

WELFARE THAT WORKS.

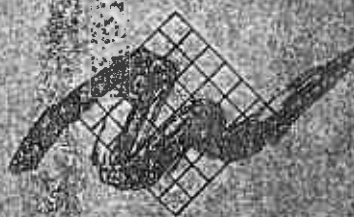
# The Working Lives of AFDC Recipients

---

A Report to The  
Ford Foundation

---

INSTITUTE FOR WOMEN'S  
POLICY RESEARCH



## About the Institute for Women's Policy Research

The Institute for Women's Policy Research is an independent, non-profit, scientific research organization founded in 1987 to meet the need for women-centered, policy-oriented research. The Institute works with policymakers, scholars, and advocacy groups around the country to design, execute, and disseminate research findings that illuminate policy issues affecting women and families, and to build a network of individuals and organizations that conduct and use women-oriented policy research.

The Institute is committed to addressing the full spectrum of issues affecting women and families with attention to the complexities engendered by race, ethnicity, and class.

IWPR's work is supported by foundation grants, government grants and contracts, donations from individuals, and contributions from organizations. Members and affiliates of IWPR's Information Network receive reports and information on a regular basis. IWPR is a 501(c)(3) tax-exempt organization.

## Board of Directors

**Margaret Simms, Chair**  
*Joint Center for Political and Economic Studies*

**Mariam Chamberlain, Vice Chair**  
*National Council for Research on Women*

**Barbara Bick**  
*Friends of St. Elizabeths*

**Martha Blaxall**  
*Development Alternatives, Inc.*

**Lynn Burbridge**  
*Wellesley College*

**Heidi Hartmann, President**  
*Institute for Women's Policy Research*

**Cheryl Lehman, Treasurer**  
*Hofstra University*

**Evan Stark, Secretary**  
*Rutgers University*

**Genevieve Vaughan**  
*Foundation for a Compassionate Society*

**Sheila Wellington**  
*Catalyst*

## Program Advisory Committee

**Juanita Tamayo Lott, Co-Chair**  
*Tamayo Lott Associates*

**Linda Williams, Co-Chair**  
*Congressional Black Caucus Foundation and University of Maryland*

**Denise Alston**  
*National Education Association*

**Suzanne Bianchi**  
*University of Maryland*

**Nancy Duff Campbell**  
*National Women's Law Center*

**Nancy Chupp**  
*Church Women United*

**Jamie Cooper**  
*Center for Policy Alternatives*

**Sarah Gotbaum**  
*SCG Associates*

**Cynthia Harrison**  
*George Washington University*

**Karen Hendricks**  
*American Academy of Pediatrics*

**Eleanor Hinton Hoytt**  
*National Council of Negro Women*

**Anna Padia**  
*The Newspaper Guild*

**Ellen Shaffer**  
*Silver Spring, MD*

**Claudia Wayne**  
*National Center for the Early Childhood Work Force*

**Deborah Weinstein**  
*Children's Defense Fund*

**Claudia Withers**  
*Fair Employment Council of Greater Washington, Inc.*

**Nancy Zirkin**  
*American Association of University Women*

ISBN 1-878428-15-2

\$19.00

©1995 by the Institute for Women's Policy Research, Washington, DC. All rights reserved.  
Printed in the United States of America.

Library of Congress Card Catalogue Number  
95-079725

WELFARE THAT WORKS:  
**The Working  
Lives of AFDC  
Recipients**

**Roberta Spalter-Roth**

**Beverly Burr**

**Heidi Hartmann**

*and*

**Lois Shaw**

*With the assistance of*

**Jill Braunstein**

*and*

**Robin Dennis**



**Institute for Women's Policy Research**  
1400 20th Street, NW, Suite 104  
Washington, DC 20036  
202/785-5100 phone  
202/ 833-4362 fax

## About This Report

The research on which this report is based was funded by The Ford Foundation. In accordance with procedures established by the Institute's Program Advisory Committee, this report has been reviewed by individuals other than the authors. The views expressed in this report are the sole responsibility of the authors and do not necessarily reflect the views of the Institute or any of its sponsors.

## Acknowledgements

We would like to acknowledge The Ford Foundation for its financial support of this project. We express warm appreciation to Ronald Mincy, Program Officer in the Urban Poverty Program at The Ford Foundation, for his substantive contributions and continuing commitment to our research into the survival strategies of poor and low-income women. We would also like to thank John Lanigan, formerly with The Ford Foundation's Urban Poverty Program, now with the DeWitt Wallace-Reader's Digest Fund, for his initial commitment to and encouragement of this project.

We also want to thank several colleagues who read and commented on the final version of this manuscript. They include: Jared Bernstein, Economic Policy Institute; Mark Greenberg, Center for Law and Social Policy; Elaine McCrate, University of Vermont; and Deborah Weinstein,

Children's Defense Fund. An earlier version of this report was read and discussed by members of the project's Advisory Committee. Their useful suggestions led to the reconceptualizing of parts of the project to emphasize the labor force participation of AFDC recipients as well as the improvement of our statistical analysis. The members of this committee included: Mark Greenberg, Center for Law and Social Policy; Martha Hill, Survey Research Center, University of Maryland; Forescee Hogan-Rowles, Coalition for Women's Economic Development; Bruce Klein, U.S. Department of Agriculture; Michael Leonosio, Social Security Administration; Joel Kvamme, Minnesota State Department of Human Services; Demetra Smith Nightingale, Urban Institute; Kathryn Porter, Center on Budget and Policy Priorities; William Prosser, U.S. Department of Health and Human Services; and Audrey Rowe, Connecticut State Department of Income Maintenance.

Finally, we wish to thank members of the IWPR staff: Jill Braunstein, Research Program Coordinator, for her support throughout the research project and especially for her design of the graphics; Lily Zandniapour, for her contributions to the final research; Robin Dennis, for preparing the manuscript for publication; and Jackie Chu and Teeshla Morgan, for their efficient assistance during final report preparation. We would also like to thank Linn Shapiro for her expert editing of the final report. Any errors are, of course, the responsibility of the authors.

Roberta Spalter-Roth  
Beverly Burr  
Heidi Hartmann  
Lois Shaw

*February 1995*

# TABLE OF CONTENTS

<b>PREFACE</b> .....	iii
<b>EXECUTIVE SUMMARY</b> .....	1
<b>CONTEXT</b> .....	5
AFDC Eligibility .....	5
History of Reforms .....	6
Consensus on Reform, Differences in Plans .....	7
<b>THE STUDY</b> .....	11
Assumptions and Research Questions .....	11
Data Set .....	12
The Sample .....	13
<b>KEY FINDINGS ON PACKAGING</b> .....	15
Income Packaging .....	15
Work/Welfare Packaging .....	16
<b>THE CHARACTERISTICS OF MOTHERS AND THEIR SURVIVAL STRATEGIES</b> .....	21
Similarities Between Reliants and Packagers .....	21
Differences Between Reliants and Packagers .....	21
The Income Package .....	23
Who are the Welfare Reliant? .....	26
Who are the Work/Welfare Packagers? .....	31
Case Studies .....	35
<b>EMPLOYMENT AS PART OF THE INCOME PACKAGE</b> .....	37
What Increases the Ability to Work? .....	38
Significant Factors .....	40
Insignificant Factors .....	42
What Kinds of Jobs Do Welfare Mothers Have? .....	43
Improving Job and Earnings Prospects .....	48
<b>IMPROVING THE CHANCES OF ESCAPING POVERTY</b> .....	53
Factors that Improve the Chances of Escaping Poverty .....	53
Factors that Decrease the Chances of Escaping Poverty .....	57
Worst and Best Case Scenarios .....	57
<b>POLICY ANALYSIS</b> .....	59
Existing Policies .....	59
Policies Proposed by Moderates and Conservatives .....	61
Recommendations .....	64
<b>REFERENCES</b> .....	68
<b>GLOSSARY</b> .....	71

## APPENDICES

Appendix 1: Comparison of SIPP Findings to an Ethnographic Study of the Informal Economy . . . . .	77
Comparison of the Composition of the AFDC Mothers' Income Packages (Appendix Table 1). . .	78
Appendix 2: Comparison of AFDC Population Data from DHHS Records and the SIPP (Appendix Table 2) . .	79
Appendix 3: Definitions and Descriptions of Subgroups of Mothers in Study . . . . .	80
Welfare Mothers' Time Use Over a Two-Year Period (Appendix Table 3) . . . . .	81
Appendix 4: Average Annual Income of Work/Welfare Groups and Subgroups (Appendix Table 4). . . .	82
Appendix 5: Logistic Regression: Factors Affecting Work/Welfare Packaging . . . . .	83
Factors That Predict Work/Welfare Packaging (Appendix Table 5) . . . . .	84
Appendix 6: Logistic Regression: Factors Affecting the Probability of Having Above-Poverty-Level Income . . . . .	85
Factors That Predict Whether Packager Families Live Above Poverty (Appendix Table 6) . .	86

## TABLES

Table 1: Types and Impact of Income Packages Among AFDC Recipients . . . . .	16
Table 2: Single AFDC Mothers and Their Households: Demographics, Income, and Composition . .	17
Table 3: Average Characteristics of Welfare Reliants and Packagers . . . . .	22
Table 4: Average Characteristics of Welfare Reliant Subgroups. . . . .	27
Table 5: Average Characteristics of Packager Subgroups. . . . .	32
Table 6: Income Packaging Strategy: Average Months with Strategy and Ratio of Family Income to Poverty Line . . . . .	38
Table 7: Factors Affecting Work/Welfare Packaging . . . . .	39
Table 8: Work/Welfare Packagers: Work Patterns, Occupations, and Health Insurance . . . . .	44
Table 9: Work/Welfare Packagers: Characteristics of Primary Jobs by Occupation . . . . .	46
Table 10: Work/Welfare Packagers: Most Common Occupations and Industries of Primary Jobs . . .	46
Table 11: Characteristics of Primary Job for Work/Welfare Packagers by Race/Ethnicity . . . . .	47
Table 12: Welfare Mothers: Job Training, Human Capital, and Work . . . . .	48
Table 13: Work/Welfare Packagers: Characteristics of Primary Job by Job Training. . . . .	49
Table 14: Work/Welfare Packagers: Characteristics of Primary Job by Education. . . . .	50
Table 15: All Workers: Earnings Mobility . . . . .	51
Table 16: Characteristics of Work/Welfare Packagers' Jobs. . . . .	52
Table 17: Factors Affecting Work/Welfare Packagers' Poverty Status . . . . .	56
Table 18: Worker and Job Characteristics of Work/Welfare Packagers Who Received Unemployment Benefits Compared to Those Who Did Not. . . . .	62

## FIGURES

Figure 1: Welfare and Child Poverty . . . . .	9
Figure 2: Welfare Mothers Grouped by Labor Force Activity . . . . .	18
Figure 3: Welfare Spells of Packagers and Reliants . . . . .	24
Figure 4: Annual Income Packages. . . . .	25
Figure 5: Welfare Spells of Reliants . . . . .	29
Figure 6: Annual Income of Reliant Subgroups . . . . .	30
Figure 7: Welfare Spells of Packagers . . . . .	33
Figure 8: Annual Income of Cyclers and Combiners. . . . .	34
Figure 9: Family Income-to-Poverty Ratios . . . . .	54
Figure 10: Effectiveness of EIC as a Substitute for AFDC Among Work/Welfare Packagers. . . . .	60

## PREFACE

The publication of *Welfare That Works* is particularly timely given the current policy debate on welfare reform. With the emphasis on both sides of the debate on economic independence and self-sufficiency, it is important to have an objective analysis of the current work effort of welfare recipients. In this study, the Institute for Women's Policy Research uses a unique data set, the Survey of Income and Program Participation (SIPP), to examine the patterns of labor force participation of women who received AFDC payments sometime between 1984 and 1989. Unlike data sets which contain information on individuals at one point in time, the longitudinal nature of the SIPP enables the researchers to examine individual behavior over a period of at least two years.

The findings of this study suggest that economic independence is likely to be an illusive prospect for many AFDC mothers under a program that pushes them off the welfare rolls and into the work force. A substantial proportion of AFDC mothers are already participants in the labor market. They look for work and often find it, but the jobs they hold tend to be low-paying, unstable, and provide few benefits. Access to AFDC, either in conjunction with work or in periods of no work, is often the only thing that keeps the family from extreme poverty. In combination with the mother's earnings and financial support from family members, AFDC can sometimes move these families above the poverty line.

The authors suggest that real welfare reform, reform that would improve the economic conditions under which women and their children live, must take a more sophisticated look at the employment prospects for single heads of households. In the absence of more training and better job opportunities, many mothers will continue to need a program like AFDC to support their families. Policymakers would be well advised to examine their current proposals in light of these recommendations.

Margaret C. Simms  
*Chair, Board of Directors*  
*Institute for Women's Policy Research*





## EXECUTIVE SUMMARY

In the latest campaign to move recipients of Aid to Families with Dependent Children (AFDC) off the welfare rolls through time-limiting benefits and ending entitlements, little attention has been paid to what will work to increase the likelihood that AFDC recipients can find work and earn wages above the barest minimum.

In *Welfare that Works: The Working Lives of AFDC Recipients*, IWPR answers the question of "what works" by examining the current survival strategies of AFDC recipients. IWPR's study focuses on the jobs many women who receive welfare *already* hold. The study analyzes the factors that increase the likelihood that single mothers receiving AFDC also engage in paid employment, the kinds of jobs that they obtain, and their ability to escape poverty through a combination of work and welfare receipt.

The study uses the Census Bureau's Survey of Income and Program Participation (SIPP), which provides information about a nationally representative sample of individuals and families. The SIPP is a panel survey that tracks respondents for approximately 30 months, revealing changes in their work behavior, jobs, earnings, family structure, and sources of public and private income. IWPR's study is based on six years of data (1984-1989) and includes all women who were single mothers for at least 12 out of the first 24 survey months and received AFDC benefits for at least two of these months. The resulting study sample includes 1,181 single welfare mothers who represent about 2.8 million women—80 percent of all adult AFDC recipients.

The study's findings challenge the assumptions of many current welfare reform proposals. They show that welfare mothers are a diverse group who do not conform to a single stereotype, particularly the stereotype of non-workers totally dependent on public assistance. The findings show that:

- the majority of recipients participate in the labor force over a two-year period, though many cannot find work;

- only a minority (one-fourth) are totally dependent on AFDC (and supplementary public assistance programs such as Food Stamps);
- most (three-fourths) combine AFDC with other income, either from other family members or from their own employment, increasing their families' well-being and reducing their need for welfare as a result;
- recipients use AFDC for many reasons, including to supplement their low-wage work effort and to provide a safety net during periods of unemployment, disability, and family crisis; and
- AFDC is a flexible policy tool that meets many needs that other income assistance programs, such as the earned income tax credit and unemployment insurance, fail to address.

While, because of its many inadequacies, the AFDC program deserves to be reformed, it cannot be eliminated without causing great harm to already impoverished families. If single mothers are to be enabled to escape poverty, assistance programs that are at least as flexible but more effective need to be developed and implemented.

### Mothers' Survival Strategies

IWPR findings show that the majority of AFDC recipients participate in the labor force and package income from AFDC (and other means-tested benefits), their own earnings, and the earnings and income of other family members. IWPR finds:

- The majority, seven out of 10 recipients, participate in the labor force during the two-year survey period;
- More than four out of 10 are engaged in substantial hours of paid employment (about 950 hours per year), either cycling between AFDC and paid employment (called "cyclers") or simultaneously combining these two income sources (called "combiners");
- Another three out of 10 spend substantial time looking for work, but either work very limited hours (the "looking-for-work and working-limited-hours/AFDC reliant") or are unable to find work (the "job-seeking/AFDC reliant");
- Almost one out of 10 are disabled (the "exempt/AFDC reliant");

- Only two out of 10 spend no time in the labor force (the “not-in-labor-force/AFDC reliant”), and one-quarter of these are students.

While the AFDC mothers who work have higher family incomes than the mothers who are not working, their earnings alone do not provide enough to support a family. AFDC benefits are an essential part of the income packages these women put together:

- For the average working AFDC mother, her earnings provide one-third of her family’s income, and AFDC, Food Stamps, and WIC together provide another 30 percent. For those who do not work, AFDC, Food Stamps and WIC constitute a much larger part—60 percent. For both groups, other family members’ earnings contribute about 20 percent.
- For those who combine paid employment with AFDC, their family incomes are higher and the amount they receive from AFDC, Food Stamps, and WIC is lower. Those recipients who package welfare with paid employment are able to bring their families’ income (including the cash value of Food Stamps and WIC) to 105 percent of the poverty line.

## **The Working Lives of AFDC Recipients**

Although AFDC recipients who work increase their families’ incomes, they also risk the loss of a relatively steady if low income—AFDC—and of health insurance—Medicaid. They face an unstable, low-wage labor market that does not generally provide either income security or health insurance. IWPR finds:

- The average job lasts only 46 weeks, less than a year. Working AFDC mothers hold an average of 1.7 jobs during the two-year survey period. These mothers also spend an average of 16 weeks looking for work.
- These mothers’ jobs provide health insurance coverage only one-third of the months they work.
- Their jobs pay an average of \$4.29 per hour (1990 dollars). For those who work all 24 months of the study period, approximately half

earn more at the end of the period than at the beginning, while half earn less.

- Their jobs tend to be in the lowest-wage women’s occupations—39 percent work as maids, cashiers, nursing aides, child care workers, and waitresses.

## **What Works to Increase the Likelihood of Paid Employment**

IWPR compared women in the sample to a hypothetical white high school drop-out with no prior work experience and the average number of children (two); the hypothetical woman has a 20 percent probability of working.

The study shows that the following factors significantly increase the likelihood that welfare mothers do work:

- Not being disabled: disabilities prevent some mothers from being able to work and decrease their likelihood of employment to only three percent (from 20 percent);
- Living in states where jobs are available: recipients are more likely to find work where more jobs are available. Living in states with low rates of unemployment (less than 3.5 percent) increases the likelihood of working by nearly half, to 29 percent;
- Less need for expensive child care: mothers with only one child are two percent more likely to work (22 versus 20 percent), while those with an infant or toddler are less likely to work (12 versus 20 percent);
- More education (high school diploma), job training, and prior work experience: a high school diploma increases the likelihood of working to 28 percent, job training to 26 to 29 percent, and four years of work experience to 37 percent, nearly doubling the probability of working;
- Availability of other financial resources: those mothers who receive child support or have access to earnings from other family members are more likely to work (32 percent and 25 percent, respectively, compared to 20 percent).

Contrary to popular stereotypes, average state benefit levels, the amount of time spent looking for work, the mother’s age, and the mother’s welfare history were insignificant in distinguishing between

those mothers who engage in paid employment and those who do not. Being African-American also had *no* significant value in predicting whether or not an AFDC mother engages in paid work.

## **What Works to Increase Earnings, Income and the Likelihood of Escaping Poverty**

IWPR findings point to methods that work to increase earnings and income for this population and increase the likelihood that their families will escape poverty. Compared to a hypothetical woman similar to the one above, who has an 11 percent chance of escaping poverty when she does work, women who use these methods improve their ability to raise their families' incomes above poverty:

### *Increasing Human Capital*

- Completing high school increases the chances of escaping poverty nearly three times, to 31 percent. High school graduates are more likely to have administrative support jobs and skilled blue collar jobs than drop-outs. High school graduates are less likely to work part-time and earn 20 percent higher wages than do non-high school graduates.
- Some job training more than doubles the likelihood of escaping poverty (to 26 percent). Mothers with job training are more likely to work at white collar jobs and at full-time jobs than those without such training.
- Although having more previous work experience increases a mother's chances of escaping poverty, it takes 10 years of work experience to raise her family's chances of escaping poverty by two-thirds, to 18 percent.

### *Increasing Job Availability and Stability*

- Regardless of the reasons for job loss, the more times the mother starts and stops working (job instability), the more likely she is to be poor. Those with higher job instability are less likely to escape poverty (eight percent versus 11 percent).
- High state unemployment rates (10 percent or more) mean that these mothers are likely to have longer job searches, and are more likely to have

unsuccessful job searches. The result is that their chances of escaping poverty decline to six percent.

### *Increasing Union Membership*

- Only seven percent of work/welfare packagers obtain jobs covered by union contracts. For those who do, union coverage (with other factors such as occupation, industry, and hours of work held constant) increases the chances of an AFDC recipient having high enough income to bring her family out of poverty by three and one-half times, to 39 percent from 11 percent.

### *Increasing Other Resources*

- For the 57 percent of working AFDC mothers who have access to income from other family members, the more months during which they have such access, the more likely they are to escape poverty. Mothers who have access to income from family members for all 24 survey months increase their chances of escaping poverty nearly eight times (to 86 percent from 11 percent).
- Working AFDC mothers are better off when they live in states with higher AFDC benefits (raising their chances of escaping poverty to 17 percent) and when they receive non means-tested benefits, such as unemployment compensation, social security or workers' compensation (more than doubling their chances of escaping poverty to 26 percent).

## **Policy Conclusions**

There are no simple or inexpensive ways to make welfare mothers self-sufficient over the long term. Public policy changes should not reduce their ability to survive further.

Based on the study findings, we conclude that without mending the gaps in our existing income support policies, AFDC should *not* become time limited. IWPR's research shows that existing programs, such as Unemployment Insurance (UI) and the Earned Income Tax Credit program (EIC), simply do not provide a sufficient safety net for single mothers, nor can poor extended families or private charities take up the slack. In addition, the current entitlement to one year of transitional health care and child care benefits should be *extended*, not

eliminated, since the jobs these women can get are unlikely to provide health insurance or to pay well enough to allow the purchase of good quality child care. If additional income supports, health care, and child care are not forthcoming, then policy action must focus on reforming the low-wage labor market (through raising wages, increasing the ability of low-wage workers to join unions and bargain collectively, and/or ensuring that there are enough jobs for all) if mothers are to bring their families above poverty.

Rather than initiating arbitrary time limits and wasting scarce resources enforcing them, welfare reform should encourage AFDC recipients, who already exhibit substantial work and job search effort, to package earnings with public assistance so that they can stabilize their family income at a higher level. Over time, especially with further education and training and a reformed low-wage labor market, these mothers can lengthen and strengthen their labor market participation, improve their earnings, and perhaps, eventually, move beyond the need for income assistance.

## CONTEXT

**A**id to Families with Dependent Children (AFDC) is the primary income support program for families with children dependent on impoverished parents. In 1992, 13.6 million individuals received AFDC in a given month. Of these, nine million were children (14 percent of all American children and three-fifths of poor children), most of them with absent fathers. The average AFDC family received a monthly welfare check of \$373 in 1993 (U.S. House of Representatives, Committee on Ways and Means, 1994: 392,399).

When the federal AFDC program was first created under the Social Security Act in the mid-1930s, it was structured to provide a minimal income for single mothers raising children, so that (typically widowed) mothers would not have to place their children in orphanages. For several reasons, welfare mothers were not expected to work. Few middle-class women with children worked for pay outside the home at that time; child care to enable mothers to work was generally not available; and widows were viewed as the deserving poor. Yet, from the very beginning some impoverished widows, especially women of color, were excluded from eligibility so that they might continue to provide cheap domestic and agricultural labor (Abramovitz, 1988; Glenn, 1994; Gordon, 1994; Piven and Cloward, 1993).

Now, many policymakers argue that, with a majority of mothers engaging in paid employment and with more child care alternatives, there is no longer *any* rationale for supporting poor mothers to stay at home with their children. Many of these policymakers also argue that welfare mothers are shirking their responsibility to work for pay and, indeed, that the welfare program is structured to encourage their dependency. This view of stay-at-home welfare mothers avoiding acceptable jobs has led to a series of welfare reform proposals at the federal level and a series of waivers from federal guidelines at the state level that allow states to experiment with their own reforms. All of these reforms (some of which are more punitive than others) are designed to move recipients off the rolls and into paid employment.

The findings presented here, based on the actual behavior of a nationally representative sample of single mothers who receive AFDC, challenge the

assumptions of many of the current welfare reform proposals. They show that the majority of recipients participate in the labor force over a two-year period, though many cannot find work. They show that only a minority are totally dependent on AFDC (and supplementary public assistance programs such as Food Stamps) for their family's income. They show that recipients use AFDC in many ways: to supplement their low-wage work effort and to provide a safety net during periods of unemployment, disability, and family crisis. They show that AFDC is a flexible policy tool that meets many needs that other income assistance programs, such as the earned income tax credit and unemployment insurance, fail to address. They show that *packaging* AFDC with paid employment is necessary because neither the available employment nor AFDC alone provides enough income to raise families above poverty. They show that combining work and welfare is a relatively successful anti-poverty strategy that increases family well-being and lowers the benefits paid out to recipients.

These findings suggest that if current reform proposals—that would remove AFDC from the income packages of poor mothers—are adopted, the outcome will be to further reduce the meager resources of an already impoverished group of women and their children. While the AFDC program, because of its many inadequacies, certainly deserves to be replaced with new, more humane and effective programs that truly help the working and non-working poor to achieve higher living standards, few of the current proposals offer such positive change (see Bergmann and Hartmann, 1995; Hartmann and Spalter-Roth, forthcoming; Hartmann et al., 1995; Spalter-Roth and Hartmann, 1994b, for discussions of positive alternatives).

### AFDC Eligibility

In order to qualify for AFDC, a woman must have dependent children and meager resources. About 90 percent of welfare families are headed by single mothers, although married couples may be eligible for welfare if the primary earner (usually the father) is unemployed or disabled.<sup>1</sup> Each state has

*1 In addition to families, the AFDC program now provides support to children in 669,000 living units in which there is a non-parent adult caretaker, usually an adult relative, who is not receiving AFDC benefits (U.S. House of Representatives, Committee on Ways and Means, 1994: 409).*

established a standard of need<sup>2</sup>—an income level considered necessary to meet basic living expenses in that state—and provides welfare benefits to those whose incomes (after certain deductions) fall short of the need standard or of a lower payment standard also set by the state. In addition to having low incomes, welfare recipients are expected to deplete their savings before becoming eligible for benefits; they may have no more than \$1,000 in savings or assets (other than their house). If they have an automobile, any value in excess of \$1,500 counts against the \$1,000 asset limit.

In most states, welfare benefits do not bring the welfare mother's income to the need standard. In no state do AFDC and Food Stamps, alone, bring families up to the federal poverty standard; however, in some states with "fill-the-gap" budgeting (see glossary)<sup>3</sup>, welfare mothers can reach the need standard by supplementing their AFDC payments with earnings that do not count against their benefits.

Since 1985, most welfare recipients also receive Food Stamps (prior to 1985, more welfare mothers were ineligible for Food Stamps due to different eligibility criteria). Welfare recipients are eligible for public health insurance (Medicaid) while they are receiving welfare and for a one-year transitional period after they exit welfare for employment. Mothers with pre-school children may receive additional food assistance under the Special Supplemental Food Program for Women, Infants, and Children (WIC). About one-quarter of welfare mothers receive housing subsidies or live in public housing projects (U.S. Department of Health and Human Services, Family Support Administration, 1994: 1); these housing programs are not entitlements, however, and generally have long waiting lists.

## History of Reforms

AFDC has always been a distrusted (and poorly funded) public program, perhaps because the

recipients—husbandless women and their children—are stigmatized for living in a family form that deviates from the widely accepted male breadwinner model. As recipient families headed by divorced mothers and those never married have superseded widows, the AFDC program has been repeatedly targeted for reforms aimed at reducing the rolls, requiring welfare recipients to work, and providing job training and remedial education to make recipients more employable (Spalter-Roth and Hartmann, 1994a).

