

AFDC Recipients as Caregivers and Workers: A Feminist Approach to Income
Security Policy for Women

By:

Roberta M. Spalter-Roth and Heidi I. Hartmann

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This article examines whether current proposals that "reward work over welfare" by continuing the shift in AFDC from a program that subsidizes the private, familial caregiving activities of impoverished mothers to a program that subsidizes their low-wage employment will aid AFDC recipients in bringing their families out of poverty. The research presented here, based on data from the U.S. Bureau of the Census' Survey of Income and Program Participation (SIPP), shows that the kinds of intermittent jobs that AFDC recipients are likely to obtain do not provide the earnings necessary to keep their families out of poverty, without additional income support. The research further suggests that because the Earned Income Tax Credit, the major program to supplement wages, most benefits full-time, full-year workers and does not take into account women's caregiving activities and their family-related work absences, most recipients will not be better off as a result of welfare reform proposals. Alternative income support programs, such as expanded Unemployment Insurance and Temporary Disability Insurance, that provide for all the sources of earning losses common to single mothers will be needed to bring families out of poverty, if AFDC benefits become time-limited. Additional strategies such as reforming the low-wage labor market, including its race and gender bias, and augmenting AFDC are also suggested. These policies, taken together, can benefit AFDC recipients (and other low-wage working mothers) as both workers and as caregivers.

INTRODUCTION

Aid to Families with Dependent Children (AFDC) was established in 1935 as a means-tested public assistance program to provide cash payments to impoverished families with minor children headed by a caretaker relative, usually a widowed mother deprived of support from a wage-earning father (Peterson and Petersen, 1993). The program was designed to "release from the wage-earning role the person whose natural function is to give her children the physical and affectionate guardianship necessary not alone to keep them from falling into social misfortune, but more affirmatively to make them citizens capable of contributing to society" (The Report of the Committee on Economic Security of 1935, cited in Abramovitz, 1988:315). The federal legislation was based on state mother's aids programs (39 states had such programs by 1919) which provided for in-home support so that minor children were not forced to leave school to engage in child labor or were not placed in orphanages while their mothers worked (Nelson, 1990: 138ff.). States determined benefit levels; these small benefits were based on children's needs only. Not until 1950 was a federal matching grant added that provided funds to support mothers themselves (Abramovitz, 1988:316).

A number of factors have been used to justify shifting program goals from supporting the caregiver activities of single mothers to subsidizing the paid employment of these mothers. These include: increases in the number of enrollees, changes in the racial composition and marital status of the AFDC population (as previously excluded African-American, never married, separated, and divorced women were gradually allowed to participate in the program), and increases in labor force participation rates of married

mothers with young children (Mink, 1993; Sawhill, 1993; Amott, 1990; Miller 1990). This shift in AFDC from a program that subsidizes the private, familial caregiving activities of impoverished mothers to a program that subsidizes their low-wage employment began in 1967 with the Work Incentive Program (Levitan, 1990).

The Clinton Administration's pledge to "end welfare as we know it" and to "reward work over welfare" promises to continue this shift. The Administration's plan, not yet submitted to Congress, proposes to provide two year, time-limited AFDC benefits. At the end of this time period, those able to work will be required to obtain employment in the private sector, and, as the last resort, those unable to find work will be required to participate in community works projects where they can work off their AFDC benefits. To improve the economic incentive to work so that "no one who works full-time and has children at home should be poor anymore" (Clinton and Gore, 1992), the Administration (with the support of Congress) has expanded the Earned Income Tax Credit (EIC) as the major policy strategy to supplement income from low-wage work. The Food Stamp program, another means tested public assistance program, has also been expanded.

Because AFDC, as a public assistance program, provided ungenerous benefits compared to social insurance programs such as Unemployment Insurance, welfare mothers have always had to engage in additional income generating activities including off and on the books work (Peterson and Petersen, 1993; Abramovitz, 1988; Skocpol, 1988).¹ Changing

¹ Many authors have labelled the differences in public assistance and social insurance programs as a dual welfare system with women and children as the targeted recipients of the former, less generous, programs and full-time male workers (and their families) as the recipients of the latter, more generous programs (Peterson and Petersen 1993; Miller, 1990; Nelson 1990; Abramovitz, 1988; Weir, Orloff, and Skocpol, 1988; McAdoo and Pearce, 1981).

AFDC from an income support program for caregivers to a mandated work program will not change the income generating strategies for a substantial portion of recipients, we suggest. The research discussed below shows that more than four out of 10 AFDC recipients *currently* combine paid employment and AFDC. Despite these income packaging activities, most AFDC recipients do not receive enough income to escape poverty.

