the 1975 Tape would be ineligible for AFDC under New Rule (1). Their countable income would be greater than their state standard of need. (Based on estimated countable income under the current rule disregard, 368 families may have been ineligible at the time of the Survey.)

The national summary of the impact of New Rule (1) disregards indicates a total decline in payments of $5.8 Million, relative to Tape payments. Average payments would decline by 78 cents. The percent change in payments is less than one percent. New Rule (1) would not appear to be a potential money saver. It would, however, introduce a perverse change in the current "incentive systems" for work effort on AFDC. Families who have shown the greatest work effort, and have the highest earnings under

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*The change in net payments on a computed basis, before adjustment to Tape, would be $12.82.

the current "$30 + 1/3" incentive, would suffer a decrease in spendable income under this alternative formula. On the other hand, families who have lower earnings would enjoy an increase in spendable income under the new disregard, simply because of an administrative simplification of the work expense disregard. New Rule (1) would appear to be an effective way to <u>reduce</u> work effort amont AFDC families, not increase it.

Table 2 disaggregates national totals for payments and eligibility by geographic region. Between 12.4 and 15.5 percent of families in each region reported some earnings during the survey month. About 80 percent had separate expense data. In each region except the South (Region III), more families would experience a reduction in payments under New Rule (1) than would experience an increase or no change. In the Northeast (Region I), families would be especially hard hit by New Rule (1): Three out of five families with earnings would wind up with less spendable income; only three of ten would experience an increase in payments and spendable income; and virtually no families (less than 6 percent) would be left unaffected by the new disregard formula. In the North Central Region (II) and the West (Region IV), nearly one-half of all working families on AFDC would realize a lower payment. Two of five families in the South would receive lower payments, though about as many would realize higher payments.

Combined with families whose payments would not change because they had no income, had only unearned income, or the new disregard formula would not affect them, at least one family out of every twenty would be adversely affected by New Rule (1). Relatively fewer would be beneficially affected, via a disregard subsidy, under the new disregard formula.

Table 2: Regional Distribution of Families and Payments Under New Rule (1)

	Region I	Region II	Region III	Region IV	US
Total Families ("Good Data")	872,164	897,361	951,144	641,319	3,361,988
Families With Some Earned Income	108,450	138,675	147,143	97,157	491,425
(% Total Families)	(12.43)	(15.45)	(15.47)	(15.15)	(14.61)
Families With Seperate Expense Data	87,479	109,342	119,219	79,939	395,979
(% Families With Seperate Expense Data)	(80.66)	(79.85)	(81.02)	(82.28)	(80.58)
Families With Seperate Expense Data Whose Payments Under New Rule Would:					
Decrease	53,839	53,139	44,240	39,158	190,376
(% Families With Expense Data)	(61.55)	(48.60)	(37.11)	(48.98)	(48.07)
Increase	28,431	32,349	51,535	34,128	146,443
(% Families With Expense Data)	(32.50)	(29.59)	(43.23)	(42.69)	(36.98)
Not Change	5,209	23,854	23,444	6,653	59,160
(% Families With Expense Data)	(5.95)	(21.81)	(19.66)	(8.32)	(14.94)
Total Families Whose Payments Under New Rule Would:					
Decrease*	66,747	67,395	54,603	47,591	181,361
(% Total Families)	(7.65)	(7.51)	(5.74)	(7.42)	(7.03)
Increase*	35,247	41,029	63,606	41,479	236,336
(% Total Families)	(4.04)	(4.57)	(6.69)	(6.47)	(5.39)
Not Change*	770,170	788,937	832,935	552,249	2,944,291
(% Total Families)	(88.31)	(87.79)	(87.57)	(86.11)	(87.58)
Families Ineligible Under New Rule	3,173	4,557	3,993	3,279	15,002

*Includes families with no seperate expense data, allocated in proportion to families with seperate expense data whose payments would decrease, increase, or not change.