A 1967 reform package was designed to encourage work by allowing adult AFDC recipients to keep the first \$30 and one-third of the remaining dollars of earned income. In addition, any reasonable work expenses, including child care, were disregarded in calculating AFDC benefits. The 1967 reforms also included the establishment of the work incentive (WIN) program, which required welfare recipients with school-age children to participate in welfare-to-work programs or face reductions or cancellation of their AFDC benefits. Under the WIN program, the welfare office registered participants and directed them to the state employment agency for job search and placement. The program became discredited for failing to do more than register most participants (Gueron and Pauly, 1991).

In 1981, Congress limited the 1967 income disregards and took a number of other actions that restricted aid to poor working families. The \$30 and one-third of earnings disregard was limited to only the first four months of work, and deductions for child care and other work expenses were capped (Levitan and Shapiro, 1987). While funding for WIN was reduced, states were given more flexibility in designing programs for welfare recipients. Many states started "workfare" programs called Community Work Experience Programs (CWEP), in which targeted mothers worked off their AFDC benefits by providing community services at the prevailing minimum wage. Most states that implemented workfare did so in certain counties, not on a state-wide basis. Many states responded to increased federal flexibility by creating WIN demonstration programs, which are still being evaluated (see, for example, Manski and Garfinkel, 1992; and Riccio, Friedlander, and Freedman, 1994).

The Family Support Act of 1988 (FSA) replaced the work incentive (WIN) program with the Job

<sup>2</sup> In January 1994, the median monthly need standard for all states for a one-parent family of three members was \$507.00. At the same time, the median monthly AFDC grant was \$366.00 and the median Food Stamp benefit was \$295.00. The combined benefits were, on average, \$661.00 or 69 percent of the federal poverty standard for a family of three (U.S. House of Representatives, Committee on Ways and Means, 1994: 367).

<sup>3</sup> Please consult the glossary for detailed explanations of policies such as "fill-the-gap" budgeting, programs, variables used in the study, and methodological terms.

Opportunities and Basic Skills (JOBS) program. Under the FSA, the states are expected to target young high school dropouts and older women on the verge of losing eligibility status for the JOBS phase-in and to attain monthly participation by one-fifth of able-bodied mothers (whose youngest child is older than two) in JOBS by 1995. JOBS differs from WIN in its introduction of mandatory school attendance requirements for teenage mothers, its greater emphasis on education and job training, its requirements that states enroll a greater proportion of their caseloads and that participation be more intensive (at least 20 hours per week), and its emphasis on mothers of even very young children (three years and up, one year and up at state option). Exemptions are extended to those caring for disabled relatives, women in the advanced stages of pregnancy, women caring for infants and toddlers, and women already working at least 30 hours per week.

In order to make work more beneficial than AFDC when recipients embarked on unstable, low-wage work, the FSA provided for the continuation of Medicaid and child care benefits during a one-year transition period from AFDC to paid employment and strengthened the enforcement of child support from non-custodial parents. As with earlier reforms, AFDC was kept in place as a safety net for those program participants facing unemployment, temporary disabilities, and family crises. Under the FSA and earlier programs, poor women are allowed to return to the rolls at any time they again have need. As researchers have found, many do so as a result of low wages, lack of childcare, family problems, and even harassment by jealous boyfriends (Bane and Ellwood, 1994; DeParle, 1994; Pavetti, 1993).

By fiscal year 1992, slightly more than one in 10 (13 percent) of AFDC families were participating in the JOBS program. Over half (55 percent) of JOBS participants were enrolled in the education and training components of the program; another 17 percent were beginning the program and developing employability plans; the remainder were working or participating in other activities such as job clubs or job search. As of January 1994, nineteen states have work supplementation programs in which they use the mother's AFDC payment to provide or to subsidize a job for the mother, but only one-tenth of one percent of the JOBS participants were in the work supplementation program at the end of fiscal

year 1992 (U.S. House of Representatives, Committee on Ways and Means, 1994: 344ff, 352). In spite of the fledgling and untested status of the JOBS program in many states, the Clinton Administration, Republican leaders, many members of Congress, many governors, and a majority of the public continue to be anxious to overhaul the welfare system yet again.

The net result of the federal reforms to date, in combination with state actions, has been a decline in average AFDC benefits of 45 percent in real terms, from \$676 monthly in 1970 to \$373 monthly in 1993 (U.S. House of Representatives, Committee on Ways and Means, 1994: 324).

## **Consensus on Reform, Differences in Plans**

The Clinton Administration, as part of its effort to "end welfare as we know it," Republican members of Congress, as part of the "Contract With America," many other members of Congress, and many governors are currently crusading to end AFDC as a safety net and to decrease single mothers' "dependency" on this program. The two dominant sets of voices in this crusade are those of the moderates and the conservatives. Liberals, progressives, and feminists who oppose stigmatizing single mothers and who support making work pay by reforming the low-wage labor market, creating jobs, and providing higher benefit levels and universal child care have so far been largely unheard in the current debate. Both moderates and conservatives assume that the work ethic and family values need to be reinforced and that the policies they propose will do so. "Family values conservatives" are particularly fixated on stigmatizing single mothers and restricting or abolishing AFDC.

Specifically, both the more moderate Clinton plan and the more conservative Republican plan propose time limits to welfare benefits. The moderate plan, represented by the Clinton Administration's Work and Responsibility Act, proposes a two-year lifetime limit on the receipt of AFDC cash benefits. At the end of the two years, the Clinton plan would require those recipients who had not found work in the private sector to work 15-35 hours per week in a state-organized WORK program in order to continue to receive benefits. Former AFDC recipients could return to the WORK

program when they could not find other jobs; the WORK program is viewed as a safety net that encourages work; participants would earn the minimum wage for their effort in the program. Although the receipt of AFDC without working is limited to two years under the Clinton plan, the WORK program is essentially indefinite; recipients could continue on it as long as they met eligibility requirements. In contrast, the conservative plan, as contained in the Republican Contract With America and Personal Responsibility Act, proposes a five-year lifetime limit on AFDC benefits of any type (limited to two years at state option) regardless of whether the family has any other means of support. In addition, the conservative plan proposes cutbacks in Food Stamps and a cap on other programs for the poor. The conservative plan, like the moderate plan, would require recipients to work for their benefits after a maximum of two years of cash receipt, but it would require recipients to work for 35 hours per week, without necessarily being paid the minimum wage.

Both the moderate and conservative plans require extensive job search, but only the conservative plan requires job search before any receipt of benefits. Both plans contain an increased requirement on mothers to cooperate in determining paternity, but only the conservative plan requires establishment of paternity before any benefits are paid out. Both increase punishment for failing to obey the rules, but the conservative punishments are harsher. Both require cutbacks in welfare funding for legal immigrants, but the conservative plan is much more restrictive. The moderate plan places more emphasis on education, job training, child care, and subsidized or public jobs when necessary to provide employment, while the conservative plan places more emphasis on behavior modification by denying assistance to all children born outside marriage to minor parents and to any child born after the mother began to receive welfare. Finally, the conservative plan would allow states to direct funds "saved" by denying aid toward establishing orphanages, providing a shocking ending to a program designed to prevent the separation of impoverished mothers from their children (Bloom, et al., 1994; Greenberg, 1994; Spar, 1994).

As of this writing, the Republican leadership has supplemented the Personal Responsibility Act with a proposal to do away with AFDC as an entitlement and to funnel reduced funds, including cutbacks in

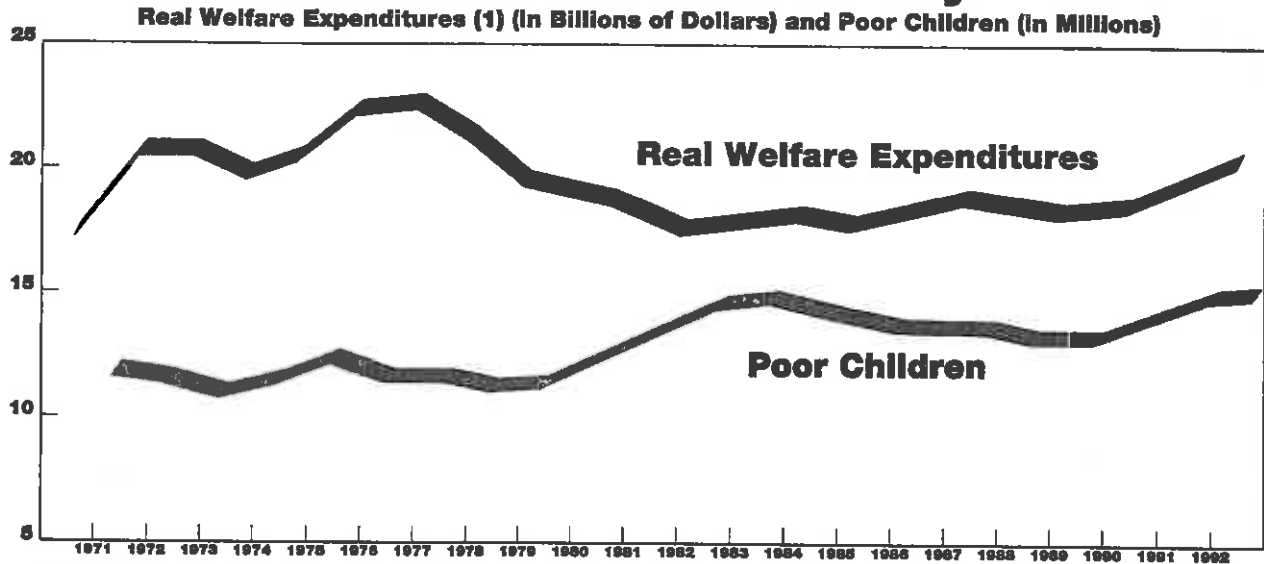
AFDC, child care, and child welfare, to the states through block grants. These block grants incorporate the mandates from the Contract With America. Because both the Contract and the Personal Responsibility Act will serve as guides for state-level policies if block grants are enacted, it is important to evaluate the Personal Responsibility Act as originally proposed as a roadmap for the kinds of policies Republicans want to enact.

Despite their programmatic differences, moderates and conservatives agree that welfare promotes "dependency." To be "independent" is highly valued in our society, but the dependence of wives on husbands' earnings, the dependence of husbands on wives' unpaid work at home, the dependence of the elderly on social security, and the dependence of certain groups on such government programs as agricultural subsidies, homeowner tax-breaks, and below-cost use of public lands raise no fears of "dependency." Fear that the work ethic will be destroyed if anyone gets by without working and resentment by people who feel themselves overworked fuels the dependency rhetoric (Edin, 1994; Gordon and Fraser, 1994; Hartmann and Spalter-Roth, 1994; Spalter-Roth and Hartmann, 1994b). The invisibility of the unpaid work of raising children makes welfare mothers particularly liable to the charge of laziness (from which affluent mothers staying at home with children are exempt), as does the failure to acknowledge the paid work that many welfare mothers engage in. The discourse of dependency reinforces deep-rooted myths and stereotypes of single mothers lolling around in bathrobes, eating junk food, watching TV, and failing to engage in any productive activity. Many politicians and voters are unwitting prey to stereotypes and to repeated efforts to "reform" welfare by punishing welfare recipients because they know no one on welfare and have no basis for knowing who collects welfare and why.

Both past reform efforts and current proposals focus on the small subset of welfare mothers who are long-term, non-working recipients, totally dependent on public assistance. This report, as did a previous IWPR report (Spalter-Roth, Hartmann, and Andrews, 1992), presents evidence that the welfare mother of concern to policymakers is not the typical welfare mother. Our findings show that the majority of single mothers participating in AFDC actually "package" income from several different



**Figure 1.**  
**Welfare and Child Poverty**



(1) Real welfare expenditures are the total of federal and state AFDC benefits for each fiscal year.

Source: Real welfare expenditures are from U.S. House of Representatives, Committee on Ways and Means, 1992: Table 19. Number of poor children is from U.S. Bureau of the Census, 1993: Table 736.

sources including paid employment, means and non-means tested welfare benefits, and income from other family members to provide for themselves and their children. The findings also show that of the mothers who received AFDC over a two-year period, almost half used welfare as a source of unemployment benefits, a fifth worked at such low-wage jobs that they continued to qualify for welfare, and nearly a fifth used welfare as temporary disability insurance.

If the stereotypical welfare mother focused on by policymakers is in fact not typical, reforms will be misguided at best, and destructive at worst. In the fervor to punish AFDC recipients by moving them off the welfare rolls, both moderates and conservatives downplay the hardships poor children will face if the rolls are cut and no alternatives are provided. Figure 1 shows that the number of poor children has grown more or less steadily in the

United States since 1971. During this same period, total AFDC expenditures, in real dollars, have generally declined (after an initial rise), so that by 1992 expenditures were no higher than they were in 1972, despite an increase of 3.5 million in the number of children in poverty. Clearly cutting average welfare benefits per child has not reduced the number of poor children. Cutting benefits has, to date, meant more not fewer poor children.

In this report, we seek to humanize the current policy debate by describing and analyzing the employment and unemployment patterns, job opportunities, income sources, and economic well-being of single mothers who receive welfare benefits. We seek to increase understanding of the employment problems AFDC recipients face and encourage support for public policies that increase the ability of mothers to bring their families *out* of poverty, not further impoverish them.



# THE STUDY

## Assumptions and Research Questions

In this study, we report on the further findings of our continuing research on the survival strategies of AFDC recipients. We investigate the feasibility of AFDC recipients bringing their families out of poverty through a strategy of packaging income from paid employment, welfare benefits, and income from other sources. This study assumes that recipients actively attempt to achieve the best living standard they can, subject to many circumstances they cannot control. Some of these circumstances include the low-wage labor market, low AFDC benefit levels, rules that penalize earnings, lack of employer-provided health insurance, lack of child support, ideologies that stigmatize welfare recipients, and changing rules as a result of on-going efforts at welfare reform.

Throughout this study, when welfare recipients achieve a higher living standard, we generally refer to them as "escaping poverty." By "escaping poverty" we generally mean achieving an income level that is above the federally-defined poverty standard (also called the poverty line) for a family of the relevant size and composition. In making the comparison of family income to the poverty standard, we sometimes use the standard methodology of counting only the cash income of the family; at other times we use a modified methodology in which we include the cash value of Food Stamps and WIC in the family's income before comparing it to the official poverty standard. In either case, having an income which is often only marginally above the poverty standard hardly constitutes "escaping poverty" in any meaningful sense. The median family in the U.S. has an income about three to four times the poverty standard, and what most people think of as a minimally decent standard of living requires close to \$20,000 per year, according to several surveys of where the American public would set the poverty line (Center for the Study of Policy Attitudes, 1994; O'Hare et al., 1990). Nevertheless, for the purpose of having a benchmark, we use the official poverty line to determine those under and above poverty. Also, while poverty statistics can be calculated for individuals, families, or households, in this report we cite poverty measures for families.

In this study, we focus especially on the labor force participation of single mothers receiving AFDC. This research matches the current policy focus aimed at moving single mothers off the welfare rolls and into paid employment. We provide detailed information on the factors that increase the likelihood that single mothers receiving AFDC engage in paid employment, the kinds of jobs they obtain, and the factors that improve their prospects for obtaining better jobs and higher incomes. Without attention to these factors, efforts to reform welfare and to reduce the rolls will likely result in increased poverty for many single mothers and their children and increased frustration for taxpayers.

Specifically, we answer the following research questions:

- What circumstances increase the likelihood that single mothers receiving AFDC will engage in paid employment as part of their income package?
- What typical patterns and sequences of employment and unemployment, full-time work and part-time work, do these women experience?
- What are the characteristics of the jobs they hold; in what occupations and industries do they gain employment; how much do they earn; how many jobs do they have?
- What combination of work behavior, job characteristics, human capital, additional income, and economic and regulatory conditions increases the likelihood that these women can escape poverty?

As in our earlier report on our findings (Spalter-Roth, Hartmann, and Andrews, 1992), we also answer questions concerning the characteristics of AFDC recipients and their typical patterns of packaging AFDC with other income sources.

The answers to these research questions enable us to evaluate public policy interventions, especially those with the purpose of increasing the chances that AFDC recipients can use an employment-based strategy to move their families out of poverty.

In order to address these issues, we examine the actual economic survival strategies of a heterogeneous population of AFDC recipients and their families.

## Data Set

The data set we use in our study provides detailed information on family structure, labor force activity, income sources and amounts, and welfare and employment history. The primary data set is the Survey of Income and Program Participation (SIPP). In each SIPP panel, the Census Bureau tracks a nationally representative sample of non-institutionalized respondents for two or more years. In order to enhance the size of the sample of AFDC mothers, we combined data on single AFDC mothers from four panels of the SIPP—the 1984, 1986, 1987 and 1988 panels.<sup>4</sup>

The SIPP is especially useful for studying the conditions that result in varying combinations of and transitions between paid work, welfare receipt, and other income sources. It is designed to provide comprehensive, longitudinal information on the changing economic status of individuals and families, including labor force activity, participation in government transfer programs, income from additional sources, and changes in household composition. The SIPP reports these factors on a monthly basis over a two- to three-year period. To reduce recall bias, interviews are conducted at four-month intervals. Questions refer to each month, and sometimes to each week, of the four-month period preceding the interview month.

Although the SIPP's monthly accounting format makes it likely that recipients will report many income sources that are possibly "forgotten" in annual surveys, an unmeasurable amount of off-the-books income is still probably not reported in the SIPP. Like most sample surveys, the SIPP shows a bias toward underreporting income; however, the SIPP is more likely to include income attributable to other family members and to informal sources than are administrative records. There appears to be some underreporting of income by AFDC mothers, based on a comparison of SIPP data to

<sup>4</sup> The 1985 panel of the SIPP was excluded from this study because it lacked a welfare history topical module. In addition to beginning and ending in different years, these panels also differ in sample sizes. The 1984 panel (beginning in July 1983 and ending in April 1986) contains information on 64,503 individuals and approximately 30,700 households. The 1986 panel (beginning in October 1985 and ending in March 1988) contains information on 35,792 individuals and approximately 17,000 households. The 1987 panel (beginning in October 1986 and ending in April 1989) contains information on 37,716 individuals and approximately 18,000 households. The 1988 panel (beginning in October 1987 and ending in December 1989) contains information on 35,793 individuals and approximately 17,000 households.

## Panel Data

In reading and interpreting this report, it is important to understand the implications of the use of panel data. Panel data, or longitudinal data, are data from surveys that track a number of respondents over time, interviewing the same people at regular intervals over the years. Panel data contain more information than simple cross-sectional data taken from surveys at a single moment in time, precisely because they incorporate a time dimension. Unlike cross-sectional data, which, for example, include those receiving AFDC or engaged in employment at a particular time, panel data show the changes in employment status over time of mothers who receive welfare at some point during the survey period. Differences arise because the welfare population is not static; at any point, there are mothers just beginning a welfare spell (e.g., due to a pregnancy, divorce, or job loss) and there are mothers leaving welfare because they have found work, gotten married, or become ineligible for some other reason. Cross-sectional data capture a much larger number of the long-term welfare-dependent mothers, and panel data capture a much greater number of those who cycle on and off welfare. The dynamics of moving on and off welfare or in and out of employment are not reflected in cross-sectional data.

Therefore, the results of analyzing these two types of surveys are not comparable. For example, using cross-sectional data only 6.4 percent of AFDC mothers were reported as employed in an average month in 1988 (U.S. House of Representatives, Committee on Ways and Means, 1994: 402). Whereas, our analysis of the SIPP shows that 43 percent of AFDC mothers were employed at some point during a two-year period. These women were employed during some months but not during others—43 percent were not employed every month. Likewise, in the cross-sectional data, eight out of 10 AFDC recipients are reported as having "no non-AFDC income" in an average month during 1988, while we find that 74 percent of our sample mothers reported having non-AFDC income at some point during the two-year period. In interpreting the results from this survey, one should refer to the sample as the group of single mothers who receive welfare at some time during a two-year period. Another way to describe it is as the women who fall into the safety net during a two-year period.

data from smaller, in-depth qualitative studies (see Appendix 1).

In addition to data from four SIPP panels, we merged state-level data for relevant years into each AFDC recipient's record. These state data include average annual state unemployment rates and per capita AFDC benefit levels. The data are drawn from various years of the U.S. Department of Labor's *Local Area Unemployment Statistics* and the U.S. Department of Health and Human Services, Family Support Administration's *Quarterly Public Assistance Statistics*.

## **The Sample**

The study data set includes all women who were single mothers for at least 12 out of 24 survey months and received AFDC benefits for at least two of the 24 months. On average, women in the sample were single for 23 out of 24 months and received AFDC for 18 months. Single women include women who are divorced, widowed, separated from their husbands, or never married.

Mothers include women with minor children (under 18 years of age) present in their households. Single welfare mothers who dropped out of the survey before answering the topical module questions on welfare and employment history were excluded from the data set.<sup>5</sup>

The resulting sample included 1,181 single welfare mothers, representing 2,797,286 AFDC mothers in the U.S. population. These mothers had a total of 5,874,300 children (population inferences are made using longitudinal person weights supplied by the Census Bureau).<sup>6</sup> Characteristics of the AFDC population from the SIPP are compared with characteristics of AFDC recipients from the U.S. Department of Health and Human Services files in Appendix 2. Respondents from the SIPP sample are slightly more likely to be African American, to live in the South, and to have more children than the DHHS universe. They are more than twice as likely to reside in public housing. In general, however, the characteristics of single AFDC recipients are very similar in the two data files.

---

<sup>5</sup> Also excluded were the few mothers living with relatives whose earnings were reported to exceed \$60,000. Although it would be technically possible for a poor mother and her child to receive AFDC even if she lived with her well-off parents, it is very rare. Because we suspected income may have been misreported in these cases, we excluded them from the analysis.

<sup>6</sup> Relative to the 1987 population (1987 is the midpoint of the years included in our data set), our weighted sample represents 80 percent of all adults receiving AFDC and 81 percent of all children receiving AFDC (U.S. Department of Health and Human Services, Family Support Administration, 1990: Tables 3 and 4).



## KEY FINDINGS ON PACKAGING

This section introduces the concepts of *income packaging* and *work/welfare packaging* and briefly describes the women who do it, the methods they use, and their success in using these strategies. In the following sections we elaborate on these themes by comparing the different groups of single mothers who receive AFDC. We devote substantial space to examining what circumstances enable these women to engage in paid employment, the characteristics of the jobs they obtain, their ability to escape poverty, and the policies that help or hinder their efforts.

### Income Packaging

Contrary to stereotypes of welfare dependency, most AFDC recipients are income packagers. Like other mothers they follow the strategy of packaging income from more than one source in order to improve the living standards of their children (Spalter-Roth and Hartmann, 1994b). Many AFDC recipients use welfare to supplement income from other family members, child support, and non-means tested benefits, as well as their own earnings.

Mothers may simultaneously receive income from several of these sources, or they may construct an annual income package by sequentially obtaining income from different sources.

Table 1 shows that, contrary to stereotypes, only one-quarter (26 percent) of all AFDC recipients are totally dependent on means-tested benefits. Almost all of these women and their families (98 percent) have income below the poverty line for a family of their size (counting the cash value of Food Stamps and WIC in family income). A somewhat larger group (31 percent) package AFDC with income from other family members and are less likely to be poor (73 percent are poor). About 43 percent package AFDC with their own earnings, with three-fifths of these women (26 percent of the total) packaging their own earnings both with income from AFDC and with income from other family members. This group, with income from AFDC, employment, and other family members, is the most likely to have above-poverty income (on average over the 24-month period); 58 percent are above-poverty. For the majority of these single mothers, combining paid employment with AFDC and income from other sources (usually income from other family members) is a survival strategy that both increases the likelihood that families can escape poverty and decreases their reliance on welfare.

#### KEY FINDINGS ON INCOME PACKAGING AND WORK/WELFARE PACKAGERS

*Most welfare recipients are not pathologically dependent on welfare:*

- Forty-three percent of all single mothers who spend at least two months on welfare during a two-year period also work during that period, with 20 percent combining work with welfare and 23 percent cycling between work and welfare. These women work, on average, half the time.
- Women who package work with welfare are poor in fewer months than those who rely primarily on AFDC, and they receive less welfare over the two-year period.
- More than half of welfare mothers who do not work or work incidentally during the two-year period spend a substantial amount of time looking for work. These women unsuccessfully look for work an average of six of the 24 months.
- Severe disabilities prevent an additional seven percent of welfare mothers from working or seeking work. These women make up one quarter of welfare mothers who neither work nor look for work. They are more likely to move off of welfare than are the job-seekers, primarily because some eventually qualify for disability benefits. (Other disabled mothers in this study work or look for work.)
- About half of the single mothers receiving AFDC live with other adults, usually relatives; teenage recipients are especially likely to live with adult relatives. Only 11 percent of welfare mothers are teenagers, 65 percent of whom continue to live with their own parents and another 20 percent of whom live with other adults.

**TABLE 1. Types and Impact of Income Packages Among AFDC Recipients (1)**

(24-month survey period)

	Total Number	AFDC Only (2)	Family and AFDC (3)	WITH EMPLOYMENT (4)		
				All	Employment and AFDC only	Employment, Family, and AFDC
Total	2,797,285	732,335	865,995	1,198,955	484,511	714,444
As percent of total	100%	26%	31%	43%	17%	26%
Total in poverty (5)	2,027,494	716,937	834,878	675,679	372,565	303,114
Percent in poverty (5)	72%	98%	73%	56%	77%	42%

(1) To be included in this study of AFDC recipients, a woman must receive AFDC for at least two months out of the 24-month survey period and be single for at least 12 out of 24 months.

(2) In this table, "AFDC Only" is a shorthand label that also includes receipt of Food Stamps, Medicaid, and other non-cash and cash means-tested benefits (such as housing assistance), but does not include any other substantial source of income.

(3) In order to be included in this category, recipients must live with relatives contributing at least \$1,500 in income over the 24-month survey period.

(4) In order to be considered employed, a welfare recipient must work at least 300 hours over the 24-month survey period.

(5) "In poverty" means that, on average, over the 24-month survey period the family's income falls below the federal poverty standard for families of their composition and size (families may be above the poverty level in some months but below it in others). In this table, we use a modified methodology and count as income the cash value of Food Stamps and WIC in determining whether the family income exceeds the federal poverty standard.

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

Table 2 shows that, contrary to stereotypes, about half of single mothers live with other adults. Women are most likely to live alone, without other adults, when they are 25 to 35 years old. Teenagers are unlikely to live alone; only 15 percent do so. The largest group of recipients living with other adults (24 percent of all recipients and 65 percent of teenagers) live with their own parent(s), their children's grandparent(s), in three-generation families. Some of these three-generation households also include other adults such as siblings or friends. These women spend an average of 17 out of the 24-month survey period living with their children's grandparents, indicating that this is a relatively stable type of family formation. As Table 2 shows, among household types, women living with their children's grandparents, on average, have the highest income to poverty ratios (115 percent, when the cash value of Food Stamps and WIC is included in family income).<sup>7</sup> African American women on welfare are more likely to live with their children's grandparents than are whites or Hispanics.