What is crucial in evaluating the Administration's (and other) proposed welfare reforms is whether AFDC recipients will be better off as a result. Numerous researchers and advocates have questioned whether AFDC recipients can reasonably be expected to work full-time, year-round (Greenstein and Shapiro, 1993; Greenberg, 1992; Spalter-Roth, Hartmann, and Andrews, 1991; Jencks and Edin, 1990; Ellwood, 1988). Two factors cast doubt on the feasibility of this policy assumption. The first is the volatility of the low-wage labor market and the second is the extreme burden that full-time work places on single mothers. These researchers suggest that the characteristics of the low-wage jobs being generated -- with a high proportion of part-time and short-term jobs -- prevent low-wage workers, especially those that experience race and gender discrimination, from becoming economically self-sufficient. They also question the assumption that single mother can reasonably be expected to be both mother and father to their children while engaging in paid employment for at least 2,000 hours per year. About two-thirds of mothers in the labor force do not work at full-time, full year jobs (U.S. Bureau of the Census, 1991). Of those who support their children principally through their own earnings, 60 percent earn a poverty income level for a family of four or below (Spalter-Roth, Hartmann, and Andrews, 1993).

The purpose of this article is to examine whether that current employment-based welfare reform proposals will aid AFDC recipients in bringing their families out of poverty. The research presented here, part of a larger study of the income packaging strategies of low-income single mothers and their families, shows that the kinds of jobs that AFDC recipients are likely to obtain do not provide the earnings necessary to keep their families out of poverty. Most will require additional income support, to do so. The research further suggests that EIC, the major program to supplement wages, most benefits full-time, full-year workers and does not take into account women's caregiving activities and their family-related work absences.

Alternative income support programs, such as expanded UI and Temporary Disability Insurance (TDI), that provide for all the sources of earning losses common to single mothers will be needed to bring families out of poverty, if AFDC benefits become time-limited. Additional strategies such as reforming the low-wage labor market, including its race and gender bias, and augmenting AFDC are also suggested. These policies, taken together, can benefit AFDC recipients (and other low-wage working mothers) as both workers and as caregivers.

DATA AND FINDINGS

For the last several years, we have been engaged in extensive research on the economic survival strategies of a nationally representative sample of single mothers who receive AFDC for at least two out of the 24 month survey period. Our research uses data from the U.S. Bureau of the Census' Survey of Income and Program Participation (SIPP)--a

panel survey especially designed to capture the labor force experience, job characteristics, earnings, family structure, and sources of public and private income available to U.S. households. The data used in our research are from 1984 through 1990. The 1,181 single mothers in our sample represent about 2.8 million women. While mothers participating in AFDC probably do not report all their income sources to the Census Bureau interviewers, because maintaining their AFDC eligibility generally requires not having much other income, they do apparently report more income than is reported elsewhere. Analyzing the SIPP data shows us how women combine paid employment, the receipt of AFDC and other means and non-means tested benefits, and other income sources (including financial support from other family members) in what we refer to as income packages.

As part of this research, we compared the demographic and human capital characteristics of AFDC recipients whose income package reflects reliance on means-tested benefits (such as AFDC) with those recipients for whom paid work constitutes a major share of the income package (Spalter-Roth, Hartmann, and Andrews, 1992). We have examined the factors that increase the likelihood that paid employment will be a significant part of the income packages that single mothers put together, the characteristics of the jobs held by income-packagers, and the factors (including types of jobs, access to family supports, and access to welfare and other benefits) that increase the likelihood that single mothers can bring their families out of poverty.

To date, our research shows the following:

(1) Packaging Work and Welfare. In contrast to policy makers who view paid work and welfare as mutually exclusive income sources, we found that more than four out of 10 AFDC recipients engage in substantial hours of paid work (an average of 900 hours per year), either simultaneously combining income from earnings with receipt

of AFDC or cycling between them. This group has higher levels of education (two-thirds have at least a high school diploma), more job training (about one-third have some additional job training), more work experience (they average about six years of work experience), fewer months receiving AFDC (an average of 14.0 months during the 24 month period), and a relative lack of work-inhibiting disabilities compared to those AFDC recipients who do not engage in paid employment and are largely reliant on AFDC (see Table 1). They are also more likely to have access to support from other family members (see Table 2) and to reside in a state with a low unemployment rate. Those women who are less likely to work are more likely to have a toddler, less likely to have attended high school, more likely to have a work limiting disability, more likely to live in a state with high unemployment, and less likely to have access to support from other family members (see Tables 1 and 2). Recipients with prior welfare spells were equally as likely to be currently reliant on AFDC or to include significant amounts of paid employment in their income package, indicating that welfare history is not a barrier to paid employment.

TABLES 1 AND 2 ABOUT HERE

Forty-three percent of current AFDC recipients report substantial paid employment during a two-year period. To "make work pay" for this group of mothers through various supplementation programs requires knowing the characteristics of employment patterns and job opportunities available to them. The quality of jobs available (including their longevity, their wage levels, and the likelihood that they result in upward mobility) will determine both the type and the magnitude of financial and other supports required to keep working families out of poverty. Can we, for example, expect steady work patterns, even if at low wages? If so, the EIC may be the appropriate supplement. If employment is sporadic, can Unemployment Insurance bridge the gaps? If not, what other support programs will be needed?