Table 3 presents a national summary of the impact of New Rule (2) on payments and eligibility. This disregard formula would also use 20 percent of actual earnings as an allowable work-related expense, but permit all actual child care expenses to be disregarded, as the current rule mandates. The distribution of families by income, earnings, and expense data categories is the same as in Table 1.

Compared to the current disregard formula, two of five families would expect their payments to decline, by about $35, under New Rule (2), though as many would expect their payments to increase, by about $21. Compared to New Rule (1), relatively more families would experience no payments change under New Rule (2). Over eleven thousand families would be ineligible under New Rule (2).

Nationwide, payments under New Rule (2) would decrease by only $2.7 million during the survey month. Average payments would decline by seven cents. The percent change in payments would be about one-third of one percent. While relatively fewer families would experience a payments decrease under New Rule (2), changing the disregard formula to permit child care to be netted out of earnings at 100 percent does not affect the perverse relationship underlying this alternative disregard formula: higher earnings including harder working families would suffer payments decreases while lower earnings families would enjoy a payments subsidy. New Rule (2) also appears to be a rather effective instrument to reduce work effort among AFDC families.

Table 3:

NATIONAL SUMMARY NEW DISREGARD=$60+.2Y+.33(REMAINDER)+CHILD CARE EXPENSES

TOTAL NUMBER OF FAMILIES ON TAPE (WEIGHTED)	3373654						
FAMILIES WITH "BAD DATA"	11666						
FAMILIES WITH "GOOD DATA"	3361988						
ADULTS REPORTED NO INCOME							
FAMILIES	2394483						
TOTAL PAYMENTS (TAPE ($000))	568578.3						
AVERAGE PAYMENT (TAPE ($))	237.45						
ADULTS REPORTED INCOME							
NONEARNED INCOME ONLY							
FAMILIES	476080			NEW RULE (2)			
TOTAL PAYMENTS (TAPE ($000))	71714.5			PAYMENTS WOULD:			
AVERAGE PAYMENTS (TAPE ($))	150.64						
SOME EARNED INCOME		DECREASE		INCREASE		NOT CHANGE	
SEPERATE EXPENSE DATA		OLD	NEW	OLD	NEW	OLD	NEW
FAMILIES	395979		163065		167536		65378
STANDARD OF NEED (TAPE ($))	290.61	290.99	290.99	288.71	288.71	294.57	294.57
PAYMENT STANDARD (COMPUTED ($))	274.47	278.82	278.82	267.56	267.56	281.36	281.36
LARGEST AMOUNT PAID (COMPUTED ($))		256.68	255.20	251.94	252.70	180.09	180.31
NONEARNED INCOME (TAPE ($))	13.72	12.15	12.15	12.50	12.50	20.79	20.79
EARNED INCOME (TAPE ($))	301.49	413.13	413.13	236.89	236.89	188.59	188.59
ALLOWABLE EXPENSES:							
CHILD CARE ($)		35.77	35.77	20.39	20.39	24.51	24.51
CHANGE: NEW-OLD ($)			0.00		0.00		0.00
WORK-RELATED ($)		115.42	82.63	26.99	47.38	39.78	37.72
CHANGE: NEW-OLD ($)			-32.79		20.38		-2.07
EARNINGS DISREGARD ($)		308.79	268.66	146.45	168.62	143.88	140.39
(CHANGE ($))			-40.13		22.18		-3.49
OTHER ALLOWABLE DISREGARDS (TAPE ($))	4.83	4.14	4.14	4.57	4.57	7.21	7.21
TOTAL DISREGARD ($)		312.93	272.80	151.02	173.20	151.09	147.61
PAYMENTS:							
TOTAL (TAPE ($000))	62896.6	25388.3		27003.5		10504.8	
AVERAGE (TAPE ($))	158.84	155.69		161.18		160.68	
TOTAL (COMPUTED ($000))		26420.5	20644.3	27703.3	31167.2	10825.5	10825.5
AVERAGE (COMPUTED ($))		162.02	126.60	165.36	186.03	165.58	165.58
CHANGE: NEW-OLD ($)	-5.84		-35.42		20.68		0.00
TOTAL (ADJUSTED TO TAPE ($000))	60729.1		19819.4		30404.9		10504.7
AVERAGE (ADJUSTED TO TAPE ($))	153.36		121.54		181.48		160.68
INELIGIBLE (OLD RULE)	368						
INELIGIBLE (NEW RULE)	11282						
NO SEPERATE EXPENSE DATA							
FAMILIES	95446						
PAYMENTS:							
TOTAL (TAPE ($000))	14558.6						
AVERAGE (TAPE ($))	152.53						
TOTAL (ADJUSTED TO TAPE ($000))	14052.9						
AVERAGE (ADJUSTED TO TAPE ($))	147.23						
SUMMARY OF NEW-RULE IMPACT							
OLD RULE							
FAMILIES	3361988						
TOTAL PAYMENTS (TAPE ($000))	717736.2						
AVERAGE PAYMENTS (TAPE ($))	213.49						
NEW RULE							
FAMILIES	3350706						
TOTAL PAYMENTS (ADJUSTED TO TAPE ($000))	715076.3						
AVERAGE PAYMENTS (ADJUSTED TO TAPE ($))	213.41						
CHANGE							
TOTAL PAYMENTS ($000)	-2659.8						
AVERAGE PAYMENTS ($)	-0.07						
PERCENT (PAYMENTS)	-0.3706						