Another 22 percent of single mothers receiving AFDC live with male adults other than their children's father or grandfather. Most of them live with one man (including brothers, roommates, or partners); however, one-third of this 22 percent live with female adults in the house as well (data not

shown). Welfare mothers who live with men spend fewer months in these arrangements than do mothers living with grandparents (14 months compared to 17 months). White AFDC recipients are much more likely to live with men than are African Americans. Women over age 35 are most likely to live with men. Fewer than 10 percent of AFDC recipients and their children live with female adults other than the grandmother. Women over age 35 are most likely to live with other women (including sisters, roommates, and friends). These relationships appear to be somewhat less stable (13 months). On average, those living with other adults have higher income to poverty ratios (although most are poor) and receive AFDC for fewer months.

## Work/Welfare Packaging

Those mothers receiving AFDC who include earnings from substantial paid employment in their income packages are referred to as work/welfare packagers. Welfare-reliant mothers are defined as those who do not work or whose work is incidental during the 24-month period. Both the work/welfare packagers and the welfare-reliant mothers are further divided into subgroups.

The work/welfare packagers are divided into two subgroups—*cyclers* and *simultaneous combiners*. Cyclers cycle between work and welfare reliance,

<sup>7</sup> Non-relative income is not included in family income.



**TABLE 2. Single AFDC Mothers and Their Households:  
Demographics, Income, and Composition**

(24-month survey period)

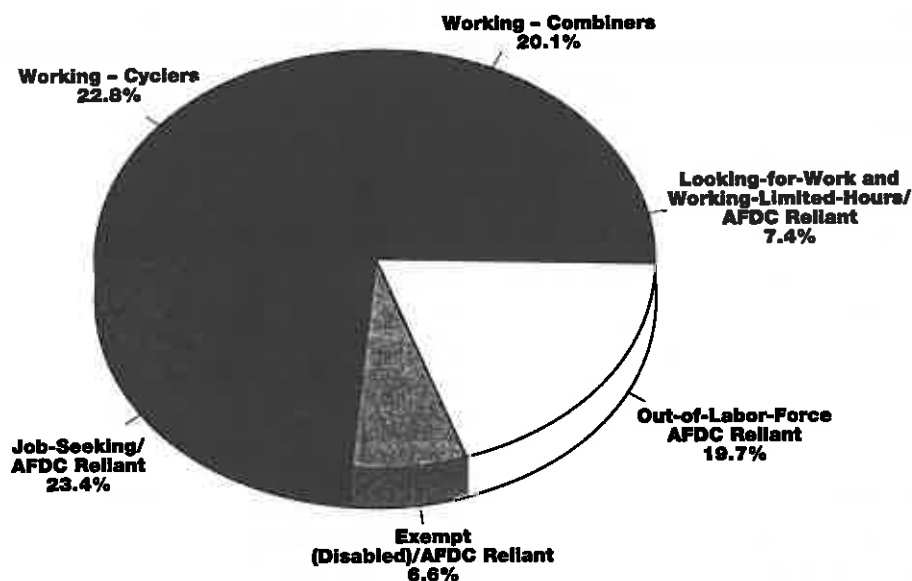
	All	No Other Adults	With Grandparents	WITH ADULTS OTHER THAN GRANDPARENTS	
				Without Males	With Males
Population	2,767,288	1,423,276	862,926	199,141	611,246
Sample	1,181	537	277	92	18275
<b>DEMOGRAPHICS</b>					
Mother's age	29.2	30.5	24.2	33.0	29.5
Teenager, age 19 or less	11%	13%	28%	10%	15%
Age 20-24	23%	16%	33%	22%	37%
Age 25-34	42%	34%	28%	24%	27%
Age 35+	25%	25%	12%	45%	11%
Total	100%	100%	100%	100%	100%
Race/Ethnicity					
White	39%	39%	32%	18%	34%
African American	45%	45%	53%	68%	29%
Hispanic (1)	14%	14%	12%	13%	19%
Other	2%	2%	3%	0%	1%
Total	100%	100%	100%	100%	99%
<b>INCOME</b>					
Months on AFDC	18.3	19.6	17.8	18.0	18.0
Months on Food Stamps	17.0	20.9	10.0	17.6	15.3
Housing Assistance	41%	53%	28%	40%	31%
Public housing	26%	32%	17%	27%	18%
Housing subsidized	17%	21%	11%	13%	11%
Family Income to poverty ratio					
Cash income	77%	61%	108%	78%	9%
Cash + Food Stamps + WIC	91%	79%	116%	90%	2%
<b>HOUSEHOLD SIZE AND COMPOSITION</b>					
Average household size	4.1	3.4	5.3	4.2	
Average number of own children	2.1	2.3	1.6	2.0	
Average number of other adults	0.8	0.0	1.9	0.5	
Composition of other adults					
Average months with other adults	9.0	0.0	19.6	13.2	
Average months with specific adults (2)			17.0	13.2	
Percent distribution					
Total sample	100%	47%	24%	7%	22%
Teenager	100%	16%	66%	7%	13%
Age 20-24	100%	37%	94%	7%	22%
Age 25-34	100%	61%	15%	4%	20%
Age 35+	100%	48%	11%	13%	28%

(1) Hispanics may be of any race and are not included here in the white, other, or African American groups.

(2) Grandparents in grandparent households, females in households without males, and males in male households.

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

**Figure 2.**  
**Welfare Mothers Grouped**  
**by Labor Force Activity**  
(24-month survey period)



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

receiving their income from these sources sequentially rather than simultaneously. This group includes those who cycle only once from welfare to work (or vice versa) as well as those who cycle back and forth between paid employment and welfare receipt. *Simultaneous combiners*, by contrast, receive both earnings and welfare benefits at the same time and pursue this packaging strategy. Since some mothers both cycle and combine, we distinguish between these two groups by requiring that combiners spend at least four months simultaneously packaging work and welfare and that cyclers spend fewer than four months simultaneously packaging work and welfare.<sup>8</sup> About half of the cyclers spend a few months simultaneously combining work and welfare, but they are defined as cyclers because that is their

primary work/welfare strategy. About three-fifths of the combiners also spend some months working without receiving any welfare, and might be considered incidental cyclers.

The welfare reliant include four subgroups of women. The largest is the *job-seeking/AFDC reliant* subgroup. Although they did not work during the study period, these women spent a substantial amount of time (28 weeks on average) looking for work and are therefore considered to be in the labor force. The *looking-for-work and working-limited-hours/AFDC reliant* are likewise in the labor force. Although they clocked in relatively few hours of paid employment during the survey period (fewer than 300 hours by definition and about 135 hours or 3.5 weeks on average), like the job-seeking/AFDC reliant, they spent substantial time looking for work (22 weeks on average); they clearly spent more time looking for work than actually working. The *exempt/AFDC reliant* include those who are currently not working and who would not be expected to work under the Clinton welfare reform proposal, because of a

<sup>8</sup> The criterion of a four-month combining period delineates between incidental and long-term combiners. The four-month period corresponds to the point at which AFDC rules change. Those who combine for fewer than four months keep one-third of their earnings, whereas those combining for longer periods generally face dollar-for-dollar reductions in their welfare benefits, after allowing for some income disregards.

work-preventing disability or because they are over age 60. Finally, the *out-of-labor-force/AFDC reliant*, the second largest sub-group within the welfare reliant, are those who neither engaged in paid employment nor sought work during the survey period. Some of these women attended school while others cared for infants or small children (see Appendix 3 for more detailed definitions of these subgroups).

Contrary to stereotypes, the majority of mothers receiving AFDC are active in the labor market. Figure 2 shows that half of the single mothers who spent time on the welfare rolls (during the 24-month period) were also employed during this period, with 20 percent combining work and welfare in the same month, 23 percent cycling between them, and another seven percent spending more time looking for work than working (the

looking-for-work and working-limited-hours/AFDC reliant). An additional 23 percent of these women were not employed but spent a substantial amount of time looking for work (job-seeking/AFDC reliant). These women unsuccessfully looked for work seven of the 24 survey months. Only one out of five mothers was neither disabled nor in the labor force. More than a quarter of these out-of-labor-force relyants (or 5.6 percent of the total—data not shown on figure) were students for a part of the survey period. (See Appendix Table 3 for more detail on the time use of welfare mothers.)

Taken together, these findings concerning income sources, family relations, labor force participation, and survival strategies suggest a lack of pathological dependency on welfare and an interdependency with other family members. In the next section, we elaborate on these findings.



# THE CHARACTERISTICS OF MOTHERS AND THEIR SURVIVAL STRATEGIES

In this section, we compare the characteristics and the survival strategies of those women we refer to as work/welfare packagers with those we refer to as being more reliant on welfare. Following this set of comparisons, we decompose these groups into the subgroups described above and further examine their characteristics and survival strategies. The findings reveal the similarities and differences among these women, their work and welfare patterns, and the income packages that they put together in order to survive.

## Similarities Between Reliants and Packagers

As Table 3 shows, the welfare-reliant mothers are similar to the packagers in many ways. They are the same age on average (29 years) and are single for the full two years—with half having been married previously and a small percent marrying or divorcing during the survey period. Although these women are often referred to as single or solo mothers, as noted above, many live with another adult in the household or with their own mother (their children's grandparent). Although one-third of reliants and two-fifths of packagers have an additional earner in the family, these women are the primary breadwinners in their families (whether the money comes from AFDC, from personal earnings, or from both) for 18 out of 24 months.

The racial composition of reliant and packaging mothers is not widely different (a slightly higher proportion of work/welfare packagers are white). Few were born outside the U.S.; in fact 95 percent of each group are native born. The reliant and the packagers are about equally likely to receive Food Stamps and public housing assistance and to have had past welfare spells.

## Differences Between Reliants and Packagers

The chief difference between the reliant and the work/welfare packagers is the role of paid employment and AFDC benefits in their income package. Because the reliant are employed for substantially fewer hours (18 hours compared to more than 1903 hours over two years), they spend more months receiving welfare and more months living in poverty than do the packagers.

By definition, the welfare reliant are more likely to spend more time on the welfare rolls. Figure 3 shows that seven out of ten remain on welfare throughout the two-year period; however, 14 percent (eight percent plus six percent) do move off welfare during the study period and another fifteen percent (13 percent plus two percent) begin receiving welfare during the period. In contrast, fewer than one-fifth (17 percent) of the packagers remain on welfare for 24 months; two-fifths move off welfare though 11 percent return and another two-fifths (21 percent plus 20 percent) move onto welfare after the survey period starts (though half of these move off again). The reliant receive more welfare benefits on average (\$366 monthly for the reliant compared to \$318 monthly for packagers).<sup>9</sup> The reliant are also more likely to receive additional means-tested benefits for their income packages than are the work/welfare packagers. They are more likely to live in public housing and slightly more likely to receive housing assistance. They also have more health insurance coverage than do the packagers because AFDC recipients are automatically eligible for Medicaid, while packagers spend more time relying on jobs which typically do not provide health coverage. Although the reliant are more likely to receive these additional benefits, their living standards, when measured using their cash income alone, are likely to be lower than those of the work/welfare packagers. As Table 3 shows, their cash family income (on average) is less than two-thirds of the poverty line (compared to 95 percent of the poverty

<sup>9</sup> AFDC benefits increase with the number of people being supported by the welfare check, so larger families receive greater benefits. Women working while they receive welfare lose about \$0.60 in benefits for every dollar of earnings during the first four months they are combining work and welfare, so long as their total earnings are not so high as to make them ineligible for welfare. After four months, the mothers lose about \$0.80 to \$0.90 of welfare benefits for every dollar gained in earnings (Burtless, 1990).

**TABLE 3. Average Characteristics of Welfare Reliants and Packagers**  
(24-month survey period)

	Total	Welfare Reliant	Work/Welfare Packagers
Population	2,797,287	1,598,332	1,198,955
As % of population	100%	57%	43%
Sample	1,181	679	502
<b>FAMILY</b>			
Age of mother	29.3	29.3	29.2
Months single	23.6	23.7	23.4
Percent previously married	48%	47%	50%
Percent who married during survey	4%	3%	6%
Percent separated, divorced, or widowed during survey	4%	3%	5%
Number of children	2.1	2.2	1.9
Age of youngest child (years)	4.6	4.6	4.7
Percent with child under two or birth during survey	41%	44%	37%
Months with mother as top income recipient in household	18.2	18.2	18.3
Percent female-headed unit	71%	72%	69%
Percent with grandparent in mother's home	30%	33%	25%
Number of other adults in household (monthly average)	0.8	0.8	0.8
Percent with other earners in family (monthly average)	37%	32%	44%
<b>HUMAN CAPITAL (percent)</b>			
No high school	12%	15%	9%
Some high school	36%	41%	29%
High school graduate only	36%	32%	41%
Some college	14%	10%	19%
College graduate	1%	1%	1%
Student during survey	32%	27%	39%
Job training (ever or current)	27%	22%	34%
Federal job training (ever or current)	11%	9%	14%
Work-limiting disability	11%	10%	13%
Work-preventing disability	10%	15%	5%
<b>WORK BEHAVIOR</b>			
Work experience (years)	4.2	3.0	5.7
Job tenure (years)	0.8	0.0	1.8
Total hours of work	826	18	1,903
Weeks employed	24	1	54
Weeks looking for work/on layoff	15	14	16
<b>RACE/ETHNICITY (percent)</b>			
White	39%	35%	44%
African American	45%	47%	42%
Hispanic (1)	14%	16%	11%
Other racial background	2%	1%	3%
Total Race/Ethnicity	99%	99%	100%
Born in foreign country	5%	5%	5%

continued on next page

Table 3. (continued)

	Total	Welfare Reliant	Work/Welfare Packagers
<b>AFDC HISTORY</b>			
Months on AFDC	18.4	21.7	14.0
Number of AFDC spells during survey	1.2	1.1	1.3
Percent with multiple spells during survey	15%	8%	25%
Average monthly AFDC benefit (in 1990 \$)	\$345	\$368	\$318
Percent with previous AFDC spell	23%	22%	24%
Months of first AFDC spell	21.8	25.8	18.2
Number of past AFDC spells	2.5	2.5	2.8
Months with work and AFDC	2.2	0.3	4.8
Months with no work and AFDC	16.2	21.5	9.2
Months with neither work nor AFDC	2.2	2.2	2.3
Months with work and no AFDC	3.4	0.1	7.7
<b>OTHER GOVERNMENT BENEFITS (percent)</b>			
Public housing resident	24%	27%	21%
Publicly assisted housing resident	17%	18%	16%
Receives Food Stamps	89%	90%	87%
Receives other means-tested cash benefits	21%	24%	17%
Receives non-means tested cash benefits	13%	10%	18%
<b>POVERTY STATUS</b>			
Family income as % of poverty line (standard definition)	77%	64%	85%
Months in poverty	18.7	20.9	15.7
<b>HEALTH COVERAGE</b>			
Months with health insurance (2)	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
<b>STATE CHARACTERISTICS</b>			
Unemployment rate (percent)	6.8	6.9	6.8
Average per person monthly AFDC benefit level (in 1990 \$)	\$130	\$130	\$129

(1) Hispanics may be of any race and are not included here in the white, other, or African American groups.

(2) Months with public and months with private health insurance are greater than total months with health insurance because in some months recipients likely spent part of the month with one type and part of the month with the other or experienced some overlap.

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

line for work/welfare packagers) and they spend more months in poverty (21 compared to 16).

A second set of differences between the two groups helps explain the different roles of employment in the income packages of each. In contrast to the reliant, packagers have fewer children (1.9 compared to 2.2) and are less likely to have toddlers or newborns. They are more likely to have completed high school (61 percent as compared to 43 percent) and to have received job training. Packagers are less likely to be disabled, including both work-limiting and work-preventing

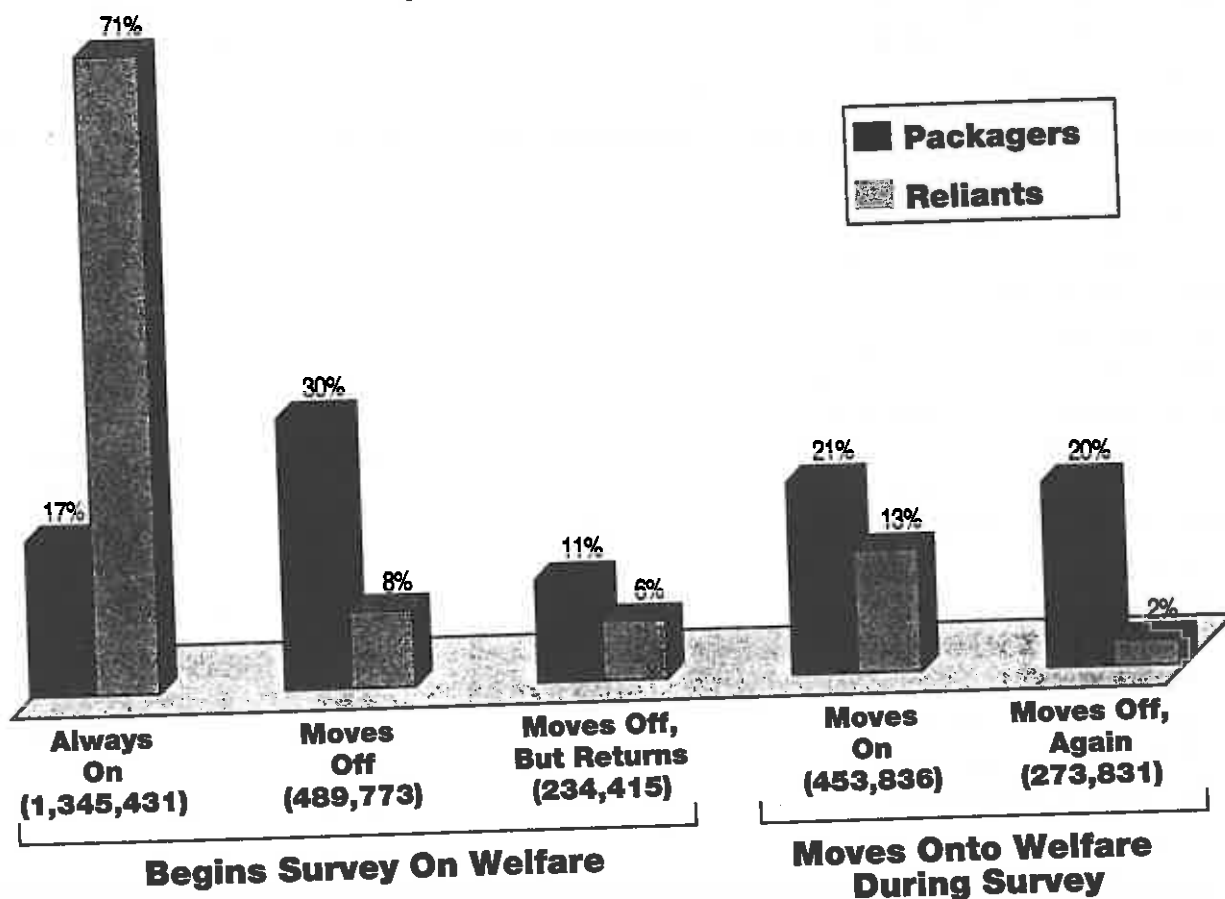
disabilities together (16 percent compared to 25 percent). Although the reliant have characteristics or experience conditions that make paid work less likely, they spend almost as many weeks as do the work/welfare packagers looking for paid work (14 compared to 16 weeks on average).

## The Income Package

Given the differences in activities and circumstances between the welfare reliant and work/welfare packagers, we would expect to see



**Figure 3.**  
**Welfare Spells of Packagers and Reliants**  
(24-month survey period)



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

that they put together different income packages. Figure 4 shows the average income packages of these two groups including the cash value of Food Stamps and WIC. AFDC, Food Stamps, personal earnings, and family members' incomes (including earnings and income from benefits) are the primary components of these mothers' income packages (see Appendix 4 for more detail on income sources). These packages are similar in that they are not limited to AFDC and other means-tested benefits but contain a variety of income sources. They are also similar in that, on the average, income from sources such as general assistance, social security, unemployment insurance, charity, and child support make up negligible portions of all welfare mothers' income packages. But these average packages are strikingly different in terms of the percentage of

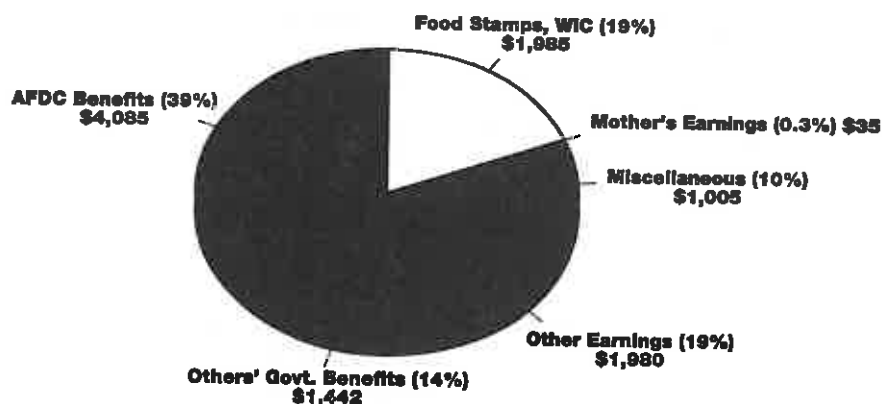
income derived from work and from welfare, and the total amount of income in each package.

Among the welfare reliant, AFDC is the primary ingredient in the income package; it constitutes, on average, 39 percent of reliant families' income (see Figure 4). In-kind assistance (Food Stamps and WIC) constitutes another 19 percent of the package. Together these benefits comprise nearly three-fifths (or \$6,070 per year) of the income package. Besides means-tested benefits, other family members' earnings (19 percent) and benefits (14 percent) and miscellaneous sources (10 percent) are other major components of the reliant's income packages. Despite this additional income, welfare reliant families are impoverished—with an average annual income of \$10,532 (in 1990 dollars), including the cash value of Food Stamps and WIC. On average,

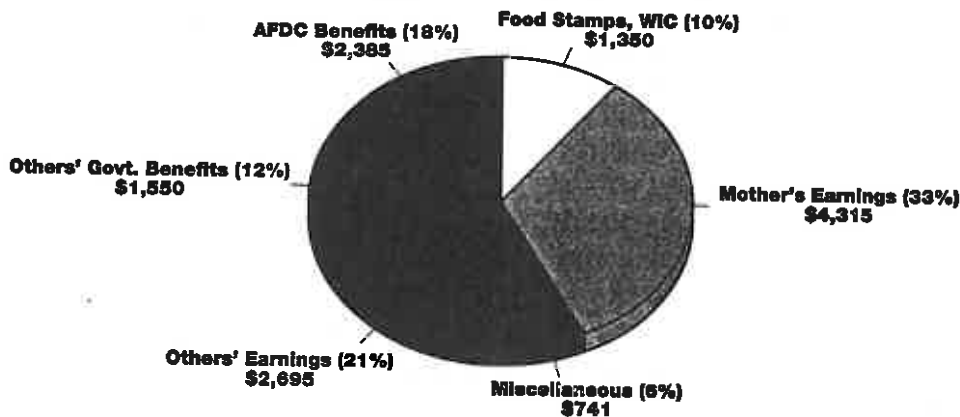


## Figure 4. Annual Income Packages (in 1990 dollars) (24-month survey period)

### Welfare Reliants Annual Family Income = \$10,532



### Work/Welfare Packagers Annual Family Income = \$13,036



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

over the two-year survey period, 80 percent of the reliant are poor, even including the cash value of Food Stamps and WIC.

Among the work/welfare packagers, the mother's earnings make a key contribution to her family's well-being; they constitute one-third of the income package (see Figure 4). Besides their own earnings,

work/welfare packagers depend on other family members for another third of their package, while AFDC and in-kind benefits constitute only 29 percent (\$3,735) of their income package (on average). Despite substantially lower benefit amounts, the packagers have higher annual incomes than relyants—\$13,036, including the cash value of

Food Stamps and WIC—and achieve an income-to-poverty ratio of 105 percent. This higher income package shows the relative effectiveness of packaging paid work and welfare as an anti-poverty strategy for welfare families and as a way to lower benefit levels paid out to recipients.<sup>10</sup>

Average income packages do not, of course, tell the full story. While, on the average, other family members are contributing one-third of a welfare family's income, about half of welfare mothers do *not* live with other adults. Among mothers who do live in extended families, other family members actually contribute over half of family income. Among welfare mothers living alone with their children, their own earnings, welfare benefits, and Food Stamps are much more important for family well-being. As we saw in Table 1, those single mothers whose families are likely best off have access to the greatest number of income sources—money from AFDC, from their own earnings, and from family members' earnings and benefits.

## Who Are the Welfare Reliant?

The women classified as welfare reliant because of their lack of substantial income from paid employment are the most likely to be stigmatized as lazy and "dependent." Table 4 shows that they are not a homogeneous group and most do not fit popular stereotypes. This diverse group includes students, job seekers, the disabled, and, of course, those primarily taking care of children.

As we have seen (Figure 2), only one-fifth of all single mothers receiving AFDC fit the mythic image of the able-bodied mother with no attachment to the labor force; these mothers are the subgroup most likely to remain on the rolls during the entire survey period—78 percent do so (see Figure 5). The out-of-labor-force reliant care for more children (with an average of 2.4 children) and have more children under two (53 percent do so)

<sup>10</sup> These findings raise the issue of whether all of the income reported in the SIPP is "legitimate" income from the point of view of welfare regulations. The SIPP provides no way of knowing whether respondents have reported this income to their AFDC caseworkers, but some of the added income from working is allowed as is some of the income of other family members, who, although related, may not be considered part of the single mother's family unit for purposes of AFDC eligibility. Respondents may report more income to Census Bureau SIPP interviewers than they do to their caseworkers or than they do in other income surveys, but it is likely that the SIPP still understates the amount of other income received, especially income from informal sources. See Appendix 1 for further discussion and a comparison of the SIPP income data to that from ethnographic studies.

than other welfare recipients (see Table 4). Teenagers are over-represented among this group (data not shown). They are the least educated welfare mothers (with only 38 percent having completed high school). However, nearly 30 percent did attend school during the survey. Contrary to popular stereotypes, African Americans actually make up a smaller proportion of this group (39 percent) compared with their representation in the exempt reliant (45 percent) and the job-seeking reliant groups (57 percent).

Twenty-three percent of single mothers receiving AFDC are job seekers—women reliant on welfare who look for work, but cannot find jobs (see Table 4). These women search for jobs unsuccessfully for an average of 28 weeks (out of 24 months); they tend to live in high-unemployment states (with an average unemployment rate of 7.3 percent compared to 6.6 for the work/welfare packagers). They are disproportionately African American (57 percent as compared to 40 percent for the looking-for-work and working-limited-hours reliant and 39 percent for the out-of-the-labor force reliant), suggesting that they may face discrimination in the labor market. The job-seekers are better educated and care for fewer children than the out-of-the-labor-force reliant. The job-seekers, however, have less work experience, education, and job training than do work/welfare packagers. Half of them have never worked, while the others are re-entrants to the labor market (data not shown). A handful actually find paid employment, but spend an incidental amount of time actually working. As a result of their unsuccessful efforts at finding employment, 73 percent spend all 24 months of the survey period on the welfare rolls (see Figure 5).