The work patterns of these work/welfare packagers and the characteristics of the jobs they hold are likely reflective of the kinds of opportunities available to the more employable

AFDC recipients -- recipients with a high school education, job training, and prior work experience. Therefore, we suggest that the work patterns and job characteristics of this group represent an overly *optimistic* picture of the quality of employment opportunities available to the *total* population of recipients (including the six out of 10 who currently do not include paid employment in their income package) who would be expected to make a full transition from AFDC to paid employment under the various proposals to "reward work over welfare." And, this optimistic picture is not bright.

(2) Characteristics of Jobs Held by Packagers. The more than four out of 10 AFDC recipients who packaged paid employment with receipt of AFDC during the two-year survey period worked for an average of 1800 hours, approximately the same number of hours as all working mothers. They held an average of 1.7 jobs (with 44 percent holding two or more jobs), for a total of 54 weeks (with their longest job lasting an average of 46 weeks). They worked at paid employment for an average of 34 hours per week, suggesting that when employed, they are more likely to have sporadic full-time jobs than steady part-time jobs. On average, these women spent almost 4 months on layoff or looking for work (see Table 1).

When employed, they were most likely to be employed at low-wage jobs such as cashiers, nursing aids, food service workers, janitors and maids, and machine operators (see Table 3). These jobs paid an average of \$4.40 per hour (in 1990 dollars). Food service jobs, among the most likely to be held by these women, have the shortest duration (30 weeks) and paid among the lowest wages (\$3.73 per hour). Sales and cleaning service jobs paid slightly more (\$3.94 and \$4.08 respectively). Jobs in all three of these occupations were among the most likely to be worked part-time. The highest paid jobs were the white collar jobs: managerial, professional, technical, and administrative jobs at hourly wage rates ranging from \$5.24 to \$6.40. The blue collar jobs in precision production paid \$4.38 per hour and machine operatives earned \$4.65 per hour on average. Besides managerial and technical jobs, these blue collar jobs were the most likely to be worked full-time. For the 44 percent of work/welfare packagers who had more than one job, there was no evidence that job change resulted in a better job in terms of increased wages, length of employment, or likelihood of working full-time.

Among the race and ethnic groups studied (see Table 4), black mothers worked the longest hours, the most weeks, and the most full-time weeks. Like Hispanic women, they were substantially less likely than white mothers to work in managerial, professional, technical or sales jobs, and more likely to work in administrative support and clerical jobs and as machine operators. Black women, but

not Hispanics, were significantly more likely than whites to work as precision production, craft, and repair workers. Within the service occupations, which employ about 40 percent of the mothers in all groups, white women were substantially more likely to work in food service jobs and less likely to work in cleaning or personal service jobs than were both blacks and Hispanics.

TABLES 3 AND 4 ABOUT HERE

During the two-year study period these work/welfare packagers earned an average of \$4,300 (in 1990 dollars) per year, and received an average of about \$2,300 in AFDC benefits (see Table 2). In spite of additional income from other family members (including child support), the income to poverty ratio for these families was about 95 percent of the poverty line and their families spent almost two-thirds of the 24 months in poverty. Even if they worked full-time, year-round at the jobs they held, these women would generally not have been able to bring their families above the poverty level through their work alone.

These findings demonstrate that without major change in the low-wage labor market, full-time, year-round work alone is not a likely basis for bringing families out of poverty; policies that assume this basis will be ineffective for many poor families.

(3) Factors That Bring Families Out of Poverty. Single mothers who received AFDC during the two-year survey period were significantly more likely to be able to bring their families out of poverty if they had a high school diploma and if they held full-time, year-round, non-service jobs with a union contract. They were also significantly more likely to live in states with low unemployment rates. But, these women's jobs, in themselves, were not enough to bring their families out of poverty. Access to other sources of income, both private and public, were equally important. These sources included: earnings from other family members, income from child support, and access to higher payment levels from means and non-means tested benefits. Without access to these additional sources, the probability of having above poverty level incomes was much lower (see Table 2).

Table 5 shows that even AFDC-reliant families (those without substantial earnings in our study) frequently have considerable other sources of income, typically from family members. About two-fifths of those women we label the AFDC-reliants have additional income from other family members (a minimum of \$1,000 over the 24 month period). Of those without additional income from family members 98 percent are in poverty, on average, over the two-year period. Those with both AFDC and family income have a lower poverty rate, 72.2 percent. Those who combine work and AFDC, but lack family resources fare nearly as well, with an average poverty rate of 80.2 percent. The smallest group, with access to all income sources, has the lowest average poverty rate over the two-year period, 43.8 percent.