State summary tables, with the same information as presented in national Tables 1 and 3, are presented in separate booklet, State Estimates of Eligible Families and Payments under New Rule (1) and New Rule (2). Table 4 summarizes the changes in total payments under the two alternative disregard formulae. In the majority of states, the slightly-more-liberal New Rule (2) would limit the net payment decreases and enhance the net payment increases. Relative payment changes under the two disregards, however, vary considerably from region to region and state to state. As many research efforts have already shown for the current disregard rule, New Rule (1) and (2) would be but one variable in a complex set of family decisions about work effort within the administrative environments of 51 independent AFDC programs. A considerable amount of additional analysis is still required to flesh out the relationships between these disregards, their impact on work effort, and individual state programs. Given the perverse, anti-work impact we might expect based on the analysis in this paper, implementation of either new disregard may not be warranted.

Table 4: Percent Change in Aggregate Payments Based on New Disregard:

Region I:	Rule (1)	Rule (2)
CT	.18	.18
ME	-4.78	-3.54
MA	-1.23	-.97
NH	.10	.55
NJ	-1.69	-1.14
NY	-.52	-.37
PA	-.91	-.38
RI	-.02	-.03
VT	-.39	-.39

Region II:	Rule (1)	Rule (2)
IL	.34	.64
IN	-.67	.25
IO	-1.90	-.75
KS	-.41	-.37
MI	-.57	-.56
MN	-3.21	-2.09
MO	-1.98	-1.89
NB	.50	.50
ND	-.77	.02
OH	-.03	-.01
SD	-.20	-.20
WI	-4.65	-3.17

Region III:	Rule (1)	Rule (2)
AL	.07	.44
AR	-1.56	-.84
DE	-.15	-.15
DC	-3.00	-2.23
FL	-.09	1.49
GA	-3.90	-1.89
KY	-1.28	-.55
LA	.53	.76
MD	-2.29	-1.05
MS	.01	.58
NC	1.68	1.68
OK	1.22	1.22
SC	-.31	-.14
TN	-1.07	-.51
TX	.07	.55
VA	.87	.87
WV	.62	.64

Region IV:	Rule (1)	Rule (2)
AK	-3.65	-2.55
AZ	1.20	1.20
CA	-1.29	-.50
CO	.54	.60
HI	-1.39	-1.39
ID	1.27	1.34
MT	.82	1.19
NV	-1.43	0.0
NM	.35	.58
OR	-.07	.27
UT	.69	.69
WA	.31	.31
WY	0.0	0.0