We refer to another seven percent of single mothers receiving AFDC as the looking-for-work and working-limited-hours AFDC reliant. Of all the relyants, these women have the most education—20 percent have some college, 27 percent have had job training, and 40 percent attend school for at least part of the survey period. They have an average of four years of work experience. Yet, they are unable to translate relatively high amounts of human capital into a stable job situation. During the two-year survey period, 63 percent of this subgroup were always on welfare (see Figure 5). They were employed for an average of 135 hours, and they sought work for 22 weeks. Of the women in all the

**TABLE 4. Average Characteristics of Welfare Reliant Subgroups**  
(24-month survey period)

	WELFARE RELIANTS			
	Looking for Work/Working	Job Seeking	Exempt	Out-of-Labor-Force
Population	208,375	655,133	184,512	650,312
As % of population	7.4%	23.4%	6.6%	18.7%
Sample	83	269	78	259
<b>FAMILY</b>				
Age of mother	28.1	28.0	29.0	27.9
Months single	23.6	23.7	23.8	23.7
Percent previously married	47%	40%	72%	67%
Percent who married during survey	0%	1%	5%	1%
Percent separated, divorced, or widowed during survey	4%	2%	4%	3%
Number of children	2.2	2.1	1.9	2.1
Age of youngest child (years)	4.6	4.2	9.0	5.1
Percent with child under two or birth during survey	45%	44%	19%	33%
Months with mother as top income recipient in household	19.0	17.8	18.1	18.3
Percent female-headed unit	75%	71%	77%	71%
Percent with grandparent in the mother's home	23%	24%	19%	22%
Number of other adults in household (monthly average)	0.8	0.8	0.8	0.8
Percent with other earners in family (monthly average)	33%	31%	41%	30%
<b>HUMAN CAPITAL (percent)</b>				
No high school	8%	10%	24%	22%
Some high school	46%	45%	29%	40%
High school graduate only	26%	35%	34%	29%
Some college	20%	10%	9%	7%
College graduate	0%	1%	5%	2%
Student during survey	40%	28%	6%	26%
Job training (ever or current)	27%	25%	23%	18%
Federal job training (ever or current)	14%	10%	8%	6%
Work-limiting disability	8%	10%	0%	13%
Work-preventing disability	4%	8%	98%	0%
<b>WORK BEHAVIOR</b>				
Work experience (years)	4	3	6	2
Job tenure (years)	1	0	0	0
Total hours of work	135	0	0	0
Weeks employed	9	0	0	0
Weeks looking for work/on layoff	22	28	0	0
<b>RACE/ETHNICITY (percent)</b>				
White	48%	28%	36%	36%
African American	40%	57%	45%	39%
Hispanic (1)	11%	13%	18%	20%
Other racial background	1%	1%	1%	2%
Total Race/Ethnicity	100%	100%	100%	100%
Born in foreign country	5%	4%	5%	8%

continued on next page

Table 4. (continued)

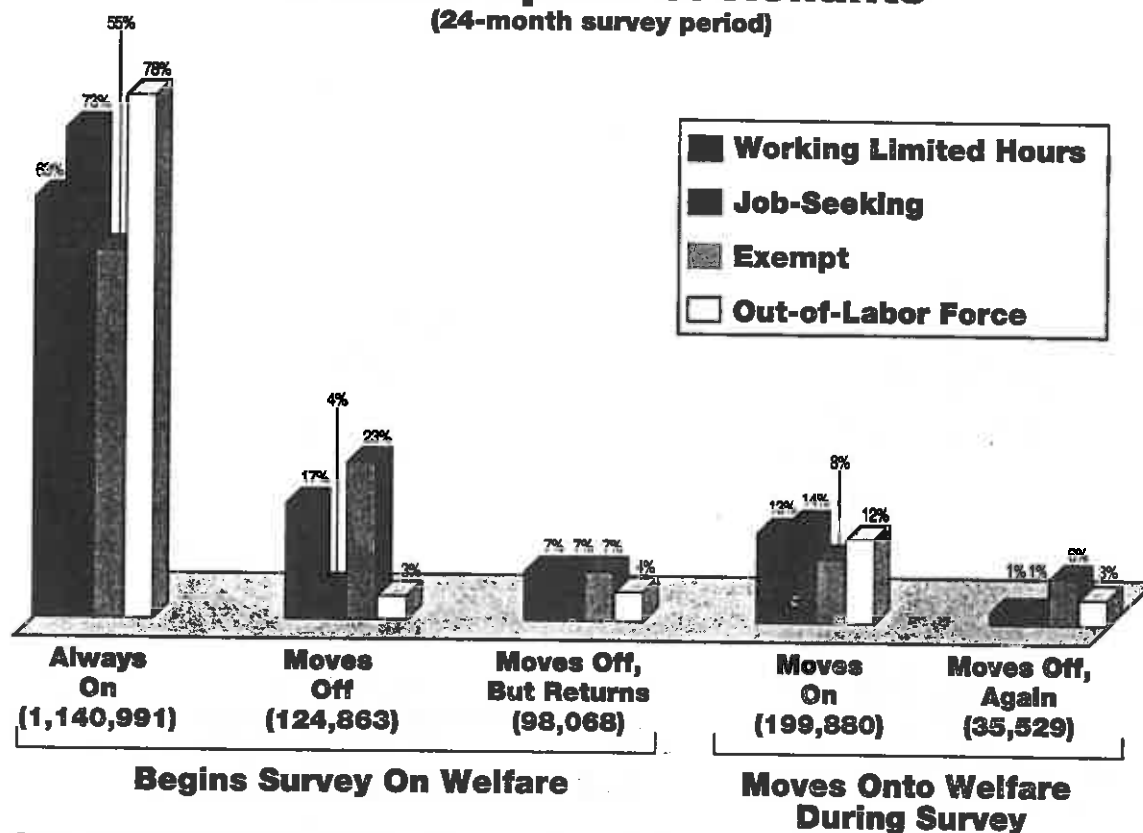
	WELFARE RELIANTS			
	Looking for Work/Working	Job Seeking	Exempt	Out-of-Labor-Force
<b>AFDC HISTORY</b>				
Months on AFDC	21.4	22.3	19.0	22.1
Number of AFDC spells during survey	1.1	1.1	1.1	1.1
Percent with multiple spells during survey	11%	9%	11%	5%
Average monthly AFDC benefit (in 1990 \$)	\$405	\$338	\$312	\$402
Percent with previous AFDC spell	31%	20%	24%	20%
Months of first AFDC spell	18.7	26.1	48.5	20.8
Number of past AFDC spells	2.8	2.5	2.3	2.4
Years since first AFDC spell	8.5	9.6	15.1	19.8
Months with work and AFDC	2.0	0.0	0.0	0.0
Months with no work and AFDC	19.5	22.3	19.0	22.1
Months with neither work nor AFDC	2.1	1.7	5.0	1.9
Months with work and no AFDC	0.4	0.0	0.0	0.0
<b>OTHER GOVERNMENT BENEFITS (percent)</b>				
Public housing resident	25%	28%	21%	30%
Publicly assisted housing resident	15%	21%	16%	16%
Receives Food Stamps	82%	67%	95%	89%
Receives other means-tested cash benefits	20%	20%	41%	24%
Receives non-means tested cash benefits	10%	7%	35%	5%
<b>POVERTY STATUS</b>				
Family income as % of poverty line (standard definition)	64%	64%	75%	65%
Family income as % of poverty line (modified definition)	80%	79%	88%	81%
Annual family poverty line (in 1990 \$)	\$12,700	\$13,044	\$12,128	\$13,388
Months in poverty	21.3	21.2	19.3	21.0
<b>HEALTH COVERAGE</b>				
Months with health insurance (2)	22.4	23.1	23.0	22.8
Months with public insurance	22.0	22.8	22.8	22.8
Months with private insurance	1.4	0.9	1.3	0.5
<b>STATE CHARACTERISTICS</b>				
Unemployment rate (percent)	6.8	7.3	6.4	6.5
Average per person monthly AFDC benefit level (in 1990 \$)	\$141	\$123	\$126	\$137

(1) Hispanics may be of any race and are not included here in the white, other, or African American groups.

(2) Months with public and months with private health insurance are greater than total months with health insurance because in some months recipients likely spent part of the month with one type and part of the month with the other or experienced some overlap.

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

**Figure 5.**  
**Welfare Spells of Reliants**  
 (24-month survey period)



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

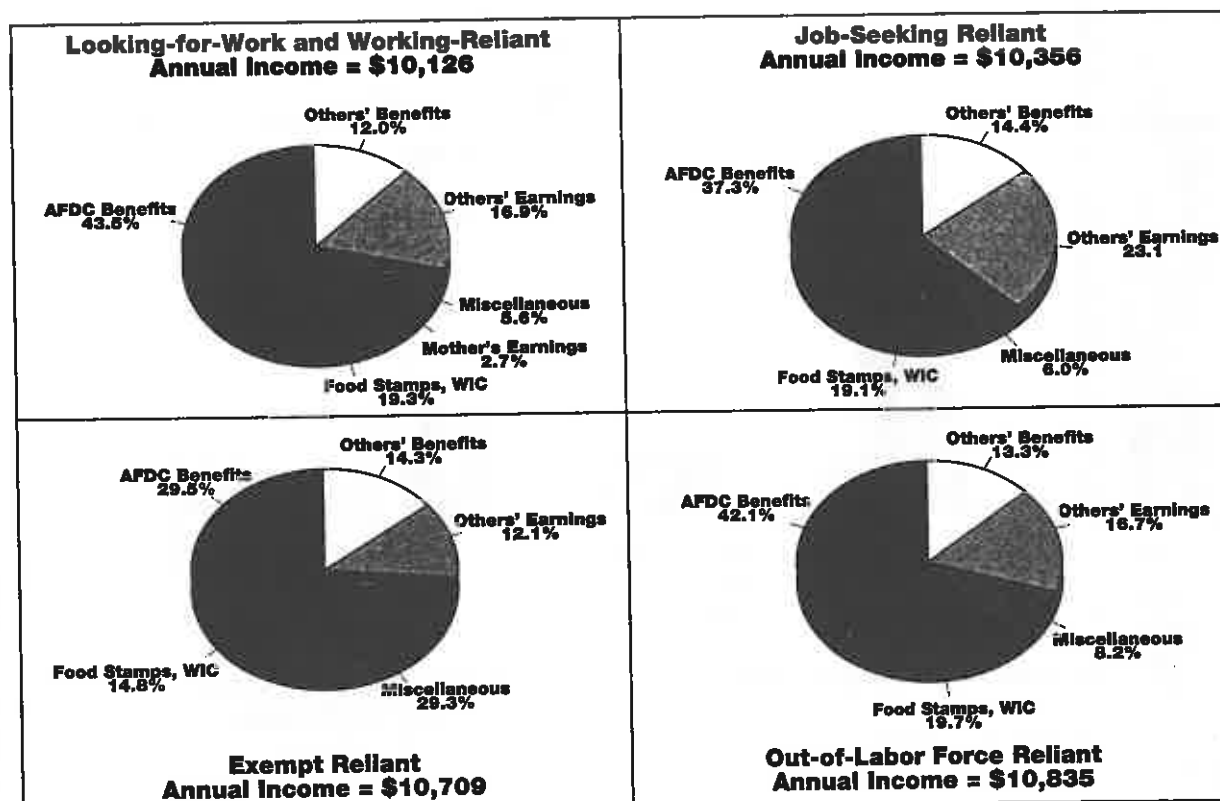
reliant subgroups, these women were the most likely to be white.

A final seven percent of welfare mothers are welfare reliant, but have work-preventing disabilities or are 60 years of age or older. (Under the proposed Work and Responsibility Act, such mothers would be exempt from time limits and work requirements.) Since disability programs tend to have delays in the approval of applications (as long as one year) before the disabled receive benefits, single mothers with temporary disabilities and those who have recently become disabled are likely to turn to AFDC for temporary income support.<sup>11</sup> Those with disabilities that are not recognized by social security programs are likely to rely on AFDC for longer periods. As Table 4

<sup>11</sup> It is important to note that a number of disabled mothers are not included in this group, because their disabilities limit the kind or amount of work they can do rather than prevent work altogether. Additionally, a number of mothers who are temporarily prevented from working due to a disability do recover and participate in the labor force during the survey period; they are not classified among those exempted from work.

shows, 41 percent of the exempt reliant group receive income from other means-tested cash benefits and 35 percent receive non-means tested benefits during the two-year period. Of all the reliant, the exempt reliant are least likely to spend the entire survey period on the welfare rolls (only 55 percent do), likely cycling off when their social security disability benefits come through. This finding of shorter welfare spells for recipients with disabilities is supported by other researchers (Bane and Ellwood, 1994). The exempt reliant are older than other welfare recipients; their average age is 39 years. They are the group most likely to have previously been married (72 percent were married). They have fewer children at home (1.9) and have older children than the other welfare-reliant mothers. They are less educated than the job-seeking reliant, but about equally as undereducated as those reliant who do not participate in the labor force. Very few of them (six percent) are students. Because of their age, they have the most

**Figure 6.**  
**Annual Income of Reliant Subgroups**  
**(in 1990 dollars)**  
**(24-month survey period)**



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

years of work experience (6.0) compared to all other groups of the reliant, but, because of their disabilities, they have no hours of paid work during the survey period.

### *The Reliants' Income Packages*

Means-tested benefits (AFDC, Food Stamps, and WIC) comprise a significant part of the income package of all welfare-reliant subgroups (see Figure 6). These means-tested benefits constitute the highest percentage of the income package of the out-of-labor-force reliant and the looking-for-work and working-limited-hours reliant (more than three-fifths of the package), followed by the job-seeking reliant (56 percent). But means-tested benefits do not, on average, provide the entire income package even for these women. For many of these women, the benefits and earnings of other family members provide an important supplement to their families' income packages. Income (both earnings and

benefits) from other family members constitutes the greatest share (38 percent) of the income package of the job-seeking reliant, followed by 30 percent for the out-of-the-labor-force reliant and 29 percent for the looking-for-work and working-limited hours reliant. The exempt (disabled and older) reliant receive the smallest portion (26 percent) from other family members. (See Appendix 4 for more detail on income sources).

What is absent from these mothers' income packages is substantial amounts of income from child support, non-means tested benefits, and charity (all included under "miscellaneous sources" in these figures). The only exception to this rule is the exempt reliant, who receive 29 percent of their income from miscellaneous sources—largely from government disability benefits. The availability of these benefits results in the exempt group having a slightly higher level of living (on average) than two of the other subgroups.

Without supplemental income from other family members and paid employment, AFDC recipients (as we have seen in Table 1) face high rates of impoverishment. Even with these additional sources, benefit levels are so low that three of the reliant subgroups have average levels of living that are four-fifths of the poverty line for families of their size (even counting the cash value of WIC and Food Stamps); the exception is the exempt reliant with an average income-to-poverty ratio of nine-tenths (see Table 4). Without counting the cash value of WIC and Food Stamps in family income, three out of four reliant subgroups have incomes that average about two-thirds of the poverty line, while the exempt subgroup attains a ratio of three-fourths.

Welfare-reliant mothers do not closely fit the stereotypes of non-working "dependent" adults. The findings suggest that such a diverse group—including students, job seekers, the disabled, teenagers, women over age 60, and, of course, those who are their children's primary caregivers—would be ill-served by a "one-size-fits-all" policy of time-limited AFDC benefits and mandatory job search. For the welfare reliant, job search does not necessarily result in job acquisition, especially if recipients live in areas with high unemployment rates (as we show below). Without AFDC, the impoverishment of these women and their families would be even greater.

## **Who Are the Work/Welfare Packagers?**

Work/welfare packagers are even less likely to fit the stereotype of "dependent" AFDC recipients than are the welfare reliant. Among work/welfare packagers—those women who are able to include substantial hours of paid work in their income package—about half (53 percent) are cyclers and half (47 percent) are combiners. Although the patterns of women who cycle on and off the welfare rolls have recently been discussed in the welfare literature (Bane and Ellwood, 1994; Pavetti, 1993), the survival strategies of combiners are less well known. The major similarity between these two subgroups is that both engage in substantial hours of paid work and use AFDC as an additional income source; the major difference between cyclers and combiners lies in their patterns of welfare use. Cyclers are more likely to move on

and off welfare, whereas combiners are more likely to continue on welfare while also engaging in paid work. Therefore, as Table 5 shows, combiners have longer spells of AFDC receipt; they spend an average of 18 months on welfare compared to 11 months for cyclers. Combiners are more likely to have had previous welfare spells and to have multiple AFDC spells during the two-year period. As Figure 7 shows, one-third of combiners are always on the welfare rolls during the two-year survey period in contrast to only three percent of cyclers—the subgroup with the least reliance on the welfare rolls. Combiners are somewhat more likely to be white than are cyclers.

Both combiners and cyclers engage in substantial work activity. Contrary to the popular belief that welfare receipt deters work activity, combiners have more years of work experience than do cyclers (six compared to five years), work more weeks (62 as compared to 47 weeks) and more hours (2108 as compared to 1722 hours), but spend more time in poverty, because they receive lower wages than do cyclers (see Table 8). Cyclers receive higher wages because they are more likely to work in better-paid positions, specifically in clerical and blue-collar occupations, rather than in low-paid service occupations. Half of the combiners' primary jobs are in the service occupations of cooking, cleaning, and caring, whereas only 31 percent of cyclers perform such services in their primary jobs. Cyclers are twice as likely to receive health insurance coverage from their employers, but nevertheless have less health insurance coverage than do combiners (because their Medicaid benefits are phased out when they leave welfare to go to work and their employers provide health benefits only about half the time these women spend working).

The combiners are older than the cyclers, with average ages of 31 and 27 respectively. This age difference likely explains why cyclers are more likely to have toddlers or infants (44 percent versus 29 percent) and to be first time mothers during the survey period (data not shown), while the combiners tend to have more children (2.1 compared to 1.8 children, on average). Likely because they are younger, cyclers are more likely to live with their children's grandparent(s) or other adults; cyclers are also somewhat more likely to live in households with additional earners (47 percent as compared to 41 percent). The



**TABLE 5. Average Characteristics of Packager Subgroups**  
(24-month survey period)

	PACKAGERS			PACKAGERS	
	Cyclers	Combiners		Cyclers	Combiners
<b>Population</b>	636,626	562,329	<b>Born in foreign country</b>	8%	3%
<b>As % of population</b>	22.8%	20.1%	<b>AFDC HISTORY</b>		
<b>Sample</b>	275	227	<b>Months on AFDC</b>	10.8	17.6
<b>FAMILY</b>			<b>Number of AFDC spells during survey</b>	1.3	1.4
<b>Age of mother</b>	27	31	<b>Percent with multiple spells during survey</b>	21%	29%
<b>Percent previously married</b>	49%	51%	<b>Average monthly AFDC benefit (in 1990 dollars)</b>	\$328	\$308
<b>Percent who married during survey</b>	7%	4%	<b>Percent with previous AFDC spell</b>	22%	27%
<b>Percent separated, divorced, widowed</b>	7%	3%	<b>Months of first AFDC spell</b>	11.6	21.4
<b>Number of children</b>	1.8	2.1	<b>Number of past AFDC spells</b>	2.6	2.6
<b>Age of youngest child (years)</b>	4.1	5.5	<b>Years since first AFDC spell</b>	7.0	10.9
<b>Percent with child under two or birth during survey</b>	44%	29%	<b>Months with work and AFDC</b>	1.0	9.0
<b>Months with mother as top income recipient in household</b>	16.9	19.8	<b>Months with no work and AFDC</b>	9.8	8.8
<b>Percent female-headed unit</b>	62%	78%	<b>Months with neither work nor AFDC</b>	3.5	1.1
<b>Percent with grandparent in mother's home</b>	33%	16%	<b>Months with work and no AFDC</b>	9.8	5.3
<b>Number of other adults in household (monthly average)</b>	0.9	0.7	<b>OTHER GOVERNMENT BENEFITS (percent)</b>		
<b>Percent with other earners in family (monthly average)</b>	47%	41%	<b>Public housing resident</b>	20%	22%
<b>HUMAN CAPITAL (percent)</b>			<b>Publicly assisted housing resident</b>	15%	17%
<b>No high school</b>	9%	9%	<b>Receives Food Stamps</b>	86%	89%
<b>Some high school</b>	30%	27%	<b>Receives other means-tested cash benefits</b>	18%	16%
<b>High school graduate only</b>	40%	45%	<b>Receives non-means tested cash benefits</b>	17%	18%
<b>Some college</b>	19%	19%	<b>POVERTY STATUS</b>		
<b>College graduate</b>	2%	0%	<b>Family income as % of poverty line (standard definition)</b>	98%	90%
<b>Student during survey</b>	40%	38%	<b>Family income as % of poverty line (modified definition)</b>	107%	103%
<b>Job training (ever or current)</b>	32%	36%	<b>Annual family poverty line (in 1990 \$)</b>	\$12,487	\$12,300
<b>Federal job training (ever or current)</b>	15%	14%	<b>Months in poverty</b>	14.9	16.6
<b>Work-limiting disability</b>	13%	14%	<b>HEALTH COVERAGE</b>		
<b>Work-preventing disability</b>	3%	2%	<b>Months with health insurance (2)</b>	18.4	21.9
<b>WORK BEHAVIOR</b>			<b>Months with public insurance</b>	13.7	19.5
<b>Work experience (years)</b>	5.4	6.0	<b>Months with private insurance</b>	5.5	3.7
<b>Job tenure (years)</b>	1.6	2.1	<b>STATE CHARACTERISTICS</b>		
<b>Total hours worked</b>	1722	2108	<b>Unemployment rate (percent)</b>	6.6	6.5
<b>Weeks employed</b>	47	62	<b>Average per person monthly AFDC benefit level (in 1990 \$)</b>	\$126	\$134
<b>Weeks looking for work/on layoff</b>	17	14			
<b>RACE/ETHNICITY (percent)</b>					
<b>White</b>	41%	48%			
<b>African American</b>	44%	41%			
<b>Hispanic (1)</b>	11%	10%			
<b>Other racial background</b>	4%	1%			
<b>Total Race/Ethnicity</b>	100%	100%			

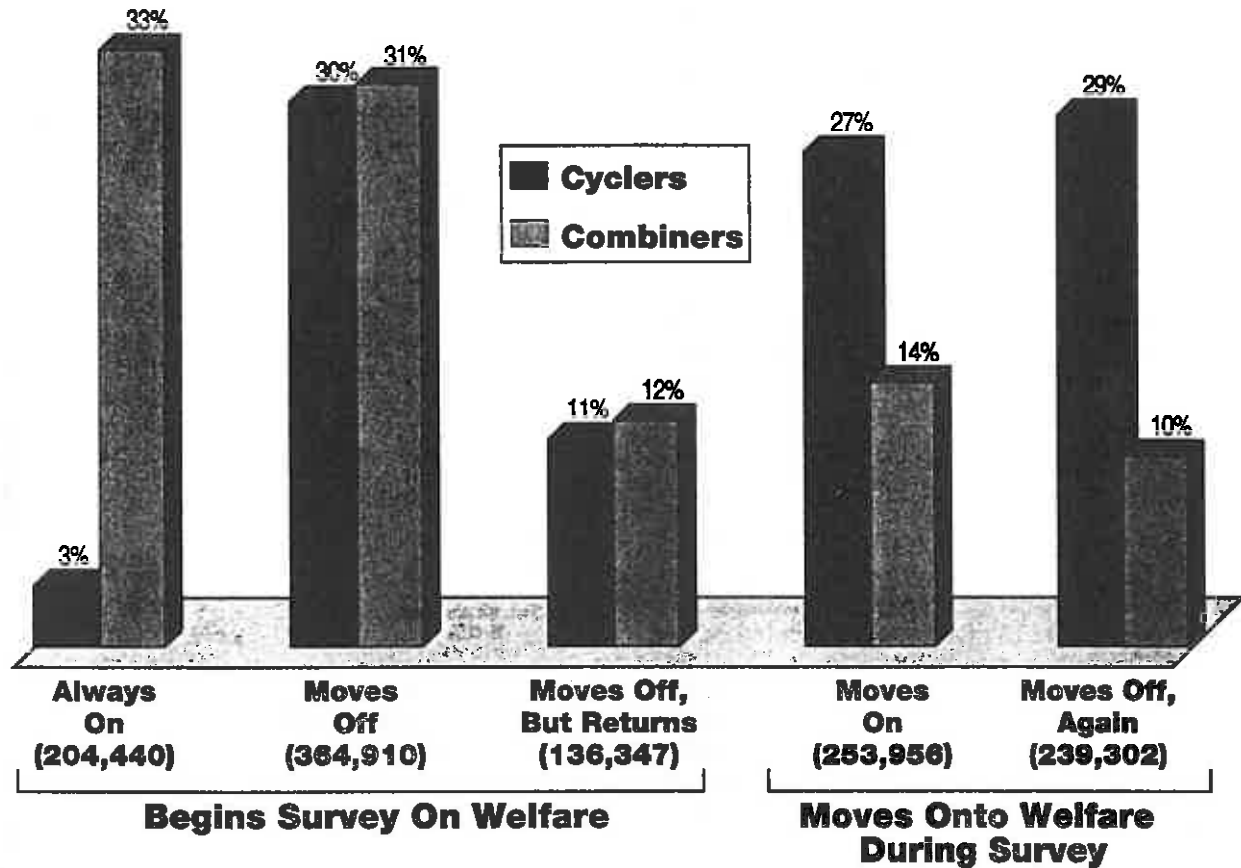
(1) Hispanics may be of any race and are not included here in the white, other, or African American groups.

(2) Months with public and months with private health insurance are greater than total months with health insurance because in some months recipients likely spent part of the month with one type and part of the month with the other or experienced some overlap.

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



**Figure 7.**  
**Welfare Spells of Packagers**  
 (24-month survey period)



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

relative lack of earnings from additional family members and the provision of health care through Medicaid likely explain why combiners make more use of the safety net provided by AFDC.

### *Cyclers' and Combiners' Income Packages*

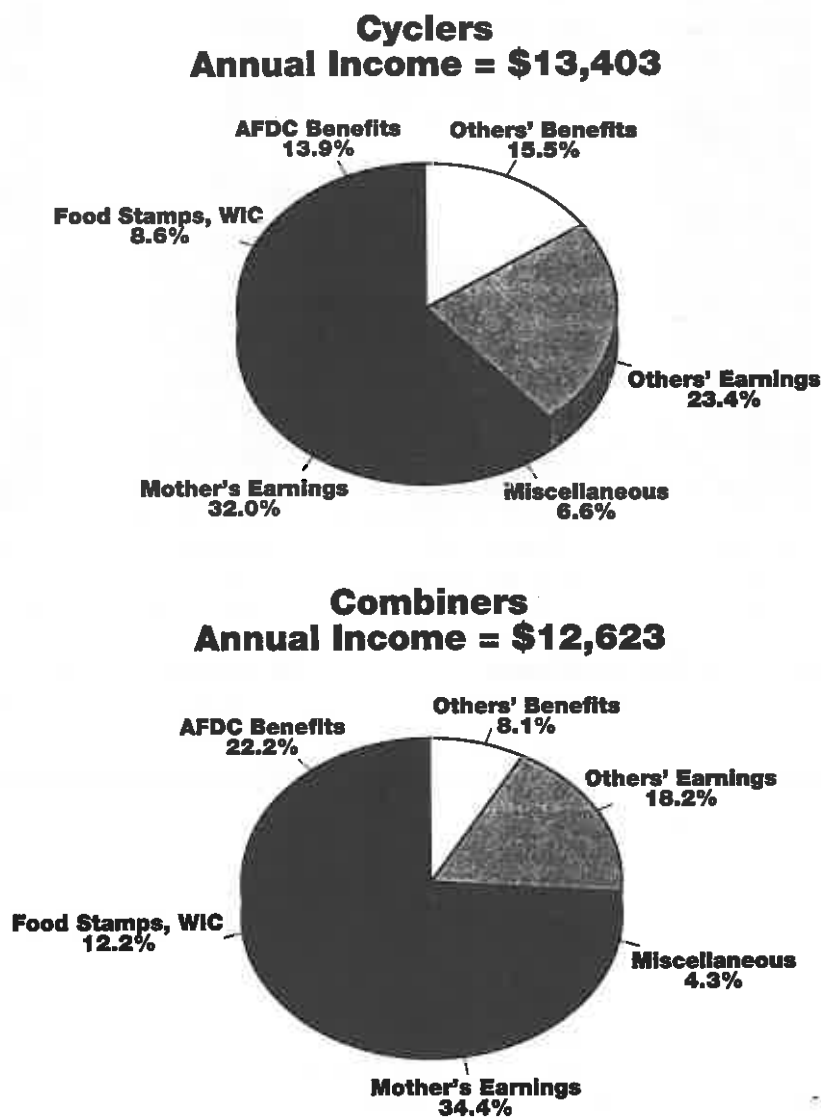
Combiners' use of AFDC as a more continuous safety net results in an average income package that looks somewhat dissimilar to the average income package put together by cyclers. Figure 8 shows that both subgroups include paid employment, means-tested benefits, and income from other family members as major parts of their packages. An equal portion of both packages (about one-third) comes from their own work effort. In contrast to cyclers, a higher percent of the combiners' income comes from AFDC and other means-tested benefits and a lower percent comes from other family

members' earnings and benefits. (See Appendix 4 for additional detail on income sources.)