TABLE 5 ABOUT HERE

These findings suggest that achieving the goal of moving single-mother families out of poverty requires policies that increase the earnings of both the mothers and other family members, and will provide income support from the government. Unless the low wage labor market is substantially reformed, and race and gender discrimination are reduced, income support policies will need to be especially tailored to the characteristics of the low-wage jobs these women are likely to obtain.

Since the EIC is regarded as the primary means of providing income support to the families of low wage workers, it is reasonable to ask whether the EIC, as currently conceived, is an adequate substitute for AFDC in these women's income packages, were they

all to make the transitions from welfare to work. Our preliminary estimates of the impact of the recently expanded EIC program assume that our entire sample would exhibit the current work patterns, earnings, additional taxable income, and the number of children that are observed among the 43 percent who currently work during the two year period. We estimate that about 99 percent of these work/welfare packagers would qualify for an EIC benefit in at least one year and that about two-thirds would qualify for an EIC benefit in two consecutive years. We estimate that those who would qualify would receive an average annual benefit of about \$1,550 (in 1994 dollars). This benefit level is substantially less than the average annual amount of income that this same group of work/welfare packagers currently receives from AFDC, \$2,100 (see Figure 1). For the entire group of packagers, including those who would not receive an EIC benefit, the average estimated EIC benefit is only \$1,250 annually, while the estimated AFDC loss is \$2,350. Unless more of these women are able to obtain longer-term or higher-wage jobs, we estimate that, based on their earnings, only about 35 percent of those who qualify for an EIC benefit (and 29 percent of all packagers) would receive \$2,000 or more in EIC benefits. Thus, unless employment patterns change or EIC benefits are increased further, many families could be worse off if the mothers were to lose AFDC benefits as the result of new time limits on welfare receipt or other means of forcing transitions from AFDC to employment.

FIGURE 1 ABOUT HERE

Income supplements to single mothers who rely on low-wage jobs as their primary

means of support must deal with the instability of their jobs. Another source of uneven work experience for these women is their responsibility for their families. A second policy question, therefore, is what happens to these women during periods of unemployment or periods out of the labor force as a result of childbirth, childcare, eldercare, or other family needs? Unlike AFDC, EIC benefits are not received during periods of non-employment (or at the end of a tax year in which there was no income from work), and therefore they will often not stabilize the family- and job-based income instability many single mothers experience.

UI is the traditional government program for periods of unemployment. Table 6 shows that only 11 percent of these work/welfare packagers received this benefit, despite their substantial work effort. Their lack of eligibility for UI can be partially explained by the low wages and short work periods many of these women experienced. Those who did receive this benefit were employed for an additional four weeks, had fewer weeks of part-time work, had more spells of employment, received an additional 60 cents per hour, and were substantially less likely to be employed in service occupations than those work/welfare packagers who did not receive UI (they were more likely to be employed in sales and administrative support and clerical occupations). For those women who did qualify for UI benefits, almost half did not begin a new job at the end of their spell of UI benefits but rather began an AFDC spell.

TABLE 6 ABOUT HERE

Furthermore, because single mothers often have no other adult with whom to share family care, they are much more likely (than are other parents) to have to leave jobs to meet family care needs. These interruptions (most likely considered "voluntary quits" and not eligible for immediate unemployment benefits in most states), along with their low and sporadic earnings, undoubtedly contribute to the low rate of receipt of UI benefits observed among women who head households alone. In general, female heads of household are twice as likely as male heads to face unemployment without UI benefits (Falk, 1990). UI, as currently structured, is not an adequate income support program for dealing with the periods of unemployment and the periods of non-employment that the single mothers in this study experienced. UI will need to be expanded or alternative income support programs will be required to supplement former AFDC recipients during periods of non-employment.

CONCLUSIONS: POLICY SOLUTIONS

The research presented here sheds light on the likely effectiveness of welfare reform policies that continue the shift from compensating caregiving activities to emphasizing paid employment as anti-poverty strategies. But even if policies to further supplement low-wage work or to reform the low-wage labor market are included in the current phase of welfare reform, the severe poverty of recipients who are unable to engage in paid employment will still need to be addressed.

The current Administration's proposed reforms (supported by liberal policy analysts--see, for example, Jencks (1992)--and by professional welfare organizations such as the American Public Welfare Association (1994)) advocate time-limited (two year) AFDC benefits, followed by mandatory transitions to paid employment, or, as a last resort, participation in community works projects. Increased EIC, increased Food Stamps (and, the Administration hopes, universal health care coverage, which will likely cost these workers more than Medicaid) are the major policies to supplement the low-wages that our research indicates will be the norm.

Our research shows that income packages composed of sporadic, full-time, low-wage work supplemented by EIC benefits are unlikely to bring additional AFDC recipients out of poverty, and will result in an estimated 70 percent being no better off. Because EIC benefits, unlike AFDC, are not received during periods of non-employment and because very few AFDC recipients receive UI benefits currently, if AFDC becomes time-limited, UI would likely need to be restructured to increase eligibility. UI liberalization could be achieved through decreasing the work experience and earnings requirements, by limiting disqualifications for job leaving that results from caregiving activities (such as child birth or child illness), and providing transitional UI benefits for those entering or returning to work.