These two income sources (AFDC and family) are apparently substituted for one another to make up for low earnings. But because welfare payments are likely to be meager, combiners are more likely to have lower total family incomes (including the cash value of Food Stamps and WIC) than are cyclers (\$12,623 in 1990 dollars as compared to \$13,403) and to spend more months in poverty, even though, on average, both groups attain levels that exceed the poverty line when the cash value of Food Stamps and WIC is included. Without counting the cash value of food supplements, both cyclers and combiners fail, on average, to attain the poverty standard (though cyclers come closer).

This comparison of cyclers and combiners again shows the need to examine the real experiences and

## Figure 8. Annual Income of Cyclers and Combiners (in 1990 dollars) (24-month survey period)



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

activities of AFDC recipients before developing a one-size-fits-all policy. Both the income packaging strategy used by combiners, who use AFDC as a continuous safety net to subsidize low-wage work and the relative lack of income from other family

members, and that used by cyclers, who use AFDC as a more episodic safety net, need to be recognized and legitimated (or effectively replaced) in any welfare reform policy that does not impoverish these families further.

## CASE STUDIES

We have described the characteristics and income packages of six subgroups of single mothers receiving AFDC. The portraits we have painted, though more complex than commonly-accepted

stereotypes, nevertheless mask a rich diversity of women and their survival strategies. To further enhance our descriptions, we have included a series of sketches of reliant, cyclers, and combiners, randomly drawn from our data set.

### CASE 1: WELFARE RELIANT/ OUT-OF-THE-LABOR FORCE

#### *24-Month Work/Welfare Pattern:*

24 months receiving AFDC  
0 months working

Case 1 is a 22-year-old African American-Hispanic mother from California who has never been married. She is the mother of three children, two of them born during the survey period. This mother has a high school diploma but has no job training or work experience. During the entire period of the survey she remains jobless and does not spend any time looking for a job.

AFDC is the only source of income for this mother and her children, representing the entire income of the family. Food Stamps add food worth \$556 per year to her budget. The family lives in public housing during the entire survey period. This family is poor for all 24 months of the survey, with an annual average income at 80 percent of the poverty threshold.\* This woman most closely fits the stereotype of a "dependent" AFDC recipient, solely reliant on this income source to form a family and raise her young children.

*\* Not including the value of Food Stamps or of the housing subsidy.*

### CASE 2: WELFARE RELIANT/ JOB-SEEKER

#### *24-Month Work/Welfare Pattern:*

24 months of AFDC  
0 months working

Case 2, a 21-year-old never-married African American resident of Virginia, is the mother of a child less than one year old. She has two years of college education, but no prior work experience. She did, however, spend twelve months looking for a job while living with her parents, but her job search was apparently fruitless. This mother receives an average of \$265 in AFDC payments every month of the survey period. Although on welfare and not working, this mother and her family do not live in poverty in any month of the survey, mainly because of the earnings of her parents, who work practically every month. The

family income is, on average, 159 percent of the poverty threshold for a family of their size and composition.\* Family earnings represent five-sixths of the family income. Aside from AFDC, the only additional form of public assistance this family receives is supplemental food from the Women, Infants and Children (WIC) program, worth a total of \$146 during the two years. This mother appears to be using AFDC as a substitute for unemployment insurance, which is generally not available to women (or men) like herself who have not yet entered the labor market, and as a family or children's allowance (since her parents are likely providing the bulk of her own basic support).

*\* Not including the value of WIC.*

### CASE 3: CYCLER

#### *24-Month Work/Welfare Pattern:*

4 months receiving AFDC  
20 months working

This divorced 33-year-old white mother of an 11-year-old is a resident of New Jersey, with a high school diploma and no previous work experience or job training. During the first four months of the survey she is on welfare for the first time, receiving, on the average, \$277 per month from AFDC and \$149 in Food Stamps. In the fifth month, this mother gets a full-time job as a cashier, and she continues to work at this job through the end of the survey period twenty months later. As a cashier, she earns between \$620 and \$1,383 per month. She stops collecting AFDC during the period of employment. Although this mother has been

divorced throughout the period of the survey, she does not report receiving any type of child support or informal help from any sources outside the family. While on AFDC she and her family live in poverty (at 77 percent of the poverty threshold).\* However, she moves her family out of poverty during the months she works (149 percent of the poverty threshold). The family's total income also includes government assistance received by her disabled father, whose income represents 50 percent of the total family income. This mother uses AFDC as a form of unemployment insurance for new labor market entrants and family support during a jobless period.

*\* Not including the value of Food Stamps.*

#### **CASE 4: CYCLER**

##### **24-Month Work/Welfare Pattern:**

- 15 months receiving AFDC
- 1 month receiving AFDC and working
- 8 months working

This 24-year-old single African American mother is a resident of Texas, with a three year-old child. She has three years of college education and no work experience. During the first sixteen months of the survey she receives AFDC for the first time in her life. She collects an average of \$183 from AFDC and \$231 in Food Stamps each month. The main source of her family income, besides AFDC and Food Stamps, is her mother's earnings, which represent 60 percent of the family income in the 16-month period of welfare receipt. During this period, the family income varies from \$183 to \$760 per month, depending on the amount of the grandmother's earnings. The family lives in dire poverty (between 12 and 60 percent of the

poverty threshold for her family size). Despite the fact that her father is disabled, the only additional source of family income is the grandmother's earnings, which represent a quarter of the total family income during the two years. For 11 months of the survey period, the mother is in school. In the 16th month, this mother gets a full-time job as a typist, a job she continues to work at for the rest of the survey period. The job pays \$7.45 per hour, enabling her to escape poverty (her family income varies between 106 and 166 percent of the poverty threshold during these final months).<sup>\*</sup> She stops receiving AFDC and Food Stamps. The main source of her family income becomes her personal earnings (on average \$1,500 a month). This mother uses AFDC as a stipend to complete her education and as a source of family support.

<sup>\*</sup> Not including the value of Food Stamps.

#### **CASE 5: COMBINER**

##### **24-Month Work/Welfare Pattern:**

- 3 months working
- 21 months working and receiving AFDC

A 46-year-old African American, disabled, widowed welfare recipient from Louisiana is the guardian of an infant and has a high school diploma, job training, three years of work experience, and three years of job tenure as a child-care worker. She works during the 24-month period of the survey in her child-care job and supplements these earnings with self-employment earnings. Her personal earnings range from \$277 to \$743 per month. Her average compensation is \$3.52 per hour. She combines her earnings with AFDC

during the last 21 months of the survey. On average, her AFDC amounts to \$72 per month. Her income package is supplemented with Food Stamps worth \$914 and WIC food supplements worth \$257 during the two-year period of observation. Despite the income packaging strategy used by this woman, she and the child live below the poverty line for 20 months, with their annual income<sup>\*</sup> averaging 85 percent of the poverty threshold. This recipient uses AFDC as a supplement to low-wage work and as a source of child support.

<sup>\*</sup> Not including the value of WIC and Food Stamps.

#### **CASE 6: COMBINER**

##### **24-Month Work/Welfare Pattern:**

- 11 months receiving AFDC
- 13 months working and receiving AFDC

This 26-year-old never-married African American resident of Wisconsin is the mother of four children. She completed her high school education, but has not received any job training and has no work experience. After spending eight months looking for work, she gets a job as a baker where she earns an average of \$3.77 per hour. She still has this job at the end of the survey. She is the only member who contributes earnings to the family income, which ranges from \$824 to \$1,069 per

month. Her earnings represent a quarter of that income and average \$446 per month. The rest of the cash income comes from AFDC, which averages \$684 monthly. Additionally, this family obtains Food Stamps worth \$3,936 during the two-year survey period. She receives no child support. At no time is this family able to raise its standard of living above the poverty line, living, on average, at 75 percent of the poverty threshold.<sup>\*</sup> This mother uses AFDC as a source of unemployment insurance for new entrants, wage supplementation, and child support.

<sup>\*</sup> Not including the value of Food Stamps.

## EMPLOYMENT AS PART OF THE INCOME PACKAGE

All of the current welfare reform plans assume that AFDC recipients do not work and emphasize moving them off the welfare rolls and into paid jobs. A major finding of this study is that, contrary to the stereotypes, more than four out of 10 AFDC recipients already work (during the two-year survey period) and an additional 30 percent spend substantial time looking for work. Why does a single mother receiving AFDC seek paid employment when, if she succeeds in finding it, she is likely to lose some or all of her welfare benefits and may lose Medicaid for her family? She is also likely to face greater income insecurity due to potential layoffs, business failures, or variable work hours. And, since women with automobiles worth more than \$1,500 (\$2,500 under the proposed Clinton plan) are ineligible for welfare, many welfare mothers must rely on public transportation. In addition to transportation, mothers need clothing appropriate for job interviews and work. Particularly in the case of administrative or clerical positions, this may present a barrier to mothers whose incomes are below the poverty line. Finally, mothers with jobs without benefits such as paid sick leave, health benefits, and family and medical leave face the risk of income insecurity if they or their children should become ill.

Yet, our analysis shows that many welfare recipients do work and many spend a large proportion of their time looking for work (6 months

on average, for those not working, but looking). Although many able-bodied AFDC recipients are required to search for jobs as participants in the JOBS program, as noted above, the JOBS program has not reached a large proportion of welfare recipients. In our view, the primary reason why welfare mothers work, and look for work, is that paid employment, when added to the rest of their income package, increases their standard of living and increases the likelihood that their families can escape poverty.

As Table 1 (above) shows, welfare benefits alone do not provide a minimal living standard; nearly all (98 percent) who rely on welfare alone are poor, on average, across the 24-month survey period. In contrast, 44 percent of recipients who combine work and welfare (and 58 percent of those who package paid employment, AFDC, and income from other family members) package enough income to enable their families to escape poverty.

Additionally, Table 6 shows that during working months (those months with paid employment and welfare or with paid employment and no welfare), average family income-to-poverty ratios are substantially above the poverty line, counting the cash value of non-cash benefits in family income (ranging from 115 percent of the poverty line for combiners in combining months to 129 percent of the poverty line for both cyclers and combiners in months with work and no welfare). When cyclers and combiners are not working and are reliant on AFDC, however, their family incomes, on average, are below the poverty line (83 percent of the modified poverty line for cyclers and 77 percent for combiners). These data suggest that paid employment provides the greatest likelihood for escaping poverty, especially if it is long term and stable. As we will see later, the chances of a long-

### KEY FINDINGS ON FACTORS THAT INFLUENCE THE EMPLOYMENT OF WELFARE MOTHERS

IWPR findings show:

- Those recipients who are most likely to include paid employment in their income package are high school graduates with job training, previous work experience, family resources (other earners and child support), and no infants or toddlers.
- Job search, alone, does not have a significantly positive effect on the likelihood of employment when other factors are held constant.
- High state welfare benefits do not discourage work; this factor is insignificant in decreasing the likelihood of employment, when other factors are held constant.
- A high unemployment rate in the state is a powerful obstacle to finding work, even after controlling for human capital, child care needs, and other factors that can also affect the likelihood that a mother works.
- Reform proposals that encourage increasing human capital and provide child care will likely have a positive impact on labor force participation.

**TABLE 6. Income Packaging Strategy: Average Months with Strategy and Ratio of Family Income to Poverty Line (1)**

(24-month survey period)

	WORK/WELFARE PACKAGERS		
	Total	Cyclers	Combiners
Population	1,198,955	636,626	562,329
Months with AFDC only	9.2	9.8	8.6
Months with AFDC and earnings	4.8	1.0	6.0
Months with earnings only	7.7	9.8	5.3
Months with neither AFDC nor earnings (2)	2.3	3.5	1.1
Family income-to-poverty ratio—24 months (3)	95%	98%	90%
Modified family income-to-poverty ratio—24 months (4)	106%	108%	103%
<b>MOTHERS WITH SOME MONTHS WITH WELFARE ONLY</b>			
Number	1,055,235	597,343	457,892
As % of group	88%	94%	81%
Months with AFDC only	10.5	10.4	10.6
Modified family income-to-poverty ratio (4) in months with AFDC only	80%	83%	77%
<b>MOTHERS WITH SOME MONTHS WITH WELFARE AND WORK</b>			
Number	901,736	339,407	562,329
As % of group	77%	53%	100%
Months with welfare and work	6.3	1.9	9.0
Modified family income-to-poverty ratio (4) in months with AFDC and work	120%	128%	115%
<b>MOTHERS WITH SOME MONTHS WITH WORK AND NO WELFARE</b>			
Number	947,015	602,954	344,062
As % of group	78%	95%	61%
Months with work only	9.7	10.3	8.7
Modified family income-to-poverty ratio (4) in months with work only	129%	129%	129%
<b>MOTHERS WITH SOME MONTHS WITH NEITHER WELFARE NOR WORK (2)</b>			
Number	565,864	393,913	171,951
As % of group	46%	62%	31%
Months with neither welfare nor work	5.0	5.6	3.6
Modified family income-to-poverty ratio (4) in months with neither AFDC nor work	72%	75%	65%

(1) Mothers are not limited to one category. For example, a mother may spend six months with only welfare and the remaining 18 months combining work and welfare.

(2) These are months when recipients are likely dependent on income from others.

(3) Family income as percent of the poverty line is the total family cash income (in 1990 dollars) during the survey divided by the poverty threshold (in 1990 dollars) for the family size, averaged over all 24 months.

(4) The modified family income-to-poverty ratio includes the cash value of Food Stamps and WIC in family income.

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

term escape from poverty by work alone (unless the job is full time, stable, and unionized) are small. Other elements of an income package, such as AFDC and earnings from other family members, are also generally necessary. Nonetheless, paid employment, as a part of these women's income packages, does increase the economic well-being of their families.

## What Increases the Ability to Work?

If paid employment, as part of a recipient's income package, does result in a higher standard of living, then what factors increase the ability to work? To answer this question we estimate the importance of various factors in making welfare

**TABLE 7. Factors Affecting Work/Welfare Packaging**  
(24-month survey period)

Scenario	Probability of Work/Welfare Packaging
<b>BASELINE</b>	20%
No prior work experience	
High school dropout	
No job training (federal or private)	
Average number of children (2)	
No infants or children under two	
No other adult(s) or child support	
No public or publicly assisted housing	
No additional means-tested benefits	
Average welfare benefit per person per month (\$130)	
Average state unemployment rate (6.7%)	
Average job search (15 weeks)	
Average age (29)	
White	
Able-bodied	
<b>WORSENING THE BASELINE SITUATION</b>	
Work-preventing disability	3%
Has infant or child under two	12%
High unemployment rate (10%)	13%
Publicly assisted housing resident	13%
One additional child	18%
<b>IMPROVING THE BASELINE SITUATION</b>	
Only one child	22%
Another earner in household	25%
Private job training	26%
Completes high school	28%
Federal job training	29%
Low unemployment rate (3.5%)	29%
Child support recipient	32%
Gets married	33%

Has one year work experience	33%
Has average work experience (4 years)	37%

**WORST CASE SCENARIOS**

Work-preventing disability and receipt of SSI	2%
Additional children, high unemployment rate, and infant or child under two	7%

**BEST CASE SCENARIOS**

High school graduate with federal job training	38%
Experienced (4 yrs) HS graduate with job training	61%
Experienced (4 years) HS graduate with job training and family resources (non-working adults at home, other earners, and child support)	80%

**INSIGNIFICANT RESULTS (2)**

Public housing resident	15%
Repeat welfare recipient	15%
Hispanic (3)	16%
High state welfare benefits (\$200)	17%
African American	19%
Job search effort (52 weeks looking)	19%
Work-limiting disability	20%
Non-working adult(s) at home	22%
Other race	23%
Student	23%

(1) Based on logistic regression analysis; see Appendix 5 for complete model and results.

(2) Results that did not reach the 10 percent significance level.

(3) Hispanics may be of any race and are not included here in the white, other, or African American groups.

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

mothers more likely to package paid employment with welfare receipt by using a statistical procedure—logistic regression analysis.<sup>12</sup> The results calculated from our estimation model are shown in Table 7. The baseline case shows a probability of 20 percent of work/welfare packaging for a white woman who is a high school drop-out with no prior work experience or job training, is not disabled, has the average number of children (two), but no infants or toddlers, has no other earners in

the family, receives no child support, has the average state monthly welfare benefit (\$130 per person), lives in a state with the average unemployment rate (6.7 percent), and is the average age (29 years). The effects of factors that increase or decrease the probability of work/welfare packaging are illustrated in Table 7 by worst and best case scenarios and by changing factors one at a time.<sup>13</sup>

Based on this model we find that the most significant factors in predicting work/welfare packaging are: the ability to work (not having a

<sup>12</sup> In logistic regression analysis, one estimates whether or not an event occurs (in this case work/welfare packaging) by estimating the relative importance (coefficients) of a number of different factors (such as education) in determining the probability that the event will occur. An estimated probability exceeding 50 percent is interpreted as signalling that the event does occur.

<sup>13</sup> The effect of any change in a single variable or in several variables combined must be calculated relative to a particular initial combination of variables, or a baseline.



work-preventing disability), availability of jobs (living in states with lower unemployment rates), not having toddlers or infants, having family supports (receiving child support or earnings from other members), and greater amounts of human capital (having past work experience and having a high school diploma and federal job training).<sup>14</sup>

Clearly, recipients will be more likely to find work if more jobs are available. Disabilities prevent some mothers from being able to work. Mothers with fewer children and without babies have lower child care costs during their work-time, have fewer demands on their time, and thus have a greater ability to work. Social and economic family supports increase the incentive and the ability to work. For example, child support recipients have an extra incentive to leave welfare, since, after leaving AFDC, they will receive the full amount of child support paid by the father. (If they remain on AFDC, all but \$50 of their child support is deducted from their welfare checks.)

Finally, greater human capital, as measured by previous work experience, high school completion, and job training, likely results in making the mothers more attractive to employers, and more likely to find work.

Contrary to popular beliefs, we find that average state benefit levels, the amount of time spent looking for work, and the mother's welfare history are insignificant in distinguishing between welfare-reliant and packaging mothers. Being African American also has no value in predicting whether or not a mother is a work/welfare packager (see Table 7). In other words, a woman's race does not determine whether she will include paid employment in her income package. For a detailed summary of the model's findings, see Appendix 5.

## Significant Factors<sup>15</sup>

In what follows we discuss in more detail each of the factors that significantly affects the likelihood of working.

<sup>14</sup> Being a first-time mother was also a significant factor in increasing the probability of work/welfare packaging. This may be the case because the mother is observed working before she has her first child and becomes eligible for AFDC.

<sup>15</sup> Significant factors are those that meet the standard test of statistical significance, in which there is only a one percent, five percent, or 10 percent probability (depending on the level of statistical significance) that the estimated relationship between the factor and the event of interest could have occurred by chance.

## Ability to Work

Those mothers who are physically able are more likely to engage in employment. As we have seen, not all single mothers receiving AFDC are physically able. Over one-fifth of welfare mothers are not able-bodied and report having a disability; about half of these were work-limiting disabilities while half were more severe work-preventing disabilities (see Table 3). We find that mothers with work-preventing disabilities<sup>16</sup> that likely make them eligible for Supplemental Security Insurance benefits are unlikely to be work/welfare packagers (only a three percent likelihood of packaging). In contrast, some work-limiting disabilities are temporary or not severe and do not present barriers to work/welfare packaging; as we have seen, more than half of the mothers who report some disability work or look for work over the two-year survey period. Having a work-limiting disability does not, by itself, significantly reduce the probability that a mother would package work and welfare when other variables are included in the full model, because this subgroup of mothers is also likely to have low levels of education and little work experience.<sup>17</sup> Having a work-preventing disability does significantly reduce mothers' ability to work (from the baseline scenario of a 20 percent likelihood of working down to a three percent likelihood of working).

## Job Availability/Accessibility

In states and during times when the unemployment rate is high, welfare mothers are substantially less likely to package work with welfare. Since the unemployment rate indicates the proportion of workers and would-be workers who cannot find jobs, the significant finding for unemployment indicates that welfare mothers are thwarted in their efforts to work by the local labor market. Although there may be other reasons besides the state of the local labor market why the job-seekers cannot find work, clearly the lack of

<sup>16</sup> Mothers with work-limiting disabilities report their condition—physical or mental limits to the kind or amount of work they can do—during the second wave of the panel. Similarly, those with work-preventing disabilities report, in the second wave, that their condition prevents work. Since some disabilities are not permanent, a few of these women report working at other times.

<sup>17</sup> For example, if a mother's disability were mental retardation or mental instability, she likely completed little education and has little work experience and the effect would be captured by these human capital variables.



jobs is one important barrier. In a previous section, we described the substantial subset of the welfare reliant who are job-seekers. These women spend, on average, seven out of the 24 months looking for work unsuccessfully. In addition, the 13 percent of the reliant who are incidental workers also spend a significant amount of time (five months) looking for work. Here we find that where unemployment rates are as high as 10 percent, the probability that a woman packages work with welfare falls to 13 percent from a baseline of 20 percent (see Table 7). High unemployment is a powerful obstacle to work even after controlling for human capital, number of children, and other factors potentially affecting the likelihood of working. Therefore, policies that require women to find paid employment in loose labor markets, without AFDC as a safety net, will likely increase poverty rates. Neither the moderate nor the conservative plan exempts recipients from time limits during periods of high unemployment.<sup>18</sup>

Low unemployment rates significantly increase the probability of working. Where the state unemployment rate is 3.5 percent (rather than the model's baseline of 6.7 percent) the probability that a welfare mother works increases to 29 percent from the baseline scenario of 20 percent (see Table 7).

### *Number and Ages of Children*

Stereotypes of fertile mothers to the contrary, single mothers receiving AFDC have an average of two children. Those mothers who include paid employment in their income packages are likely to have fewer children than those who do not (1.9 compared to 2.2 children—see Table 3). Here we see that both the number and ages of children have significant effects on mothers' abilities to work. Those with more children likely face higher working costs (especially greater child care costs) but not necessarily higher pay, and, as a result, are less likely to work. Table 7 shows that having only one child increases the likelihood of engaging in paid employment from 20 to 22 percent, while having an additional child decreases the probability

of working to 18 percent. Having an infant or toddler (children that require the most attention and have the highest child care costs) decreases the probability of working from 20 to 12 percent. Number of months with non-working adults in the home does not have a significant effect one way or the other on the likelihood of packaging; apparently any positive effect these adults may have in being able to provide childcare is offset by other considerations, such as their own needs, if they are elderly or disabled for example.

### *Family Supports*

The term "single mother" (referring to current marital status) does not accurately describe the family situation of many welfare mothers who live with other family or non-family members (including, for a small proportion, the fathers of their children) or receive support from them. The additional income and support from these extended family networks provide financial and social capital that increases the ability of single mothers to engage in paid employment. Two of these sources are discussed below.

*Income From Child Support and Other Family Members.* Mothers with other sources of income, such as child support or earnings from extended family members, are much better equipped to go to work. In fact, having other earners in the household and receiving child support both show significant and positive effects on the likelihood that mothers are work/welfare packagers. Table 7 shows that living with other adult earners increases the probability of working from 20 to 25 percent. These adult earners may provide additional income that helps the single mother pay for her working costs. In addition, they may be part of a network that ties the mother to the world of work, providing her with job leads, advice, and counseling.

Currently 23 percent of single mothers receiving AFDC also receive child support payments (see Appendix Table 4). Under current regulations welfare recipients receive only a \$50 pass-through payment regardless of the amount of support received from the father. Nonetheless, receipt of this payment increases the likelihood that mothers will find employment from 20 to 32 percent. Most likely, work/welfare packagers receiving child support are attempting to move off the welfare rolls because the income they can obtain from packaging earnings with the full amount of child support they

<sup>18</sup> The strong effect of the state unemployment rate found here suggests that if we could measure local unemployment rates, the effects on work/welfare packaging would be even greater. Most labor markets, especially for semi-skilled and unskilled work, are highly local; even urban and suburban unemployment rates differ within the same metropolitan area. Unfortunately, the SIPP does not report the within-state locations of its respondents (so we could not add information on local labor market conditions), nor does the SIPP collect and report local labor market information.

would receive after leaving AFDC is higher than the income from welfare alone.

**Marriage.** Although only about four percent of welfare mothers married during the two-year survey period, these mothers are much more likely to be work/welfare packagers (an increase from the baseline of 20 percent likelihood of working to 33 percent). This result may indicate either that working, obviously employable, welfare packagers make more attractive marriage partners or that married women have an easier time working due to extra income or help with child care from their husbands.

### *Human Capital*

Having work experience, a high school diploma, and job training all increase the likelihood that AFDC recipients will include paid employment in their income packages. These forms of human capital likely increase the skills and knowledge that these women bring to the labor market; they may make them more attractive to employers compared to potential job applicants without these attributes.

**Work Experience.** Stereotypes of lazy welfare mothers to the contrary, 62 percent of all the women in our sample have prior work experience (see Appendix Table 5). As with other workers, those without prior work experience are less likely to find employment. Prior work experience is one of the most significant predictors of work. Having just one year of experience increases the probability of packaging from 20 to 33 percent. Having four years of work experience (the average of all work/welfare packagers) increases the likelihood of employment from 20 to 37 percent. Work experience is both an indicator of access to jobs and an indicator of the mother's ability to work. Mothers with no prior work experience are less educated and trained, younger, and more likely to live with other family members than are mothers who have some past work experience (data not shown). Not all AFDC mothers without prior work experience remain jobless; about 20 percent of the work/welfare packagers are first-time workers (data not shown). Those who find work during the survey period have more job training, education, and family resources than those who do not find work; they also have fewer children. Although the lack of prior work experience is a barrier to employment, these findings suggest that those who can overcome this

barrier have additional human capital and more supportive family situations.

**Education and Job Training.** Mothers who have completed high school are eight percentage points more likely than dropouts to be work/welfare packagers (28 percent vs. 20 percent). Similarly, receiving federal job training increases the likelihood of work/welfare packaging by nine percentage points (from 20 to 29 percent). Having both a high school diploma and job training increases the likelihood of packaging further (to 39 percent), and adding four years of work experience increases the likelihood to 61 percent.

These findings suggest that programs emphasizing education, job training, and work experience will increase the likelihood of paid employment. If, in addition, single mothers have supplementary income, such as child support or other earners in the family, they have a very high probability of working (80 percent).

### **Insignificant Factors**

Here we review the factors that are not statistically significant in either increasing or decreasing these mothers' ability to engage in paid employment. These include job search effort, welfare history, benefit levels, and the demographic characteristics of age, race, and ethnicity. The lack of significance of these factors should help dispel some widely held myths concerning the behavior of welfare recipients and the functioning of the welfare system.

#### *Job Search/Effort*

The amount of time that a mother reports having spent looking for work has no significant effect on the likelihood that she includes paid employment in her income package. This measure, which can serve as an indicator of desire and motivation, has no effect on the likelihood a mother works, even after controlling for the state unemployment rate. In short, many AFDC recipients are motivated to work, but motivation alone (as indicated by job search effort) is not enough to result in employment.

#### *Welfare Benefits*

Contrary to the conservative viewpoint that higher benefits (a measure of government generosity) create a disincentive to work, we find that the average state AFDC benefit level does not have a significant effect

on the probability that a mother packages work and welfare. (Higher per recipient state benefit levels decrease the likelihood of working from 20 percent to 17 percent, but this effect could have occurred by chance). Although the state's generosity with welfare benefits does not significantly affect the likelihood that mothers are work/welfare packagers, access to subsidized housing does reduce the probability that a welfare mother works and the effect is statistically significant (from the baseline of 20 percent to 13 percent—see Table 7). Residence in public housing may also reduce the likelihood of working by a small amount, but the effect is not statistically significant in the model.<sup>19</sup> If the mother's housing subsidies are likely to be lost when she gains additional income from working, this loss apparently can provide an incentive for her not to work. Since mothers may spend years on waiting lists before getting a subsidized housing unit, they may be hesitant to risk losing that benefit by depending on the labor market for their incomes, especially an unstable market that does not provide secure income.

### *Welfare History*

A mother's welfare history does not significantly affect her likelihood of working. Mothers who have had previous welfare spells are just as likely to package work and welfare as those who have their first welfare spell during the survey period. (Mothers with repeat spells have a 15 percent, rather than a 20 percent, probability of working, but this effect could have occurred by chance). In addition, the amount of time that a mother spent on welfare during her first spell (for those who have had previous spells) also has no predictive power in distinguishing between welfare-reliant mothers and packagers. This finding suggests that time spent on welfare does not decrease the likelihood of working, despite popular belief that welfare breeds a culture of dependency.

### *Race, Ethnicity, and Age*

A mother's race and ethnicity has little to do with whether or not she includes paid employment in her income package. These findings do not support common racially-biased perceptions about welfare mothers' willingness to work. According to the model, age is also insignificant in affecting the likelihood of packaging.

In sum, women who become packagers have characteristics that make them more employable, and they have the supports that increase their ability to work, if jobs are available. In the next section, we explore the kinds of jobs that are available to these women. And we show why, despite these women's substantial hours of paid work, earnings from employment alone are not enough to bring their families out of poverty, although earnings do contribute to increasing the size of their income packages.

## **What Kinds of Jobs Do Welfare Mothers Have?**

As AFDC continues its transformation from a cash entitlement program that subsidizes impoverished mothers' care for their children to one that mandates paid employment outside the home, it is critical to evaluate the jobs available to recipients. Few researchers have found that job training and job search programs that target AFDC recipients lead to jobs that result in economic self-sufficiency (Friedlander and Burtless, 1994; Manski and Garfinkel, 1992). Numerous researchers and advocates have pointed to the volatility of jobs in the low-wage labor market along with race and gender discrimination as barriers to obtaining jobs that provide economic self-sufficiency (see Spalter-Roth, Hartmann, and Shaw, 1993, for citations). This low-wage labor market is the context in which AFDC mothers seek and find employment.

The most striking characteristics of the jobs found by welfare mothers are that they are low-wage and unstable. As shown in Table 8, work/welfare packagers make, on average, \$4.29 per hour (in 1990 dollars) on their primary jobs. By contrast, the average wage in 1990 was \$10.03 per hour (U.S. Department of Labor, Bureau of Labor Statistics, 1991: C2).<sup>20</sup> Work/welfare packagers are in the labor force an average of 70 weeks over the two-year survey period; they work an average of 1903 hours and an average of 54 weeks over the two-year period. Combiners work substantially more hours and weeks (nearly 400 hours and 12 weeks more over the two years) than do cyclers. On their primary jobs, about two-thirds of packagers' work weeks are full-time and one-third are part time. This latter finding suggests that

<sup>19</sup> In our estimation model, the significance level of the public housing variable is .107, slightly below the .10 level of significance.

<sup>20</sup> Annual average for all employees in the private, non-farm sector.

**TABLE 8. Work/Welfare Packagers: Work Patterns, Occupations, and Health Insurance**  
(24-month survey period)

	Total	Cyclers	Combiners
Population	1,198,955	636,626	562,329
Sample	502	275	227
<b>WORK PATTERNS</b>			
Number of jobs during survey	1.7	1.6	1.7
Number of employment spell transitions	2.3	2.2	2.4
Total hours worked	1,903	1,722	2,108
Average weekly hours in weeks worked	34	36	31
Average monthly hours in months worked	137	145	129
Months worked	13	11	15
Weeks in the labor force	70	64	76
Weeks with paid employment	54	47	62
Weeks unemployed	16	17	14
Weeks employed at primary job (1)	46	41	53
Full-time weeks worked at primary job	29	30	29
Part-time weeks worked at primary job	17	11	24
Hourly wage in primary job (in 1990 \$) (1)	\$4.29	\$4.51	\$4.03
Total earnings in primary job (in 1990 \$) (1)	\$7,366	\$7,353	\$7,380
<b>OCCUPATION OF PRIMARY JOB (1) (percent distribution)</b>			
Managerial and executive	2.7	3.3	2.0
Professional	3.1	1.7	4.7
Technician	0.9	1.2	0.6
Sales and related	12.5	15.1	9.6
Cashier	7.6	9.3	5.6
Administrative support and clerical	15.9	17.6	13.9
Service	39.7	30.9	49.6
Food service	11.5	7.4	16.2
Cleaning service	8.5	7.3	10.0
Personal service	9.7	5.4	14.6
Other service	9.9	10.8	8.8
Farming, forestry, and fishing	1.3	0.7	2.0
Precision production, craft, and repair	3.8	5.8	2.8
Operators, handlers, and laborers	20.2	24.9	14.6
Total	100.0	100.0	100.0
<b>HEALTH INSURANCE</b>			
Months with health coverage	20.0	18.4	21.9
Months with employer coverage	3.6	4.2	3.0
Working months with Medicaid	6.4	3.2	9.9
Working months with Medicaid and employer health insurance	0.6	0.2	1.0
Working months with employer coverage	2.9	3.8	1.9
Working months with no coverage	3.2	4.2	2.0

(1) 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, 1984 and 1986-1988 panels.

## KEY FINDINGS ON THE TYPES OF JOBS AVAILABLE TO WELFARE MOTHERS

*IWPR research shows that the most striking characteristics of welfare mothers' jobs are that they are low-wage, unstable, and unlikely to provide health benefits:*

- Welfare mothers' primary jobs pay an average of \$4.29 per hour (in 1990 dollars). When they work, most work full-time at their primary jobs; about one-third work part-time. During the two-year period, they work an average of 29 full-time weeks and 17 part-time weeks.
- Work/welfare packagers work an average of 54 weeks and 1903 hours over the two-year survey period.
- Their employers provide health insurance coverage to these women only one-third of the months they work.
- Almost half of the packagers have more than one job during the two-year period (for an average of 1.7 jobs) and spend an average of 16 weeks looking for work.
- Work/welfare packagers tend to work in the lowest-wage women's occupations and industries: 37 percent of welfare mothers work in such service occupations as maids, cashiers, nursing aides, child care workers, and waitresses, contrasted with 11 percent of all women who work in these occupations.
- The top employers of welfare mothers are restaurants, bars, nursing homes, private households, hotels, department stores, hospitals, and temporary help services firms; such businesses employ two-fifths of welfare mothers but only about one-fifth of all women.

work/welfare packagers work at sporadic full-time jobs rather than continuous part-time jobs.

While both subgroups of packagers are generally able to find full-time work, they appear to have difficulty keeping these jobs. About half of the packagers have more than one job during the two-year period (see Table 16); they have an average of 1.7 jobs over the two-year period and more than two transitions in and out of jobs (see Table 8). These findings indicate that either the jobs are unstable or many mothers are not able to work year-round in the positions they can get. Given that many spend some time unemployed (on layoff or looking for work), the evidence suggests that the volatility stems primarily from their jobs rather than from their own behavior. Packagers experience an average of 16 weeks unemployed (with cyclers spending more and combiners spending fewer weeks unemployed).

Work/welfare packagers are also unlikely to receive health insurance coverage directly from their employers during the months they work; the result of the lack of employer-provided benefits is that cyclers, who move on and off AFDC, have fewer months of health care coverage than combiners, who remain on AFDC more continuously. Cyclers have employer-provided health insurance only about one-third of the months they work.

Compared to American women as a whole, work/welfare packagers tend to work in the lowest-wage, lowest status women's occupations (see

Tables 9 and 10). They are the cleaners, the servers, and the child minders. Thirty-seven percent of welfare mothers who work do so as domestic workers, cashiers, nursing aides, child care workers, and waitpersons (see Table 10); in contrast, only 11 percent of all women work in those occupations (U.S. Department of Labor, Bureau of Labor Statistics, 1989b: Table 18). These low-status service jobs tend to be of short duration as well as low-wage. For example as Table 9 shows, food service jobs, among the most commonly held by recipients, have the shortest duration (30 weeks), excepting agricultural work that tends to be seasonal, and the lowest wages (\$3.73 per hour). Cleaning service jobs pay slightly better (\$4.08) and have the longest duration of any occupation group, on average 44 weeks. Many of the service jobs these women hold are also female-dominated occupations: over 90 percent of domestic workers, nursing aides, and child care workers are women (U.S. Department of Labor, Bureau of Labor Statistics, 1989b: Table 18). The concentration of women in these low-wage jobs suggests that women face discrimination in the labor market (see Michael, Hartmann, and O'Farrell, 1989; Treiman and Hartmann, 1981, for discussions of female-dominated jobs and discrimination).

Welfare mothers are less likely to find work in better-paid occupations, such as technicians (\$6.28 per hour for welfare mothers), and are underrepresented among administrative support

**TABLE 9. Work/Welfare Packagers: Characteristics of Primary Jobs (1) by Occupation**  
(24-month survey period)

Occupations	Total Jobs (sample #s)	Weeks	Full-Time Weeks	% of Wks Part-Time	Avg Wkly Hours	Hourly Earnings (2) (1990 \$)
Managerial and executive	23	41.5	33.5	19.3%	37.5	\$5.24
Professional	34	37.6	20.2	48.3%	29.6	6.40
Technician	11	36.4	25.5	30.0%	37.5	6.26
Sales and related	117	30.3	14.8	51.1%	31.5	3.94
Administrative	152	31.8	19.2	39.7%	32.5	5.24
Food service	124	29.7	11.3	61.8%	28.5	3.73
Cleaning service	67	44.3	15.6	64.7%	25.1	4.08
Personal service	66	34.3	21.3	37.8%	32.9	2.86
Other service	73	38.3	26.9	29.7%	33.8	4.28
Farming, forestry	13	15.2	11.0	27.4%	37.4	4.00
Precision production	25	30.6	24.2	20.9%	34.7	4.38
Operators and laborers	151	33.4	25.5	23.5%	36.6	4.65

(1) The primary job is the job at which the AFDC mother worked the longest hours.

(2) Hourly earnings are the mother's total earnings divided by her total hours of work, adjusted to January 1990 dollars; averages exclude persons who did not work at all.

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

**TABLE 10. Work/Welfare Packagers: Most Common Occupations and Industries of Primary Jobs(1)**

(24-month survey period)

OCCUPATIONS		INDUSTRIES	
Domestic workers	9.8%	Restaurants and bars	11.5%
Cashiers	7.6%	Nursing homes	7.2%
Nursing aides	7.6%	Private households	6.9%
Child care workers	6.7%	Hotels and motels	4.0%
Wait persons	5.1%	Department stores	3.8%
Machine operators	4.6%	Hospitals	3.7%
Cooks	3.6%	Temporary help services firms	3.5%
Retail sales workers	3.0%	Grocery stores	2.6%
Secretaries	2.3%	Day care services	2.3%
Textile sewing machine operators	2.1%	Apparel manufacturers	2.2%
Laborers	1.8%	Meat packing firms	1.9%
Receptionists	1.8%	Colleges and universities	1.6%
Typists	1.4%	Agricultural firms	1.5%
Assemblers	1.4%		
Food counter jobs	1.3%		
Teachers' aides	1.3%		
File clerks	1.2%		
All listed	62.4%	All listed	52.7%

(1) 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, 1984 and 1986-1988 panels.



**TABLE 11. Characteristics of Primary Job (1) for Work/Welfare Packagers by Race/Ethnicity (24-month survey period)**

	White	African American	Hispanic (2)
<b>Population</b>	529,979	505,881	130,009
<b>Sample</b>	237	197	166
<b>JOB CHARACTERISTIC</b>			
Hours worked	1,508	1,648	1,538
Weeks worked	46	48	45
Full-time weeks worked	27	32	28
Part-time weeks worked	18	17	17
Percent predominantly part-time	28%	26%	24%
Average hours in weeks worked	35	35	34
<b>JOB EARNINGS</b>			
Total earnings (in 1990 \$)	\$6,756	\$8,142	\$7,035
Average hourly earnings (in 1990 \$)	\$4.19	\$4.40	\$4.32
<b>OCCUPATION (PERCENT DISTRIBUTION)</b>			
Managerial and executive	3.7	2.4	10.0
Professional	5.9	0.0	2.4
Technician	1.4	6.0	0.0
Sales and related	14.0	10.3	15.0
Cashier	7.0	7.2	7.5
Administrative support and clerical	14.2	17.7	16.5
Service	40.0	40.8	38.7
Food service	15.9	8.9	6.7
Cleaning service	8.8	9.6	5.3
Personal service	8.4	11.1	10.2
Other service	6.9	11.3	16.5
Farming, forestry, and fishing	3.0	0.0	10.7
Precision production, craft, and repair	1.9	6.0	1.5
Operators, handlers, and laborers	18.4	22.2	24.2
Total	100.0	100.0	100.0

(1) Primary job is the job at which the AFDC mother worked the longest hours.

(2) Hispanics may be of any race and are not included here in the white or African American groups.

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

employees (16 percent of packagers hold these jobs compared to 29 percent of all women; U.S. Department of Labor, Bureau of Labor Statistics, 1989b: Table 18). These white-collar jobs (along with many blue-collar jobs) are higher paid (see Table 9). As Table 10 shows, the top employers of welfare mothers are restaurants, bars, nursing homes, private households, hotels, department stores, hospitals, and temporary-help service firms; such businesses employ two-fifths of welfare

mothers, but only one-fifth of all women (U.S. Department of Labor, Bureau of Labor Statistics, 1989b: Table 19). These are low-wage industries with higher rates of part-time and contingent forms of employment (Hartmann and Callaghan, 1991).

When we examine differences in work patterns among racial and ethnic groups, the findings again challenge the stereotypes. Table 11 shows that African American mothers work the longest hours, the most weeks, and the most full-time weeks.

**TABLE 12. Welfare Mothers: Job Training, Human Capital, and Work**  
(24-month survey period)

	NO JOB TRAINING			ANY JOB TRAINING		
	Total	Non-Workers	Workers (1)	Total	Non-Workers	Workers (1)
<b>Population</b>	2,035,162	1,089,594	945,568	762,124	302,290	459,834
As % of population	73%	39%	34%	27%	11%	16%
As % of training group	100%	54%	46%	100%	40%	60%
<b>AGE (years)</b>	29.1	29.5	28.7	29.5	30.0	29.0
<b>RACE (% distribution)</b>						
White	39%	33%	44%	40%	34%	46%
African American	45%	47%	43%	48%	53%	42%
Hispanic (2)	15%	18%	11%	11%	11%	11%
Total	99%	98%	99%	99%	98%	99%
<b>EDUCATION (% distribution)</b>						
No high school	15%	19%	11%	6%	9%	4%
High school dropout	37%	41%	33%	33%	39%	27%
Finished high school	47%	40%	55%	61%	52%	69%
No college	33%	30%	37%	43%	42%	44%
Some college	13%	8%	17%	16%	9%	24%
College graduate	1%	2%	1%	2%	2%	2%
Total	99%	100%	99%	100%	100%	100%
<b>WORK</b>						
Weeks worked	23	0	47	24	0	47
Weeks unemployed	14	12	18	18	19	18

(1) In this table, AFDC recipients who worked only limited hours (fewer than 300) over the 24-month survey period are included as workers.

(2) Hispanics may be of any race and are not included here in the white or African American groups.

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

They also receive somewhat higher wages (\$4.40 per hour compared to \$4.32 per hour for Hispanics and \$4.19 per hour for white women). Despite some race and ethnic differences, the largest percentage of each group finds employment in the low-paid service sector. Within the low-paid service occupations, which employ about 40 percent of the mothers in all groups, white women are substantially more likely to work in food service jobs and less likely to work in personal service jobs than are both African Americans and Hispanics. A substantial portion of each group also works as operators and laborers, the lowest status blue-collar jobs, with white women somewhat less likely to work in these jobs than women of color. As the hourly wages indicate, none of these occupations is likely to provide an above-poverty income even if recipients are employed full-time, full-year.

## Improving Job and Earnings Prospects

We have seen that the jobs held by AFDC recipients are short-lived and low-wage, on the average. If work is to be an improvement over welfare and produce a higher standard of living, the quality of jobs obtained will need to be improved or their wages supplemented. Here we examine whether widely-accepted methods for increasing earnings appear to work for this population. These methods include: training, education, and on-the-job experience.

### Does Job Training Lead to Better Job Prospects?

More than seven out of 10 AFDC recipients are without any job training. In Table 12 we have divided all single mothers in our study population



into two groups, those who have had job training and those who have not. We have further subdivided each of these groups into those who have packaged any paid employment with welfare over the two-year period and those who have not. (Here we include those who worked only limited hours, fewer than 300, as workers). Like other researchers (Friedlander and Burtless, 1994), we find that welfare mothers who have received job training, either through the government or through private training programs, are more likely to seek or find paid employment than are mothers without job training (60 percent compared to 46 percent). The table also shows that mothers who have training tend to be better educated than those who have not received training. More than six out of 10 AFDC recipients who obtained job training have completed high school, while only about half of those without training have high school diplomas. Mothers with federal job training are even more likely than private trainees to have finished high school (70 percent—data not shown).

Although recipients with job training (possibly because of their higher education levels) are more likely to find jobs, the jobs they find, and their earnings, do not appear to be superior. Table 13 compares the characteristics of the primary jobs held by mothers with and without training. Mothers without training are more likely to work in lower status jobs such as cashiers and less likely to work in higher status white-collar occupations (managers and professionals) or in blue-collar occupations (considered together, 22.5 percent versus 26.9 percent for those with job training). Regardless of training status the largest share (40 percent) of both groups do service work—food, cleaning, personal, and other services. Those with job training are less likely to have part-time jobs than are non-trainees (21 percent compared to 31 percent). Despite greater employment in some higher status jobs and greater likelihood of full-time jobs, those mothers with job training do not currently make significantly higher hourly wages than do non-trainees.<sup>21</sup> Those with job training earned only three cents per hour more at their primary job than did those without job training

(\$4.31 compared to \$4.28). Both groups earn below poverty wages—hourly wages that even if worked full-time, year-round would not lift a family above poverty. Other researchers (Romero, 1994) have found that federal training, such as JTPA, if taken for a two-year period, increases the ability to escape poverty.

**TABLE 13. Work/Welfare Packagers:  
Characteristics of Primary Job (1) by  
Job Training**

(24-month survey period)

	No Job Training	Any Job Training
Population	795,072	403,882
Sample	340	162
<b>JOB CHARACTERISTICS</b>		
Hours worked	1,548	1,615
Weeks worked	47	48
Full-time weeks worked	28	30
Part-time weeks worked	19	18
Percent predominantly part-time	31%	21%
Average hours in weeks worked	34	34
<b>JOB EARNINGS</b>		
Average hourly earnings (in 1990 \$)	\$4.28	\$4.31
<b>OCCUPATION (percent distribution)</b>		
Managerial and executive	1.5	1.1
Professionals	2.2	2.5
Technician	2.2	2.5
Sales and related	15.2	15.2
Cashier	10.1	10.1
Administrative support and clerical	16.0	16.0
Service	39.8	39.8
Food service	19.9	19.9
Cleaning service	9.7	9.7
Personal service	9.0	9.0
Other service	8.1	8.1
Farming, forestry and fishing	2.0	2.0
Precision production, craft, and repair	3.9	3.9
Operators, handlers, and laborers	18.6	18.6
Total	100.0	100.0

(1) Primary job is the job at which the AFDC mother worked the longest hours.

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

<sup>21</sup> Because, as we have seen above, job training increases the probability of working, it may pull otherwise non-workers into the labor market; these new entrants would likely have lower wages, pulling down the average wage for all those with job training below what it would have been in the absence of these new entrants.

## Does Education Improve Job Prospects?

As we have seen (Table 7), completing high school significantly increases the likelihood that

**TABLE 14. Work/Welfare Packagers:  
Characteristics of Primary  
Job (1) by Education**  
(24-month survey period)

	High School Dropouts	High School Graduates
<b>Population</b>	455,209	743,745
<b>Sample</b>	190	312
<b>JOB CHARACTERISTICS</b>		
Hours worked	1,325	1,693
Weeks worked	43	48
Full-time weeks worked	23	32
Part-time weeks worked	20	16
Percent predominantly part-time	35%	24%
Average hours in weeks worked	33	36
<b>JOB EARNINGS</b>		
Average hourly earnings (in 1990 \$)	\$3.66	\$4.67
<b>OCCUPATION</b> (percent distribution)		
Managerial and executive	0.7	3.7
Professional	0.8	4.2
Technician	0.0	1.3
Sales and related	14.5	11.5
Cashier	8.6	7.1
Administrative support and clerical	2.3	22.6
Service	52.9	33.1
Food service	15.0	9.8
Cleaning service	17.7	4.0
Personal service	12.1	8.6
Other service	8.1	10.7
Farming, forestry, and fishing	3.9	0.0
Precision production, craft, and repair	1.0	5.2
Operators, handlers, and laborers	23.8	18.4
Public administration	0.6	4.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

(1) Primary job is the job at which the AFDC mother worked the longest hours.

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

AFDC recipients include paid employment in their income package. Here we compare the jobs and wages of those work/welfare packagers with high school diplomas and those without. Table 14 shows that the majority of high school dropouts have service jobs, especially cleaning and food service; they are also more likely to do agricultural work or have unskilled blue-collar jobs. In contrast, high school graduates are more likely to have administrative support jobs, skilled blue-collar jobs, and managerial, professional, and technical jobs. High school graduates are less likely to work part-time and work more weeks at their primary jobs; they earn hourly wages 20 percent higher than those earned by dropouts. Despite this wage premium, high school graduates in our study still earn an hourly wage—\$4.42 on average—that would not amount to an annual income above the poverty line, even if worked full-time, year-round.

Given the benefits of additional education (in terms of job quality and work stability), many AFDC recipients take advantage of their welfare spells to attend school. About one-third of the able-bodied mothers attend school during the two-year period; high school graduates are even more likely to attend school than are high school dropouts; 40 percent of them are students during the survey period (data not shown). These data indicate the strong effort that AFDC recipients make to increase their human capital, an effort that may allow them to move out of the low-wage, low-status, female-dominated jobs that many of them already hold.

## Does On-the-Job Experience Improve Earnings?

Direct entry into jobs is gaining support among policy analysts as a more effective means of raising employment rates and reducing AFDC receipt than are job training and education (Riccio, Friedlander, and Freedman, 1994). The Clinton plan encourages and the Republican plan mandates this approach.<sup>22</sup> If on-the-job experience is effective, we would expect to find gains in hourly wages and earnings as a result of this experience. In Table 15 we examine the changes in wages and earnings of

<sup>22</sup> The Clinton plan allows states to require 12 weeks of upfront job search, rather than participation in education or training, for all those recipients "deemed ready." The Republican Personal Responsibility Act has a "work participation rate" required of the states, but persons participating in education programs would not count toward satisfying the rate; thus, educational opportunities will likely be limited.

**TABLE 15. All Workers: Earnings Mobility**  
(24-month survey period)

	NUMBER OF MONTHS BETWEEN FIRST AND LAST MONTH WORKED						
	ALL	0-3	4-7	8-11	12-15	16-19	20-23
Worker (1) population	1,405,402	304,263	208,918	141,861	137,155	166,228	248,977
As % of population	100%	22%	15%	10%	10%	12%	18%
REAL HOURLY WAGE GROWTH (2) (PERCENT DISTRIBUTION)							
Wage gains	51	22	65	62	69	59	51
Wage losses	41	39	35	38	31	39	49
No difference	9	39	0	0	0	2	0
Total	101	100	100	100	100	100	100
REAL EARNINGS GROWTH (2) (PERCENT DISTRIBUTION)							
Earnings gains	53	20	54	60	69	66	53
Earnings losses	38	38	46	40	31	34	47
No difference	9	42	0	0	0	0	0
Total	100	100	100	100	100	100	100

(1) This table includes all AFDC mothers who worked, including those who worked limited hours (fewer than 300 hours) over the 24-month survey period.

(2) Wage and earnings growth were calculated in constant dollars.

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

work/welfare packagers between their first and their last month of employment. The table shows that half of the mothers who are employed do experience real wage and/or earnings growth during the survey period. But a surprising 40 percent experience wage and earnings losses, and 10 percent experience no change.

We would further expect that the longer a mother worked at a job, the more likely she would be to experience productivity- or tenure-related wage increases. This relationship is only partially borne out by the data in Table 15, which shows wage and earnings gains for all those recipients with any working hours. Although 65 percent of the women working from four to seven months experience hourly wage gains, gains are not as apparent for those workers who work 20 or more months: only half experience hourly wage gains between the first and last month worked. The percentage of workers who experience real earnings growth over 20-23 months of work is higher than the percentage who experience hourly wage growth (because earnings growth can result from increases in both the hourly wage and hours of work). The percentage experiencing losses is steady across work duration. These findings suggest that about half the work/welfare population benefits from on-the-job experience in terms of higher hourly wages, but that

this gain is balanced by an equal number who either experience losses or stay in the same place.

If, as we have seen in Table 15, accumulating on-the-job experience (at one or more jobs) does not result in wage increases for half the workers, do job changes result in higher wages? Table 16 shows selected characteristics of the jobs held by all work/welfare packagers arranged by the number of jobs held over the survey period (ranging from one to four or more jobs). For the 44 percent of the sample who had more than one job during the survey period, the wage level for the second job is, on average, lower than for the prior job. For those who had two jobs, the wage level declined from \$4.28, on average, to \$4.21, from the first to the second job. For all workers, the 56 percent who held a single job during the survey period had higher wages than the 44 percent who held multiple jobs (\$4.34 compared to \$4.22—data not shown). These findings suggest that many women move from one low-wage job to another, without experiencing wage gains.