Neither the EIC nor UI provide income support for time spent out of the labor force as a result of serious illness or of the serious illness of children or elderly parents. The Family and Medical Leave Act of 1993 provides only a job guarantee, not income support, during such absences. One possible program to provide income support in times of illness and family need would be to extend temporary disability insurance (TDI) as it currently

exists in five states to all other states and to expand it to cover serious family emergencies. The current state programs vary in their eligibility requirements, but generally are about as restrictive as UI programs.² If enough supplementation is provided through EIC, UI, and TDI for *all* the sources of earnings losses common to single mothers, the Administration's strategy would work to reduce poverty.

A second more progressive policy, rather than permanently subsidizing low-wage, short-duration jobs, would focus on improving pay in low-wage jobs and reforming the low-wage labor market. Primary strategies include raising the minimum wage, encouraging collective bargaining among low-wage workers, and regulating wages and benefits in part-time and contingent work. Perhaps foremost among the needed policies is a full-employment policy. Efforts to move AFDC recipients to employment will fail in the absence of jobs, in addition, high unemployment contributes to the low wages of jobs that do exist. These strategies would likely decrease poverty among this group of women and their children (see Spalter-Roth and Hartmann, 1991) and could result in a larger number qualifying for maximum EIC benefits and for UI as currently constituted. Poverty reduction is even more likely if these policies are combined with those that focus on eliminating gender and race/ethnicity based discrimination, such as pay equity policies, stronger enforcement of existing equal employment opportunity laws, and new policies that acknowledge care giving activities of workers, such as paid family leave, poverty reduction is even more likely.

A third (and even less popular) policy strategy is to augment AFDC. Our research

² In order to encourage the replication of TDI, IWPR is currently conducting cost estimates for new and expanded TDI programs under a variety of assumptions.

shows that of the 57 percent of our sample who we label as "more reliant on AFDC," 68 percent are less employable because they have less than a high school education, have little previous work experience, have work-inhibiting disabilities, or have more than three children, including a baby.³ Although some will likely benefit from proposed education and training programs, those with work-limiting disabilities, or who are caretakers of children with disabilities, or have two or more employability problems (25 percent of the "more reliant" group) are less likely to be able to do so. Some form of AFDC will be necessary to support them. Our research shows that these families are the worst off economically, with 98 percent of those who are solely reliant on AFDC living in poverty. To allow them to escape poverty will require increasing current AFDC benefits.⁴

Although proposals to increase AFDC benefits are not popular politically, there are some tentative Administration proposals to allow or to require states to continue to provide AFDC or cash assistance to part-time workers, beyond the two-year time limit. Our research findings support this suggested policy of legitimating the packaging of paid employment with AFDC. It acknowledges the caregiving responsibilities and the part-time or intermittent full-time employment of many single mothers. It can reduce the dependence of mothers on any single income source (see Spalter-Roth and Hartmann, forthcoming). But, in order to bring

³ Even Governors proposing state welfare programs that require recipients to work full-time or perform community service after only 60 days on welfare (such as William F. Weld of Massachusetts) exempt those with disabilities or those caring for disabled children (Rimer, 1994).

⁴ One proposed way to increase AFDC benefits is through increasing state -level needs standards (the minimum income considered necessary to sustain a family in a particular state) and then mandating states to pay benefits at this level (Larin and Porter, 1992).

more of these mothers and their children out of poverty, additional reforms to AFDC will be necessary, such as reducing the sharp penalties on mother's and other family members' employment income (Greenberg, 1992).

To maximize the effectiveness of welfare reform as an anti-poverty program, the alternative income support programs suggested here will need to be implemented, the low-wage labor market will need to be reformed, and AFDC payments (in some form) will need to be continued. Taken together, these policies would not only decrease poverty, but would increase the ability of more mothers to engage in both caregiving and employment activities.

In the face of increasingly strong and vocal anti-AFDC sentiment directed at AFDC recipients and their families and increasingly punitive state level programs, greater efforts by a progressive lobby of labor, civil rights, women's, and church organizations are necessary to mobilize support for the wide-ranging reform of AFDC that our research indicates is necessary.

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APPENDIX

The Sample Population of Work/Welfare Packagers

We use the 1984, 1986, 1987, and 1988 panels of the U.S. Bureau of the Census' longitudinal study, the Survey of Income and Program Participation (SIPP) to develop a sample of single mothers who received AFDC for at least two out of 24 survey months. These women were interviewed for all 24 months, were mothers for at least 12 months, and were single for at least 12 months. We further divided the resulting sample of 1,181 women (representing approximately 2.8 million AFDC recipients) into two sub-groups. The first group includes those who did not have at least 300 hours of work experience during the survey period and were largely reliant on AFDC benefits for their economic well-being. The second group contained those who included both AFDC receipt and at least 300 hours of paid employment in their income package. We refer to this second group as work/welfare packagers. We further divided these work/welfare packagers on the basis of whether they package paid employment and AFDC receipt sequentially (sequential packagers) or at the same time (simultaneous packagers) for at least four months. These work/welfare packagers represent 43 percent of the total sample--about 1.2 million women.

TABLE 1
Average Characteristics of Work/Welfare Groups

CHARACTERISTIC	FULL SAMPLE	AFDC RELIANT	PACKAGERS
Population +	2,797,286	1,598,332	1,198,955
As % of Population	100.0%	57.1%	42.9%
Sample	1181	679	502
FAMILY			
Age of Mother*	29.2	29.3	29.1
Previously Married *	48.2%	47.0%	49.8%
Number of children	2.1	2.2	1.9
Child under 2* or birth during survey	40.8%	43.8%	36.7%
Solo Mother ++	71.2%	72.5%	69.4%
Number of other earners in household	0.5	0.5	0.6
HUMAN CAPITAL			
No High School *	12.8%	15.5%	9.2%
High School Diploma **	54.5%	45.4%	66.8%
Student during survey	33.9%	30.1%	39.0%
Job Training (ever or current)	27.2%	22.4%	33.7%
Work—limiting disability	21.2%	24.9%	16.2%
Work experience (years)	4.3	3.2	5.7
WORK BEHAVIOR			
Jobs During Survey	0.8	0.2	1.7
Total hours of labor	790.8	17.8	1821.3
Weeks employed	23.8	1.2	54.0
Weeks looking for work/on layoff	15.0	14.4	15.9
RACE/ETHNICITY			
Anglo—American	39.2%	35.4%	44.2%
African—American	45.2%	47.3%	42.4%
Hispanic	13.7%	15.8%	10.8%
Other Racial Background	1.9%	1.4%	2.5%
AFDC HISTORY			
Months on AFDC	18.4	21.7	14.0
Number of AFDC spells during survey	1.2	1.1	1.3
Previous AFDC spell ***	22.9%	21.9%	24.3%
STATE CHARACTERISTICS			
Unemployment rate	6.7	6.9	6.6

+ Numbers do not add precisely due to rounding.

* Variable based on response in first wave of survey.

** Variable based on response in third wave of survey.

*** AFDC history variables apply only to persons with repeat spells.

++ A solo mother heads either the primary family or an unrelated subfamily for 24 months. Other single mothers in our sample head related subfamilies or were married for part of the two–year study period.

Source: IWPR calculations based on the Survey of Income and Program Participation.

TABLE 2
Economic Well-Being of Work/Welfare Groups
(Average Annual Income by Income Sources, Health Coverage, and Poverty Status)
in 1990 dollars

CHARACTERISTIC	FULL SAMPLE	AFDC RELIANT	PACKAGERS
Population +	2,797,286	1,598,332	1,198,955
As % of Population	100.0%	57.1%	42.9%
Sample	1181	679	502
Total Family Cash Income *	\$9,899	\$8,547	\$11,702
Family Earnings	4,170	2,012	7,047
Mother's Earnings	1,868	35	4,312
Others' Earnings	2,302	1,977	2,735
Total Means – Tested Benefits*	3,654	4,563	2,443
AFDC	3,341	4,090	2,343
Cash Benefits (excluding AFDC)	313	772	134
WIC and Food Stamps*	1,706	1,985	1,335
General Assistance	36	57	8
Supplemental Security	251	392	63
Other Welfare	26	24	29
Non – Means – Tested Benefits	299	332	255
Private Benefits	16	17	14
All Child Support	182	127	254
All Informal Sources	66	55	80
Miscellaneous Income **	1,512	1,440	1,608
Health Coverage			
Months with health insurance	21.7	22.9	20.0
Months with public insurance	20.0	22.7	16.4
Months with private insurance	2.5	0.9	4.7
Poverty Status			
Family Income as % of Poverty Line	77.2%	64.1%	94.6%
Annual Family Poverty Line	\$12,751	\$13,015	\$12,399
Months in Poverty	18.7	21.0	15.7

+ Numbers do not add precisely due to rounding.

* The cash value of WIC and Food Stamps are not included in either Total Family Cash Income or in Total Means – Tested Benefits.

** Miscellaneous income includes gains or losses from financial investments and other family members' unearned income.

Source: IWPR calculations based on the Survey of Income and Program Participation.