Even if work/welfare packagers worked 40 hours per week for 50 weeks per year at their average wage, \$4.29 per hour in their primary jobs, they would not earn enough to bring a family of three to the poverty line (\$10,419 in 1990 dollars), and well under the \$18,000 - \$20,000 annually that

**TABLE 16. Characteristics of Work/Welfare Packagers' Jobs**  
(24-month survey period, 1990 dollars)

	NUMBER OF JOBS HELD DURING SURVEY			
	One	Two	Three	Four +
Population	674,472	318,722	131,845	72,003
As % of population	66%	27%	11%	6%
Sample	278	135	58	31
<b>FIRST JOB</b>				
Hourly wage	\$4.33	\$4.28	\$4.46	\$4.66
Weeks employed	52	54	24	14
Percent predominantly part-time	31%	44%	36%	67%
Average hours per week worked	33	31	31	28
<b>SECOND JOB</b>				
Hourly wage		\$4.21	\$3.87	\$3.45
Weeks employed		26	15	17
Percent predominantly part-time		39%	43%	42%
Average hours per week worked		32	31	30
<b>THIRD JOB</b>				
Hourly wage			\$4.32	\$4.24
Weeks employed			19	17
Percent predominantly part-time			32%	41%
Average hours per week worked			34	30
<b>FOURTH + JOB</b>				
Hourly wage				\$4.23
Weeks employed				15
Percent predominantly part-time				44%
Average hours per week worked				32

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

researchers suggest is the minimal amount needed by a working single mother and her family (see Bergmann and Renwick, 1993, and Jencks and Edin, 1990). As we have seen in our previous research (IWPR, 1989; Spalter-Roth, Hartmann, and Shaw, 1993), long-term, full-time jobs are

atypical of the kinds of positions that these single mothers can obtain, even if their family situations allow for such intensive work effort. Therefore, their income packaging strategies must include other income sources, especially if they are to escape poverty.

# IMPROVING THE CHANCES OF ESCAPING POVERTY

In our view, the purpose of welfare reform should be to increase the ability of mothers to bring their families out of poverty. Welfare policy should recognize the legitimacy of the survival strategies AFDC recipients use to bring their families out of poverty. We have seen that packaging work, welfare, and other income sources (especially income from other family members) is a relatively successful anti-poverty strategy for these women. Only two percent of those welfare families that rely on welfare alone escape poverty; they face the direst economic circumstances. In contrast, the 43 percent of recipients who package paid work and welfare are more likely to bring their families above the poverty line. But, as we have seen, the low-wage, unstable jobs they find, even when combined with some welfare benefits, do not provide enough income for the majority to bring their families out of poverty. Of the work/welfare packagers who are also able to include income from other family members, the majority, 58 percent, escape poverty. (See Table 1; the cash value of Food Stamps and WIC is included as income in these poverty calculations).

Figure 9 provides additional detail on the likelihood that each of the subgroups of AFDC recipients can escape poverty, using different strategies. We see that the income-to-poverty ratio for welfare reliant is about 70 percent of the poverty line, on average, when they have no additional income from family members, even when the cash value of Food Stamps and WIC is included in family income. Even with additional income from family members, the reliant do not escape poverty, on average. Although not as badly off as reliant, combiners and cyclers also do not escape poverty, on average, packaging only paid work and AFDC. They do so (with a family income-to-poverty ratio of about 120 percent) when income from other family members is included in the package.

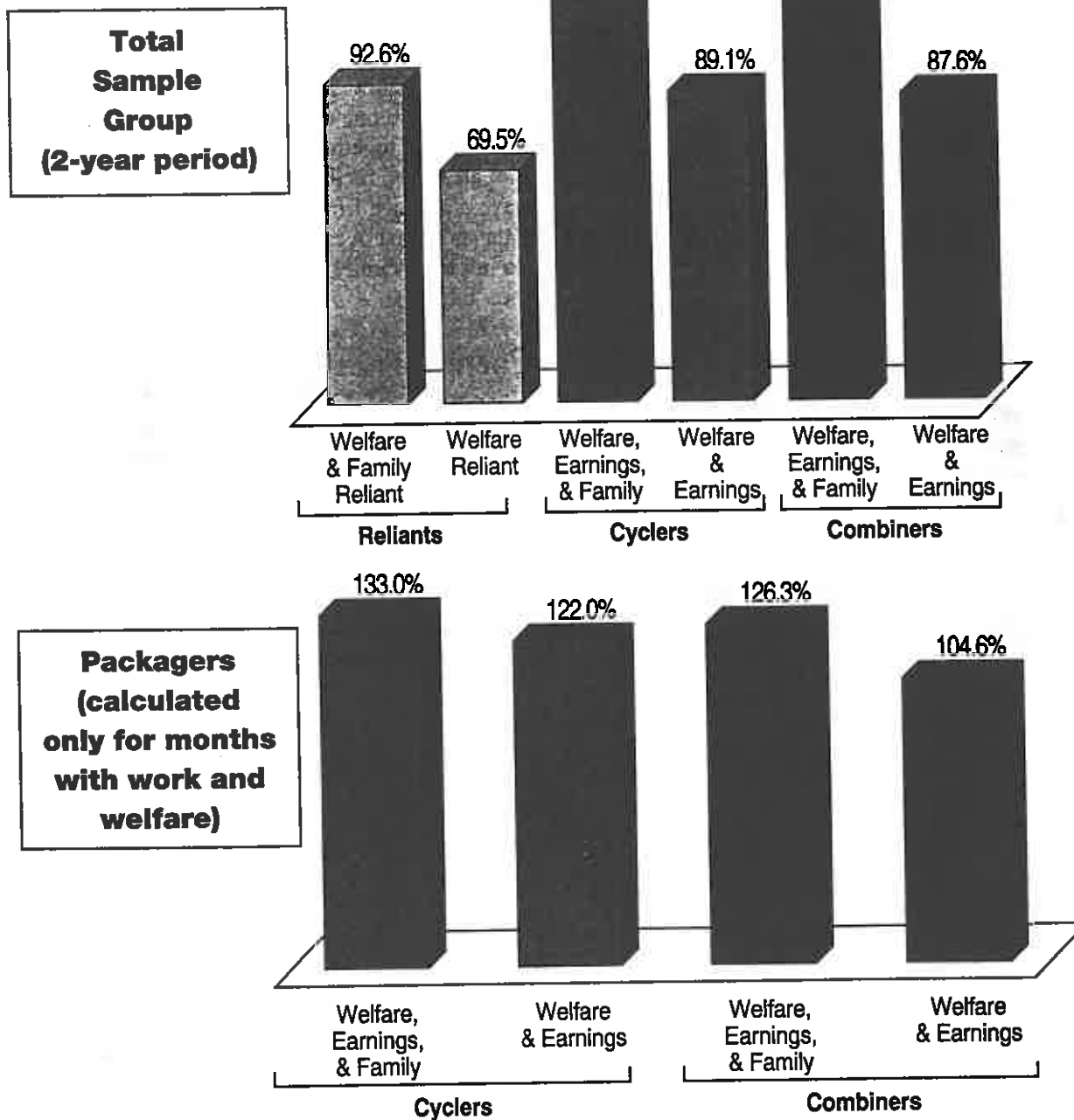
These findings suggest that only those AFDC recipients who can include help from family

members in their packages can, on average, escape poverty. When we look in more detail at the months spent working (also shown in Figure 9), we see that especially for cyclers, earnings and welfare (without family help) do enable AFDC recipients to escape poverty. Even the combiners escape poverty, on average, in the months they work, without family help (though they do not attain as high an income-to-poverty ratio as the cyclers). This closer look at months spent working suggests that, as we saw earlier, family assistance and earnings substitute for one another in packagers' income packages. If one is fortunate enough to have family support when one cannot earn, then the income package put together reaches a higher standard. Not all AFDC recipients are fortunate enough to have assistance from other family members; our data show that over a two-year period, 43 percent do not have family assistance greater than \$1,500 (see Table 1).

## Factors That Improve the Chances of Escaping Poverty

In this section, we again use logistic regression analysis and estimate the relative importance of factors that increase or decrease the chances that a work/welfare packager can attain an income that brings her family out of poverty. In this model, we included the cash value of Food Stamps and WIC in family income. Based on this analysis, Table 17 shows the chances of escaping poverty for women with various characteristics. As a baseline, we start with a woman who is relatively disadvantaged. She has not completed high school, has no job training, and no prior work experience. She held two jobs during the two-year period, with a spell of unemployment between jobs. Neither of these was a union job. The unemployment rate in her area averaged 6.6 percent, the average for all states. She is the average age, 29 years old, has the average number of children (two), neither of them under two, and has had no other family members living with her during the two years. She has received no child support or non-means tested benefits (such as unemployment compensation) and does not live in public housing or receive public housing assistance. Her state's AFDC benefits are the all-states' average of \$129 per person per month. She is white and has no work-limiting disability. The probability that a woman with these characteristics

**Figure 9.**  
**Family Income-to-Poverty Ratios (1)**  
 (24-month survey period)



(1) Family income includes the cash value of Food Stamps and WIC.

Source: IWPR calculations based on the Survey of income and Program Participation, 1984 and 1986-1988 panels.

## KEY FINDINGS ON THE FACTORS THAT INFLUENCE THE CHANCES OF ESCAPING POVERTY

*Stable jobs, more human capital, union membership, and access to means- and non-means tested benefits increase the chances of escaping poverty for those without family resources:*

- Among all work/welfare packagers, the more months during which a mother pools income with other family members, the more likely the mother is to escape poverty. Mothers who have access to income from family members for all 24 months increase their chances of escaping poverty from 11 to 86 percent.
- For the 57 percent of working mothers who lack family resources, earnings from employment become a more important ingredient of an anti-poverty strategy. Of primary importance to packagers in nuclear families is job volatility (the number of times they start and stop jobs). Regardless of the reasons for job loss, the more times the mother starts and stops working, the more likely she is to be poor.
- Mothers whose jobs are covered by union contracts are much more likely to escape poverty. Union coverage increases the chances of having income above the poverty line from 11 percent to 39 percent.
- Workers with a high school education and private job training are more likely to escape poverty. The effect of federal job training is insignificant. Although previous work experience is significant, mothers need 10 years of work experience to increase their chances of leaving poverty to 18 percent (from 11 percent).
- Work/welfare packagers are better off when they live in states with higher AFDC benefits (raising the chances of escaping poverty from 11 to 17 percent) and when they receive non-means tested benefits, such as unemployment compensation, social security, or workers' compensation (increasing the chances of escaping poverty from 11 percent to 26 percent).

could earn enough to bring her family above the poverty level is only 11 percent. (For the complete results, see Appendix 6). We next examine how changes in each of these characteristics would affect the chances that this woman could support her family above the poverty line.

### *Income From Other Family Members*

The months in which work/welfare packagers also have access to income from other family members are the months in which they are most likely to be able to move their families out of poverty. Having family financial resources throughout the two-year period increases the likelihood of escaping poverty from 11 to 86 percent, holding other factors constant (see Table 17). It is important to note that, in drawing this conclusion, we are assuming that the AFDC mother and her children have access to the income of other family members living in the same household; this assumption, of course, may not always hold true.

Child support payments have an inconsequential effect on raising welfare families' incomes up to or above the poverty line (data not shown). Since child support recipients, on average, receive only \$150 in monthly child support payments and since they miss a check practically every other month, child support plays a small role in poverty alleviation. One reason why child support

payments are so low is that during months when the mother receives welfare, all but \$50 of the child support check goes directly to the state to defray the expenses of her welfare benefits. Among mothers living with non-working family members who might contribute child care, the presence of these adults has an insignificant effect on the chances of escaping poverty.

### *Non-Means Tested Benefits*

Work/welfare packagers are better off when they receive non-means tested benefits, such as unemployment compensation, social security benefits, or workers' compensation. These benefits increase the chances of leaving poverty from 11 to 26 percent. They are likely even more important to those work/welfare packagers without access to income from other family members. While 18 percent of packagers receive non-means tested benefits of any kind, only 10 percent of the more AFDC-reliant families receive these benefits (Table 3).<sup>23</sup>

### *Means-Tested Benefits*

Because of their employment in unstable, low-wage jobs, work/welfare packagers need AFDC and other means-tested benefits to escape poverty. We find that the average state per capita monthly

<sup>23</sup> Below we report on several reasons why unemployment compensation receipt is so low.



**TABLE 17. Factors Affecting Work/  
Welfare Packagers' Poverty  
Status (1)**

(24-month survey period)

Scenario	Probability of Living Above Poverty
<b>BASELINE</b>	<b>11%</b>
Two years work experience	
High school dropout	
No job training (federal or private)	
Average number of children (2)	
No infants or children under two	
No other adult(s) or child support	
No public or publicly assisted housing	
No additional means-tested benefits	
No non-means tested benefits	
Average welfare benefit per person per month (\$129)	
Average state unemployment rate (6.6%)	
Average age (29)	
White	
Able-bodied	
<b>WORSENING THE BASELINE</b>	
One additional child	5%
African American	5%
High unemployment rate (10%)	6%
Unstable work (four transitions)	8%
<b>IMPROVING THE BASELINE</b>	
Stable work (one transition)	13%
High welfare benefit per person per month (\$195)	17%
10 years work experience	18%
Only one child	22%
Non-means tested cash benefits	26%
Private job training	26%
Completed high school	31%
Union coverage	39%
Income from other family members—12 months	47%
24 months	86%
<b>WORST CASE SCENARIOS</b>	
African American, high unemployment, and unstable work	2%
High unemployment, low AFDC benefits (\$75 per person per month), and unstable work	3%
High unemployment and unstable work	4%
<b>BEST CASE SCENARIOS</b>	
High school diploma, stable work	86%
High school diploma, private job training	56%
High school diploma, other family income for 12 months	76%
High school diploma, other family income all 24 months	96%
<b>INSIGNIFICANT RESULTS (2)</b>	
Infant or child under two	8%
Federal job training	11%
Non-working adults in home	11%
Self-employed	17%

(1) Based on logistic regression results; see Appendix 6 for complete model and results.  
(2) Results that did not reach the 10 percent significance level.  
Source: IWPR calculations based on the Survey of Income and Program Participation, 1984 and 1986-1988 panels.

benefit has significant predictive power in distinguishing between those living in poverty and those escaping poverty. Those work/welfare packagers living in states with higher benefit levels (\$200 per month per person as compared with \$129 in the average state) increase their chances of escaping poverty from 11 percent to 17 percent.

In contrast, work/welfare packagers living in public housing or receiving publicly assisted housing subsidies are no more likely to escape poverty than those without such subsidies (data not shown). However, this result may be misleading because the cash value of the housing subsidies is not included in family income. With reduced-cost housing provided, these families have more disposable income than families with the same income who must pay substantially more for housing.

### Human Capital

As we have seen, workers with more skills, education, and experience receive higher wages and have an easier time finding work. Here we find that such human capital factors enable work/welfare packagers to increase their incomes. Completing high school increases the chances of escaping poverty to 31 percent (from 11 percent). Women who have received job training privately, mostly from former employers, also have much greater chances of escaping poverty than those without such training. Having received private job training increases the probability that packagers' families' incomes exceed the poverty level to 26 percent (from 11 percent). In contrast, federal job training has an inconsequential effect on poverty alleviation. Although a mother's previous work experience increases her family's chances of escaping poverty, it does not do so by much. In fact, it takes 10 years of work experience to raise her family's chances of escaping poverty from 11 percent to 18 percent. The small effect of work experience validates our earlier finding that either accumulating work months or moving from one low-wage job to another does not generally result in measurably increased hourly wages or annual earnings.

### Union Coverage

Work/welfare packagers whose jobs are covered by union contracts are much more likely to escape poverty. Union coverage increases the chances of living above the poverty line to 39 percent from



11 percent. Other research shows that, for low-income women workers, coverage by a union contract not only increases wages but increases job tenure (Spalter-Roth, Hartmann, and Collins, 1994). As Table 17 shows, less job volatility means greater likelihood of escaping poverty (13 percent versus 11 percent). Thus, union membership increases wages in more than one way. Few mothers benefit from union contracts, however; only seven percent of work/welfare packagers are covered by union contracts.

## **Factors That Decrease the Chances of Escaping Poverty**

### *State Unemployment Rates*

The state unemployment rate is a significant and powerful predictor of welfare families' likelihood of poverty. High unemployment means the mother as well as extended family members have difficulty finding work. Since these women, on average, have quite a number of transitions into and out of work, many of them have to look for new jobs during the two-year period. High unemployment rates (10 percent in our example) mean that these mothers are likely to have longer and unsuccessful job searches. The result is that their chances of escaping poverty decline from 11 percent to six percent.

### *Job Volatility*

The kinds of jobs that most welfare recipients can obtain, regardless of sector or occupational type, are likely to be low-wage and insecure. The higher the number of times that work/welfare packagers start and stop jobs (job volatility) the lower the likelihood that they can bring their families out of poverty. As we have seen, work/welfare packagers have more than two transitions into and out of employment during the two-year survey period, often because they begin a new job or leave a current job. The problem for many of the mothers is that they do not seem to hold jobs for long. Those with more transitions are less likely to escape poverty (the chances of escaping poverty declining from 11 to eight percent when the number of transitions increases to four from two). The mothers may be losing jobs for a number of reasons, such as high costs of working, family care responsibilities, and the short-term

(temporary/seasonal) nature of the jobs. Regardless of the reasons for job loss, the more times the mother starts and stops working, the more likely she is to be poor.

### *Family Care Responsibilities*

The more children a mother has, the less likely she is to be able to pull together an income package that meets or exceeds the poverty level. This is one of the most important factors in explaining why packagers do or do not escape poverty. An additional child decreases the family's likelihood of escaping poverty from 11 percent to five percent. After controlling for the number of children, having an infant or toddler does not affect the probability of escaping poverty. Any effect that having an infant has may work both through the number of children variable and other variables, such as the number of work transitions, which could easily rise due to child birth or to difficulties in finding and keeping adequate child care for infants. As noted, the presence of non-working adults has no effect one way or the other.

### *Race/Ethnicity and Age*

Among all work/welfare packagers, being African American decreases the likelihood of escaping poverty from 11 to five percent, when all other factors are held constant. African American mothers apparently face an additional penalty of discrimination based on race.

Age of the mother is another demographic variable that is not a statistically significant influence on the likelihood of escaping poverty.

## **Worst and Best Case Scenarios**

As Table 17 shows, the worst case scenario for escaping poverty includes living in states with high unemployment rates (10 percent), having an above-average number of job transitions (four rather than two), having low AFDC benefits (\$75 per person per month rather than the average of \$129), and being African American. Most of these factors are situations over which single mothers have little or no control. For women facing these situations, higher state welfare payments can make the difference between meeting minimum needs or sinking into dire poverty. The worst case scenario could be avoided through obtaining increased education or job training or a stable unionized job,

having fewer family responsibilities, finding work in a labor market free of race discrimination, and receiving higher welfare benefits (\$200 per person per month). As an illustration, we show the improved opportunities for women who combine a high school diploma with more stable jobs (only one job transition) or with private job training, combinations that increase the chances of escaping poverty to 36 percent and 56 percent, respectively,

from the baseline of 11 percent. Combining a high school diploma with living with other family members who have income raises the likelihood of having an above-poverty family income to 76 percent (from 11 percent) if the other income is available 12 months and to 96 percent if the other income is available the full 24 months.

In the next section, we examine the efficacy of current and proposed policies for reducing poverty.

## POLICY ANALYSIS

Our research shows that three-quarters of single mothers who receive AFDC combine this below-poverty income source with earnings from low-wage and unstable jobs and income from family members. The more sources the single mothers in our study package, the more successful they are in attaining an income level above poverty. Despite commonly held stereotypes that AFDC recipients do not work, this study shows that more than seven out of 10 are in the labor force, either working or looking for work. But even for the single mothers with substantial hours of paid work, AFDC is a central part of their income package. AFDC functions as a relatively stable income source in the face of disability, unemployment, short-term low-wage employment, child birth, and family break-up. Unless we are prepared to witness the immiseration of many AFDC recipients and their families, with likely increases in destitution, hunger, and homelessness, income assistance must be provided even to working mothers.

Although our research suggests that AFDC is a flexible program that meets the many needs of single mothers (though inadequately), pollsters and policymakers claim that AFDC is a program that is disliked by citizens and recipients alike and should be abolished and replaced by policies that, depending on their level of punitiveness, compel or encourage participation in paid employment. In what follows, we analyze several policy alternatives, including those proposed by moderates and conservatives, to reform AFDC, encourage work, and provide income support.

### Existing Policies

Many policymakers view the Earned Income Tax Credit (EIC) as a superior alternative to AFDC for working mothers. Does this program provide a substitute for AFDC as a stable source of income during periods of unemployment, disability, and family emergencies? If AFDC benefits become time-limited, will the EIC program fill the gap? If the EIC is inadequate for covering periods of joblessness, does Unemployment Insurance (UI), another existing program, provide an alternative source of income?

### *Earned Income Tax Credit*

The EIC, a refundable federal income tax credit (essentially, a payment) for working poor adults with dependent children, has grown substantially since its adoption in 1975. Currently, it is designed to bring a family of four with at least one parent working full-time year-round at the minimum wage up to the poverty threshold (when combined with Food Stamps). The EIC is designed to reward work, since, at low income levels, benefits increase with earned income, with the size of the credit depending on the size of the family and total taxable family income.<sup>24</sup> For families with incomes slightly above the poverty line, the credit decreases and is eventually reduced to zero for moderate income families. Since it was created, the EIC has been increased a number of times from a maximum payment of \$400 originally to \$1,511 (for families with two children) in 1993 (U.S. House of Representatives, Committee on Ways and Means, 1994: 700). Most recently, the Omnibus Budget Reconciliation Act (OBRA) of 1993, provides for a series of increases in the credit to be phased in over the next five years. Under these reforms, the EIC credit will increase from its 1993 rate of 20 percent of earnings to 40 percent in 1998 for families with two or more children. For tax year 1995, the maximum benefit will be \$3,110 for those earning between \$8,600 and \$11,300, who have two children (Internal Revenue Service, 1995).

To compute the effects of the newly increased EIC on welfare recipients, we calculated the EIC benefit for which work/welfare packagers would qualify under the 1996 standards. We found that virtually all of the packagers would qualify in at least one of the two years (see Figure 10). Among those who do not qualify, over 90 percent of the time the reason is that they did not work in that particular year, with the remainder not qualifying due to excessive income. Among those qualifying for the EIC, the average annual benefit is \$1,550. Over one-third (36 percent) would qualify for benefits exceeding \$2,000, while 20 percent would qualify for less than \$500 in EIC benefits (data not shown). After adding the EIC benefit to the eligible packagers' incomes, their family incomes (not counting the cash value of Food Stamps and WIC), on average, exceed the poverty

<sup>24</sup> AFDC is not included in taxable income, which means that most working welfare mothers qualify for this program.

## Figure 10: 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 the 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 \$2,000/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

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

line, moving from 95 to 105 percent of the poverty threshold if they maintain their AFDC benefits (data not shown).

If welfare becomes time-limited, however, and recipients lose their access to this income source, the EIC benefit would, on average, be less than the AFDC benefit that would be lost. Families eligible for the EIC would end up with incomes averaging 91 percent of the poverty line under the new generous EIC payments, no AFDC benefits, and current hours of work. Thus, work/welfare packagers would be worse off with EIC payments rather than AFDC benefits.

Another problem with relying on the EIC is that most families do not receive benefits throughout the year as the money is needed, but rather in a lump sum payment made after tax returns are filed. Although there is an advanced EIC program that provides the pro-rated credit in each paycheck throughout the year, this program depends upon the willingness of employers to implement it; it is used by less than one percent of EIC beneficiaries. Even the advanced EIC is not an effective income support program for mothers with insufficient or intermittent work; below annual earnings of \$8,600 (in 1995), the credit is reduced when earnings fall due to lack of hours, unemployment, or other reasons. The EIC protects mothers only

when they consistently perform enough low-wage work. Thus, unlike AFDC, which provides a source of income during the lengthy periods of unemployment faced by single mothers, the EIC provides no such stable source of income. It is designed for those who are employed full-time, full-year, an unlikely work pattern for many poor single mothers. Because of its narrower purpose, the EIC, by itself, cannot be expected to function as a substitute for AFDC.

Further, although EIC participation rates—the percent of eligible households receiving the credit—have risen from 70 percent in 1984 to as high as 86 percent in 1990 (Scholz, 1994a), AFDC recipients who are eligible for EIC benefits have lower than average participation rates (Scholz, 1994b). Making the transition from AFDC to the EIC may not occur instantaneously for all the AFDC recipients who might lose their welfare benefits under various reforms.

### Unemployment Insurance

Unemployment Insurance (UI) was likewise designed as a program to benefit full-time, year-round workers facing periods of temporary layoff. In many states, receipt of benefits requires relatively high prior earnings and involuntary reasons for job loss (with interruptions due to child

birth or family responsibilities usually disqualified as "voluntary quits"). If AFDC were to become a time-limited program, our findings suggest that UI would not provide income security to most of the working single mothers in our sample during the average of 16 weeks of unemployment they experience during the two-year survey period. This is especially true for mothers who seek to work at part-time jobs, since approximately half the states disqualify workers who are available only for part-time work, even if their past earnings are otherwise sufficient to ensure their eligibility (Pearce, 1994).

As Table 18 shows, the great majority of working AFDC mothers do not receive unemployment benefits, despite their substantial work effort and considerable time spent unemployed. Only one out of 10 recipients with substantial work effort received UI benefits; nine out of 10 either do not qualify for benefits or have exhausted their benefits in the recent past. In contrast to the small percentage of recipients who receive UI, the nine out of 10 who do not receive UI have fewer jobs (1.6 compared to 2.3), have three fewer weeks and 300 fewer hours of employment, receive even lower hourly wages (\$4.22 compared to \$4.83), live in states where UI covers fewer unemployed workers, and are more likely to be African American and to have newborns or toddlers. In addition, those women who do not receive UI are more likely to have worked in service occupations, particularly in food and personal services. Virtually none of those who received substantial UI benefits (\$300 or more per month) worked in the service occupations (see Spalter-Roth, Hartmann, and Burr, 1994, for a more detailed analysis of UI receipt among AFDC recipients). As currently structured, UI is not an effective substitute for AFDC during periods of non-work.

If UI is to provide a substitute for AFDC during periods of unemployment, it will need to be more responsive to the substantial group of women who exhibit high work effort but who have low and sporadic earnings or who leave jobs due to child birth or family crises. If reform efforts are targeted at the UI program, eligibility will need to be expanded by reducing minimum earnings and work hours requirements and by broadening the acceptable reasons for leaving work to include family responsibilities.

## **Policies Proposed by Moderates and Conservatives**

Welfare reform policies proposed by both moderates and conservatives continue to reflect the historic ambivalence toward providing aid to single mothers for the care of their children. Their stated major goal is to move impoverished single mothers, and their children, off the welfare rolls by mandating their participation in the work force. IWPR's research shows that this goal is based on an unfounded stereotype that AFDC recipients are not already working or looking for work. IWPR research shows that more than seven out of 10 single mothers who receive AFDC spend substantial time working or looking for work. IWPR research also shows that income supplements (such as AFDC) are necessary to enable these mothers' incomes to come up to the poverty level because their earnings are often low. Faced with high unemployment rates, short-term and low-wage jobs, and the lack of income support from other family members, these mothers simply cannot earn enough to get by without substantial assistance from other sources. In what follows we analyze the likely effects of moderate and conservative proposals on the income-packaging strategies and economic well-being of AFDC recipients. In this analysis we suggest modifications to these proposals that could benefit the subjects of our study.