TABLE 3
Job and Worker Characteristics By Occupation -- All Jobs*
Work/Welfare Packagers

OCCUPATION	Total Jobs	Wage & Salary Job	Weeks	Full-Time Weeks	% of Wks Part-Time	Avg Wkly Hours	Hourly Earnings
Managerial	23	91.3%	41.5	33.5	28.0%	37.5	\$5.42
Professional	34	97.1%	37.6	20.2	51.6%	29.6	6.40
Technician	11	100.0%	36.4	25.5	26.7%	37.5	6.28
Sales	117	96.6%	30.3	14.8	49.4%	31.5	3.94
Administrative	152	100.0%	31.8	19.2	37.8%	32.5	5.24
Food Service	124	100.0%	29.7	11.3	64.2%	28.5	3.73
Cleaning Service	67	92.5%	44.3	15.6	66.8%	25.1	4.08
Personal Service	66	71.2%	34.3	21.3	40.2%	32.9	2.86
Other Service	73	100.0%	38.3	26.9	35.2%	33.8	4.28
Farming, Forestry	13	92.3%	15.2	11.0	38.5%	37.4	4.00
Precision Production	25	100.0%	30.6	24.2	29.2%	34.7	4.38
Operators & Laborers	151	100.0%	33.4	25.5	24.6%	36.6	4.65
All Occupations	856	96.3%	33.6	19.7	43.0%	32.3	4.40

* The average number of jobs held by a work/welfare packager is 1.7. These data are not weighted; each job, rather than individual, carries a weight of 1.0.

Source: IWPR calculations based on the Survey of Income and Program Participation.

TABLE 5
Distribution Across Type of Income Packages
(Family, Market, and State) for Packagers and Reliants

Group	AFDC Only	% of Total	Market & AFDC	% of Total	Family & AFDC	% of Total	Market, Family & AFDC	% of Total	Total
All AFDC Reliants	929,976	58.2%	—	—	668,357	41.8%	—	—	1,598,332
Less Reliant	35,787	33.0%	—	—	72,767	67.0%	—	—	108,554
More Reliant	158,603	45.5%	—	—	190,185	54.5%	—	—	348,787
Fully Reliant	735,586	64.5%	—	—	405,405	35.5%	—	—	1,140,991
All Work/Welfare Packagers	—	—	622,618	51.9%	—	—	576,337	48.1%	1,198,955
Cyclers	—	—	311,991	49.0%	—	—	324,635	50.9%	636,626
Combiners	—	—	310,627	55.2%	—	—	251,701	44.8%	562,329
Group Totals	929,976		622,618		668,357		576,336		2,797,286
Group Total as Percent of All	33.2%		22.3%		23.9%		20.6%		100.0%
Percent in Poverty	98.0%		80.2%		72.2%		43.8%		76.7%

Definitions of Income Packagers:

AFDC Only— Income sources include receipt of AFDC and other means – tested benefits but other income is limited, including earnings from fewer than 300 hours of market work and less than \$1,000 in income from other family members over a 2 year period.

Market and AFDC— Income sources include receipt of AFDC and related programs, along with earnings from 300 hours or more of market work and less than \$1,000 in income from other family members.

Family and AFDC— Income sources include receipt of AFDC and related benefits and more than \$1,000 in income from other family members over a 2 year period, but income from earnings is limited to that from fewer than 300 hours of work.

Market, Family, & AFDC— Income sources include AFDC receipt, more than \$1,000 in income from other family members over a 2 year period, and earnings from more than 300 hours of market work.

* Numbers do not add precisely due to rounding.

Source: IWPR calculations based on the Survey of Income and Program Participation.

TABLE 6
WORK/WELFARE PACKAGERS
Worker and Job Characteristics of Individuals Who
Received Unemployment Insurance Versus Individuals
Who Did Not
(2 Year Period)

Characteristic	All Work/Welfare Packagers	Not Unemployment Insurance Recipients	Unemployment Insurance Recipients
Packager Population (As % of Packagers)	1,198,955 100.0%	1,069,508 89.2%	129,447 10.8%
HUMAN CAPITAL			
Work Experience (in years)	5.7	5.4	7.8
Highest Grade Completed	11.3	11.3	11.1
Job Training (ever or current)	33.7%	32.9%	39.9%
Federal Job Training (ever or current)	14.4%	14.2%	15.8%
EMPLOYMENT PATTERNS – ALL JOBS			
Hourly Earnings (in 1990 dollars) +	\$4.29	\$4.22	\$4.86
Jobs During Survey	1.7	1.6	2.3
Employment Spells During Survey	1.7	1.6	2.2
Total Hours Worked	1821.3	1788.5	2092.6
Weeks With Employment	54.0	53.6	57.3
Weeks on Layoff of Looking for Work	15.9	14.2	29.8
PRIMARY JOB EARNINGS			
Total Earnings (in 1990 dollars)	\$7,366	\$7,296	\$7,945
Average Hourly Earnings (in 1990 dollars)	\$4.29	\$4.22	\$4.83
Full–Time Weeks Worked	29.2	28.9	32.0
Part–Time Weeks Worked	17.3	18.0	11.8
OCCUPATION – PRIMARY JOB			
Managerial, Professional, & Technical	6.7%	6.4%	8.7%
Sales and Related	12.5%	12.0%	17.0%
Administrative Support and Clerical	15.9%	14.8%	24.6%
Service	39.7%	41.7%	22.8%
Farming, Forestry, and Fishing	1.3%	0.6%	7.3%
Precision Production, Craft and Repair	3.8%	4.2%	0.0%
Operators, Handlers, and Laborers	20.2%	20.3%	19.5%
UNEMPLOYMENT BENEFITS (in 1990 dollars)	\$206	\$0	\$1,907

+ This figure differs from the average hourly wage in Table 3 for two reasons: it is the quotient of an individual's earnings at all jobs and her total hours, and the average is computed weighting each individual by her respective sample weight.

Source: IWPR calculations based on the 1984, 1986, 1987, and 1988 Survey of Income and Program Participation.

FIGURE 1:
Effectiveness of EIC as a Substitute for AFDC
Among Work/Welfare Packagers
1994 Dollars, 1996 Program Guidelines

◆ Estimated % of recipients who would qualify for the EIC in at least one of two years	99%
◆ Estimated % of recipients who would qualify for the EIC in two consecutive years	65%
◆ Estimated average % of recipients who would qualify for the EIC in a single year	82%
◆ Estimated average benefit for EIC qualifiers	\$1,550
Estimated average % receiving more than \$2,000/yr in EIC	36%
Estimated average AFDC loss for all EIC qualifiers	\$2,100
◆ Estimated average benefit for all packagers (includes both qualifiers and nonqualifiers)	\$1,250
Estimated average % receiving more than \$2000/yr in EIC	29%
Estimated average AFDC loss for all packagers (includes both those who would and would not receive an EIC benefit)	\$2,350

BASED ON PRELIMINARY ESTIMATES

Source: IWPR calculations from the Survey of Income and Program Participation.

TABLE 4
Characteristics of Primary Job for Work/Welfare Packagers by Race*
(24 months)

CHARACTERISTIC	WHITE	BLACK	HISPANIC	OTHER RACE
Population	529,979	508,881	130,009	30,086
Sample	237	197	56	12
JOB TYPE				
Percent Wage and Salary Job	94.3%	97.7%	98.1%	96.4%
Percent Self-Employment Job	5.7%	2.3%	1.9%	3.6%
Hours Worked	1506.0	1647.6	1538.4	1615.2
Weeks Worked	44.7	48.9	45.5	44.8
Full-Time Weeks Worked	26.8	31.7	29.4	31.0
Part-Time Weeks Worked	17.9	17.2	16.1	13.7
Predominantly Part-Time Jobs	27.7%	26.2%	33.5%	23.1%
Average workweek length	34.8	34.5	34.4	36.4
JOB EARNINGS				
Total earnings	\$6,756	\$8,142	\$7,035	\$6,411
Average hourly earnings	\$4.19	\$4.40	\$4.32	\$3.86
OCCUPATION				
Managerial and Executive	3.7%	2.4%	0.0%	5.0%
Professional	5.9%	0.0%	2.4%	4.5%
Technician	1.4%	0.6%	0.0%	0.8%
Sales and Related	14.0%	10.3%	5.9%	7.3%
Cashier	7.0%	7.2%	4.5%	2.5%
Administrative Support and Clerical	14.2%	17.7%	16.6%	15.6%
Service	40.0%	40.8%	38.7%	39.9%
Food Service	15.9%	8.9%	6.7%	7.0%
Cleaning Service	8.8%	9.6%	5.3%	6.3%
Personal Service	8.4%	11.1%	10.2%	13.2%
Other Service	3.9%	11.3%	16.5%	13.4%
Farming, Forestry and Fishing	0.3%	0.0%	10.7%	0.0%
Precision Production, Craft and Repair	1.9%	6.0%	1.5%	3.6%
Operators, Handlers and Laborers	18.4%	22.2%	24.2%	23.3%
INDUSTRY				
Agriculture	4.2%	2.2%	12.6%	3.1%
Mining	0.0%	0.0%	0.0%	0.0%
Construction	0.4%	0.7%	0.0%	0.0%
Manufacturing	16.7%	19.2%	19.0%	21.3%
Nondurables	5.7%	13.5%	9.8%	12.3%
Durables	11.0%	4.7%	9.2%	9.0%
Transportation, Communication and Utilities	1.3%	1.1%	0.0%	0.8%
Wholesale Trade	0.9%	4.0%	5.7%	2.0%
Retail Trade	30.4%	19.0%	12.6%	13.7%
Finance, Insurance and Real Estate	1.9%	4.6%	3.0%	3.3%
Service	39.3%	45.9%	45.3%	51.4%
Public Administration	2.6%	3.7%	1.8%	3.9%

* Primary job is the job at which the AFDC mother worked the longest hours.

Source: IWPR calculations based on the Survey of Income and Program Participation.