### ***Time Limits***

A central component of the Administration's proposed Work and Responsibility Act is the imposition of a two-year lifetime limit for receiving AFDC benefits followed by participation in the WORK program until private sector employment can be found. The Republican-sponsored Personal Responsibility Act proposes a five-year lifetime limit (two years at state option); to receive benefits at all participants must work, but there will be no work slots created after the time-limit expires. This latter policy, in its effort to decrease "dependency" and increase "self-sufficiency," will likely destroy any vestige of a safety net for millions of poor adults and their children.

IWPR's findings demonstrate that three-fourths of recipients are not solely dependent on AFDC, but that AFDC is an important part of the income package of both employed and non-employed welfare mothers, providing a safety net during

**TABLE 18. Worker and Job Characteristics of Work/Welfare Packagers Who Received Unemployment Benefits Compared to Those Who Did Not**

(24-month survey period)

	Not Unemployment Insurance Recipients	Unemployment Insurance Recipients
<b>Packager population</b>	<b>1,069,508</b>	<b>129,447</b>
<b>As % of population</b>	<b>89.2%</b>	<b>10.8%</b>
<b>DEMOGRAPHICS</b>		
Age of mother	29.0	30.0
Months single	23.5	22.7
Percent previously married	51%	42%
Number of children	1.9	1.9
Age of youngest child (years)	4.6	5.4
Percent with child under two or birth during survey	38%	28%
Percent with grandparent in the mother's home	26%	16%
Percent female-headed unit	69%	74%
Months mother as top income recipient in household	18.1	19.4
Number of other adults in household (monthly average)	0.8	0.6
<b>HUMAN CAPITAL</b>		
Work experience (in years)	5.4	7.8
Highest grade completed	11.3	11.1
Job training (ever or current)	33%	40%
Federal job training (ever or current)	14%	16%
<b>EMPLOYMENT PATTERNS — ALL JOBS</b>		
Number of jobs during survey	1.6	2.3
Number of employment spells during survey	1.6	2.2
Total hours worked	1,789	2,093
Weeks with employment	54	57
Weeks on layoff or looking for work	14	30
<b>PRIMARY JOB (1) EARNINGS</b>		
Total earnings (in 1990 \$)	\$7,296	\$7,945
Average hourly earnings (in 1990 \$)	\$4.22	\$4.83
Full-time weeks worked	29	32
Part-time weeks worked	18	12
<b>OCCUPATION — PRIMARY JOB (1) (percent distribution)</b>		
Managerial, professional, and technical	6.4	8.7
Sales and related	12.0	17.0
Administrative support and clerical	14.8	24.6
Service	41.7	22.8
Farming, forestry, and fishing	0.6	7.3
Precision production, craft, and repair	4.2	0.0
Operators, handlers, and laborers	20.3	19.5
Total	100.0	100.0
<b>UNEMPLOYMENT BENEFITS (in 1990 \$)</b>	<b>\$0</b>	<b>\$1,807</b>

(1) 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, 1984 and 1986-1988 panels.

recurrent family emergencies, work-inhibiting disabilities, and periods of unemployment. AFDC also provides a cash supplement to earnings from low-wage jobs and a substitute for dependency on family resources (which are often lacking among the poor). Without the possibility of returning to AFDC, dire poverty is likely to recur for these mothers at points during their lifetimes. Our research also shows that long-term receipt of AFDC does not discourage labor force participation (as the group we call "combiners" demonstrates). As we saw, higher AFDC payment levels do not significantly decrease the likelihood of working, but are a significant factor in helping single mothers to package incomes above the poverty level. Cutting off this income supplement will have negative effects both on the 72 percent of single-mother AFDC families who remain in poverty, despite their welfare benefits, and on the 28 percent whose above-poverty income package includes AFDC benefits.

If the current groundswell to enact time limits is successful, we recommend that the proposed lifetime limits be redefined in a manner similar to UI eligibility. Under UI, beneficiaries who have exhausted their benefits can become eligible in the future if they have an intervening period of work during which time they accumulate enough earnings to requalify. To serve the needs of jobless welfare mothers, time limits should not be lifetime limits, but rather should be renewable.<sup>25</sup> In periods of high unemployment, the time limits themselves would likely have to be extended to avoid catastrophe for these families. Unlike the unemployed, who come from all income classes and may have savings, other assets, or relatives who can provide assistance when their benefits run out, the single mothers in our sample would have little to fall back on once their benefits are exhausted, but no jobs are yet available.

Furthermore, if responsibility for welfare is further ceded to the states via revenue-sharing formulas (block grants) that do not take state unemployment rates into account, states experiencing high unemployment will find themselves with an increase in needs they are ill-equipped to meet.

### *Target Appropriate Groups*

If financial and administrative resources are such that currently proposed plans need to be phased in over time, our research suggests that the Clinton Administration's plan for targeting the youngest group of mothers (those born in 1972 or later) first is misguided. By proposing to phase in welfare reform starting with young mothers, the Administration is appealing to concerns about teenage pregnancy. This strategy, however, is likely to prove more costly than would targeting older mothers or mothers across the age distribution without young children. This plan is, however, preferable to the proposals in the Republican Contract With America, which permanently exclude all children born to unmarried mothers under age 18 (under age 21 at state option) from receiving AFDC benefits, as well as all those children who are born to mothers already receiving AFDC or who do not have established paternity.

Our research shows that what *does* make sense is to target those mothers who have high school diplomas, no infants or toddlers, several years of work experience, and no work-limiting disabilities. For these women, the additional education and job training provided by the Administration's plan is more likely to lead to higher wages and more stable jobs that will allow families to escape poverty. After this first group is served, additional groups can be brought into the program, using some form of a tiered system such as that proposed by Representative Patsy T. Mink in the Job Start for America Act, introduced in 1994. In addition, our research suggests that no training or work programs need to be mandatory with the waste of revenue spent on monitoring entailed, because so many AFDC recipients are already attending school (three in 10) or working or looking for work (seven in 10). They will voluntarily participate in programs designed to enhance their employability and job success.

### *Family Caps (Child Exclusion)*

Our research shows that the ability of mothers to engage in paid employment decreases with the presence of each additional children after the first. What policy strategies would increase the ability to work? A popular strategy is to attempt to decrease childbirth through the use of family caps (the Clinton plan grants states the right to deny additional aid to any children born while the mother is receiving

<sup>25</sup> The proposed Work and Responsibility Act does provide up to an additional six months of AFDC receipt for those who move off the rolls—based on one additional month of AFDC for every four months off the rolls and working.



AFDC; the Republican Contract With America plan goes further in requiring states to deny assistance to these children), but no research supports the likely efficacy of this approach.<sup>26</sup> Our research suggests that if welfare mothers do not receive additional benefits when they have an additional child, they would find it more difficult to pay for the costs of seeking work. In our view, the best strategies for increasing the likelihood of employment include child care subsidies (or refundable tax credits), child support assurance, or family allowances. If the children's father or the state provides income to help the mother support her children, even when she leaves AFDC, then the impoverished mother is more likely to be able to increase her net income by adding paid employment to her income package. Having more, not fewer, resources will make it easier for mothers to work and perhaps, eventually, to work enough to leave welfare behind.

### *Child Support*

Our research shows that the receipt of child support significantly increases single mothers' ability to work. Both the moderate and conservative welfare reform plans promise strong enforcement of child support payments and include punishments for the failure to establish paternity. The Republican Contract With America and Personal Responsibility Act deny aid until state agencies have established paternity. The Clinton plan provides a useful state option to pass through more of the child support payment (above the current \$50 per month) to AFDC recipients. This option, if taken, would provide more resources to single mothers and would likely increase mothers' ability to work.

### *Child Care*

Working is costly to mothers who lack child care, transportation, or appropriate clothing. Mothers with pre-schoolers typically require child care year-round when they are not at home, while mothers with elementary school age children require child care when schools are not in session. The most expensive child care services are those for children who are not yet toilet trained, primarily children under age two or three. The more children

in the family, the greater the child care costs a mother faces and the less likely she is to increase her net income by going to work.

The Clinton plan proposes \$1.3 billion additional funding for the At Risk Child Care Program, but this increase would be far less than needed. In contrast, the Republican plan caps funds for At Risk Child Care. We suggest increasing access to child care by increasing Head Start funding to full-day care, extending transitional child care benefits, and increasing the available child care funds for low-income working families, beyond those proposed by the Clinton Administration. We also suggest requiring states to provide families with information and referral to child care, because access to child care is an important factor in encouraging paid work and bringing families out of poverty.

### *Treatment of the Disabled*

The treatment of disabled mothers under time-limited welfare reform plans raises troublesome questions. Some mothers who lack the ability to work would be exempted from both welfare time limits and required participation in the WORK program under the Clinton welfare reform proposal, but not under the Republican plan. But additional questions remain. What happens to recipients who are exempted from time limits and work programs if they recover; will the time spent on the rolls when disabled count against the lifetime time limits? Will women who previously exhausted their welfare benefits be accepted back into the welfare program if they, or their children, should become disabled but do not qualify for SSI? The fact that one-fifth of welfare mothers have disabilities raises another problem for plans that emphasize transition off the rolls to paid work. These mothers probably have heavier needs for health services, but risk losing health benefits when they go to work (since many low-wage employers do not provide health insurance). It makes sense to exempt women from work requirements whenever they are disabled, but it is often difficult to identify and certify less obvious disabilities.

## **Recommendations**

Based on the research presented here on the survival strategies of AFDC recipients and their families, we suggest that two types of policies could increase the ability of single mothers to work

---

<sup>26</sup> In a pathbreaking article, Rank (1989) demonstrates (using longitudinal caseload data) that AFDC recipients have a relatively low fertility rate and that the longer a woman remains on welfare, the less likely she is to give birth.

and their ability to put together income packages that move their families out of poverty. The first policy set accepts the low-wage labor market as given and instead focuses on how to increase the ability to use work/welfare packages to escape poverty. The second policy set focuses on reforming the low-wage labor market.

### *Legitimate Income Packaging— Make It More Advantageous*

The strategy of accepting the low-wage labor market as given and moving AFDC recipients into this market is incorporated in both the moderate and the conservative proposals. In order for this strategy to be successful in encouraging paid employment and bringing families out of poverty, policymakers must deal with all the sources of earnings losses common to single mothers, both those due to the instability of low-wage jobs and those due to family needs.

IWPR's findings show that welfare mothers who are totally reliant on AFDC are the most likely to be poor, but those who work are still unlikely to bring their families out of poverty through their earnings. Nor will the EIC provide enough of a supplement to replace income losses from AFDC, if this benefit becomes time limited. As we have seen, in the face of the instability of the low-wage labor market and substantial family care responsibilities, combining work and welfare is a promising anti-poverty strategy for welfare mothers and their children. While work/welfare packaging does, on the average, bring families out of poverty (to an average of 105 percent of the poverty line over the two-year period, counting the cash value of Food Stamps and WIC in family income), this strategy still entails several months of below poverty income. Work/welfare packaging is also a promising strategy for reducing per family welfare expenditures, since those recipients who package receive lower AFDC benefits. Therefore, we suggest a welfare reform program that would legitimate income packaging and make it more financially advantageous to welfare mothers. Such a program would, over time, likely lengthen and strengthen the labor market attachment of single mothers and further reduce their need for welfare benefits.

The moderate (Clinton) plan acknowledges this strategy in the section on minimum work standards. This section states that months in which individuals

meet the minimum work standard (an average of 20 hours per week or 30 hours at state option) will not be counted against the time limit. Unfortunately, their acknowledgment of work/welfare packaging as a useful strategy for welfare mothers is limited: women who adopt this strategy will not be counted as a part of the required state participation rates for meeting federal goals. This requirement would need to be changed so that work/welfare packagers are counted in participation rates. The conservative plan assumes that AFDC recipients are non-workers and does not attempt to take advantage of this promising anti-poverty strategy.

Two methods for legitimating work/welfare packaging and making it more financially advantageous (so that it raises family income to at least 130 percent of the poverty line) are to increase earnings disregards and to reform fill-the-gap budgeting plans.

*Earnings Disregards.* In assessing the amount of the family's AFDC benefit, federal law currently allows the disregard of some of the income earned by a recipient. Under the moderate (Clinton) plan, states will be required to disregard a minimum of \$120 of family earnings monthly (indexed for inflation) and are allowed to disregard more. The \$120 disregard substitutes for the current three-step system that disregards \$120 plus one-third of the recipient's remaining earnings in the first four months, \$120 in months five through 12, and \$90 from months 13 on. Current law also allows child care expenses to be disregarded, which would continue under the Clinton plan (actual dependent care costs of up to \$175 per month per dependent and up to \$200 per month for a child under age two). IWPR research suggests that the standardized \$120 disregard proposed in the Clinton plan is too low to allow families to escape poverty. It is lower than the disregard allowed now during the first four months of combining work and AFDC. While some states may provide high disregards, others may not. We suggest that an earnings disregard of \$120 plus one-third of additional earnings be mandated and that states be allowed to increase the disregard up to \$200 and one-half of all earnings (as suggested in the Family Self-Sufficiency Act introduced by Representative Robert T. Matsui in 1994). We also suggest that child care costs continue to be eligible for disregards under any reform or that child care be fully provided for.

**Fill-the-Gap-Budgeting.** Under current law, states have the option to adopt fill-the-gap budgeting which allows states to change the effect of countable income and provide payments that “fill the gap” between the standard of need (the dollar amount the state considers to meet a family’s basic needs) and countable income. In most states there is a gap between the state’s standard of need and actual AFDC payment levels (Center for Law and Social Policy, 1992). In states where there is a substantial gap between the standard of need and AFDC payment levels, this budgeting technique allows families to benefit from additional earnings or income without losing AFDC eligibility. This method of determining eligibility also allows families to maintain eligibility for Medicaid and child care assistance. The Clinton plan allows states flexibility in determining the type of income they may use in the fill-in-the-gap policies (for example, a state could decide to count only cash earnings). The Republican plan makes no mention of this strategy. Currently, only 11 states take advantage of this budgeting strategy, and many have unrealistically low standards of need. Standards of need should be increased to 130 percent of the poverty line (or other accepted measures of needs standards should be adopted), and recipients should be allowed to keep all earnings or family income between the AFDC payment level and the more realistic standard of need.

Keeping AFDC as a non-time-limited income subsidy program while encouraging recipients to increase their earnings through training and employment, through larger income disregards, or through fill-the-gap budgeting takes the actual survival strategies of poor mothers into account, legitimating them and making them more advantageous.

**Additional Policies to Aid Packagers.** Additional policies supported by IWPR research on the anti-poverty strategies of single mothers participating in the AFDC program include the following:

- Change countable income procedures (deeming requirements) in order to provide AFDC benefits to mothers and children living in extended families (including grandparents, siblings, and step-parents), as long as total family income is below 150 percent of the poverty line for a family of its size and composition (or as long as

the AFDC eligibility unit remains otherwise eligible). Extended families with additional income are substantially less likely to be poor than are nuclear families. Public policy should not penalize members of such extended families, nor privilege specific relations or genders of the members.

- Allow recipients the opportunity to choose additional education or training rather than requiring immediate job search, especially for high school dropouts. Those with high school diplomas are the most likely group to work and are more likely to attain above-poverty income levels. In fact, the effect on earnings of a high school diploma is much larger than that of 10 years of work experience, other factors being equal.
- In the absence of a plan to ensure access to health care coverage, AFDC benefits (and the Medicaid they confer) should not be time-limited.

### *Reforming the Low-Wage Labor Market*

Reforming the low-wage labor market so that it provides more stable, unionized, higher-wage jobs would immediately benefit the 43 percent of recipients who work (assuming job loss due to higher wages is limited). In addition, such a policy strategy would have long term benefits for those currently in school or caring for small children, although it would have limited effects for those recipients who are not in the labor force or expected to enter and those with work-preventing disabilities.

Foremost among the needed policies to reform the low-wage labor market is a job creation policy that links private and public, federal and community efforts to target areas where unemployment is high. This effort would provide employment opportunities for the hundreds of thousands of AFDC recipients (and other workers) who spend substantial portions of the year looking for work, especially in areas where the unemployment rate is high. Without such policies, efforts to move large numbers of AFDC recipients into employment will likely result in the displacement of other low-income workers, increased unemployment rates, and depressed wages, at least in the short run (Levine, 1994).

We have seen that work/welfare packagers move from one low-wage job to another, and that it takes

10 years of work experience before their likelihood of escaping poverty increases significantly, other factors held constant. Raising the minimum wage would be beneficial to the 40 percent of employed recipients who work in low-wage female-dominated service occupations. Because union membership or coverage by a union contract is the single most important factor in bringing working recipients without family resources out of poverty, passing labor law reform legislation that encourages collective bargaining in the low-wage service sector would have the effect of increasing wages and job tenure (Spalter-Roth, Hartmann, and Collins, 1994). Since our research shows that relatively few packagers hold full-time, year-round jobs during the survey period, regulating temporary and part-time work so that workers get improved wages and benefits is another important strategy to increase earnings.

To fill in the gaps between periods of employment, we also suggest that the unemployment insurance program be made more responsive to the substantial group of AFDC recipients who exhibit high work effort but who have low hours of work and sporadic employment. Earnings requirements for eligibility should be reduced and the eligible reasons for leaving jobs should be expanded to include reasons related to family care needs. Since half of AFDC recipients live alone and are the principal caregivers for their families as well as the major breadwinners, more extensive paid leaves could provide the necessary income support for periods of non-employment resulting from illness and family emergencies. One means of accomplishing this is extending Temporary Disability Insurance (TDI) plans, currently required in five states, to all states and expanding them to cover family care leaves. In the State of California, for example, recent IWPR research shows that implementing a modest paid family care leave program, based on the characteristics of California's current TDI plan, would cost less than the Food Stamps program does (see Hartmann et.al, 1995).

Finally, policies focused on eliminating gender- and race/ethnicity-based discrimination in employment and wage setting, such as pay equity remedies and stronger enforcement of existing equal opportunity laws and regulations, are also extremely important for this group of mothers.

There are no simple or inexpensive ways to make welfare mothers self-sufficient over the long term. Public policy should not reduce their survival strategies further. Based on our findings, we conclude that without mending the gaps in our existing income support policies, AFDC should *not* become time limited. Existing programs, such as UI and the EIC, simply do not provide a sufficient safety net for single mothers, nor can poor extended families or private charities take up the slack. In addition, health care must continue to be provided through public programs, when employers fail to offer it. Finally, child care will need to continue to be subsidized for these mothers because their low earnings are not sufficient to cover the cost of child care. If additional income supports, health care, and child care are not forthcoming, then policy action *must* focus on reforming the low-wage labor market, raising wages, and ensuring that there are enough jobs for all.

Policies such as raising the minimum wage, reforming labor law to make it easier for workers to organize, and creating publicly subsidized jobs whenever and wherever unemployment is especially high would improve labor market prospects. Rather than initiating arbitrary time limits and wasting scarce resources enforcing them, welfare reform should encourage AFDC recipients, who already exhibit substantial work and job search effort, to package earnings with their welfare benefits, so that they can stabilize their family income at a higher level. Over time, especially with further education and training, these mothers can lengthen and strengthen their labor market attachment, improve their earnings, and, perhaps, eventually move beyond the need for income assistance.

## REFERENCES

- Abramovitz, Mimi. 1988. *Regulating the Lives of Women: Social Welfare Policy from Colonial Times to the Present*. Boston: South End Press.
- Bane, Mary Jo, and David T. Ellwood. 1994. *Welfare Realities: From Rhetoric to Reform*. Boston: Harvard University Press.
- Bergmann, Barbara R., and Heidi Hartmann. 1995. "Help for Working Parents: A Welfare Reform Program." Washington, D.C.: The Economists' Policy Group for Women's Issues. January.
- Bergmann, Barbara R., and Trudi J. Renwick. 1993. "A Budget-Based Definition of Poverty." *Journal of Human Resources*. Winter 28(1): 1-24.
- Bloom, Dan, Sharon Parrott, Isaac Shapiro, and David Super. 1994. *The Personal Responsibility Act: An Analysis*. Washington, D.C.: Center on Budget and Policy Priorities.
- Burtless, Gary. 1990. "The Economist's Lament: Public Assistance in America." *Journal of Economic Perspectives*. Winter 4: 57-78.
- Center for the Study of Policy Attitudes. 1994. *Fighting Poverty in America: A Study of American Public Attitudes*. Washington, D.C.: Center for the Study of Policy Attitudes. December.
- DeParle, Jason. 1994. "Better Work Than Welfare: What If There's Neither?" *The New York Times Magazine*. December 18. Section 6(5): 42.
- Edin, Kathryn. 1994. "The Myths of Dependence and Self-Sufficiency: Women, Welfare, and Low-Wage Work." Working Paper No. 67. New Brunswick: Center for Urban Policy Research, Rutgers University.
- Edin, Kathryn. 1991. "Surviving the Welfare System: How AFDC Recipients Make Ends Meet in Chicago." *Social Problems*. 38(4): 462-474.
- Friedlander, Daniel, and Gary Burtless. 1994. *Five Years After: The Long-Term Effects of Welfare to Work Programs*. New York: Russell Sage Foundation.
- Glenn, Evelyn Nakano, Grace Chang, and Linda Rennie Forcey. 1994. *Mothering: Ideology, Experience, and Agency*. New York: Routledge.
- Gordon, Linda. 1994. *Pitied But Not Entitled: Single Mothers and the History of Welfare, 1890-1935*. New York: Free Press.
- Gordon, Linda, and Nancy Fraser. 1994. "A Genealogy of Dependency: Tracing a Keyword of the U.S. Welfare State." *Signs*. Winter 19(2): 309-336.
- Greenberg, Mark. 1994. *Understanding Clinton's Welfare Bill: Two Years and Work*. Washington, D.C.: Center for Law and Social Policy. July 12.
- Gueron, Judith M., and Edward Pauly. 1991. *From Welfare to Work*. New York: Russell Sage Foundation.
- Hartmann, Heidi, and Polly Callaghan. 1991. *Contingent Work: A Chart Book on Part-Time and Temporary Employment*. Washington, D.C.: Economic Policy Institute.
- Hartmann, Heidi, and Roberta Spalter-Roth. Forthcoming. "A Feminist Approach to Policy Making for Women and Families." *Current Perspectives in Social Theory*.
- Hartmann, Heidi, and Roberta Spalter-Roth. 1994. "Reducing Welfare's Stigma: Policies That Build Upon Commonalities Among Women." Commentary on Martha Minow's "The Welfare of Single Mothers and Their Children." *Connecticut Law Review*. 26(3): 901-911, Spring.
- Hartmann, Heidi, Young-Hee Yoon, Roberta Spalter-Roth, and Lois Shaw. 1995. "Temporary Disability Insurance: A Model to Provide Income Security for Women Over the Life Cycle." Presented at the 1995 Annual Meeting of the American Economics Association and Allied Social Science Associations. Washington, D.C.: Institute for Women's Policy Research.
- Institute for Women's Policy Research. 1989. *Low Wage Jobs and Workers: Trends and Options for Change*. Final Report to the U.S. Department of Labor. Washington, D.C.: Institute for Women's Policy Research.
- Internal Revenue Service. 1995. Unpublished data.
- Jencks, Christopher, and Kathryn Edin. 1990. "The Real Welfare Problem." *The American Prospect*. Spring(1): 31-50.
- Levin-Epstein, Jodie, and Mark Greenberg. 1992. "The Rush to Reform: 1992 State AFDC Legislative and Waiver Actions." Washington, D.C.: Center for Law and Social Policy. November.
- Levine, Linda. 1994. "Jobs for Welfare Recipients," Congressional Research Service Report No 94-O. Washington, D.C.: U.S. Library of Congress.
- Levitan, Sar A., and Isaac Shapiro. 1987. *Working But Poor: America's Contradiction*. Baltimore: Johns Hopkins University Press.
- Manski, Charles F., and Irwin Garfinkel, eds. 1992. *Evaluating Welfare and Training Programs*. Cambridge: Harvard University Press.
- Michael, Robert T., Heidi Hartmann, and Brigid O'Farrell, eds. 1989. *Pay Equity: Empirical Inquiries*. Washington, D.C.: National Academy Press.
- O'Hare, William, Kathryn Porter, Taynia Mann, and Robert Greenstein. 1990. *Real Life Poverty in America: Where the American Public Would Set the Poverty Line*. Washington, D.C.: Center on Budget and Policy Priorities and Families USA Foundation.
- Pavetti, LaDonna Ann. 1993. "The Dynamics of Welfare and Work: Exploring the Process by Which Women Work Their Way Off Welfare." Malcolm Wiener Center for Social Policy Working Papers: Dissertation Series, #D-93-1.

- Pearce, Diana. 1994. Personal communication regarding as yet unpublished research findings. Women and Poverty Project, Wider Opportunities for Women, Washington, D.C.
- Piven, Frances Fox, and Richard A. Cloward. 1993. *Regulating the Poor: The Functions of Public Welfare*. New York: Vintage Books.
- Rank, Mark R. 1989. "Fertility Among Women on Welfare." *American Sociological Review*. 54(2): 296-304.
- Riccio, James, Daniel Friedlander, and Stephen Freedman. 1994. *GAIN: Benefits, Costs, and Three-Year Impacts of a Welfare-to-Work Program*. New York: Manpower Demonstration Research Corporation.
- Romero, Carol. 1994. *JTPA Programs and Adult Women on Welfare: Using Training to Raise AFDC Recipients Above Poverty*. Washington, D.C.: National Commission for Employment Policy, Research Report No. 93-01.
- Scholz, John Karl. 1994a. "Tax Policy and the Working Poor: The Earned Income Tax Credit." *Focus*. Madison: Institute for Research on Poverty. (Forthcoming).
- Scholz, John Karl. 1994b. "The Earned Income Tax Credit: Participation, Compliance, and Antipoverty Effectiveness." *National Tax Journal*. 47(1): 63-87.
- Spalter-Roth, Roberta, and Heidi Hartmann. 1994a. "Dependence on Men, the Market or the State: The Rhetoric and Reality of Welfare Reform." *Journal of Applied Social Science*. 18(1): 55-70.
- Spalter-Roth, Roberta, and Heidi Hartmann. 1994b. "AFDC Recipients as Care-givers and Workers: A Feminist Approach to Income Security Policy for American Women." *Social Politics: International Studies in Gender, State, and Society*. 1(2): 190-210.
- Spalter-Roth, Roberta, and Heidi Hartmann. 1992. "Raising Women's Earnings: The Family Issue of the 1990s." In *Buying America Back: Economic Choices for the 1990s*. Tulsa: Council Oak Books.
- Spalter-Roth, Roberta, Heidi Hartmann, and Linda Andrews. May 1992. *Combining Work and Welfare: An Alternative Anti-Poverty Strategy*. Report to the Ford Foundation. Washington, D.C.: Institute for Women's Policy Research.
- Spalter-Roth, Roberta, Heidi Hartmann, and Beverly Burr. March 1994. "Income Insecurity: The Failure of Unemployment Insurance to Reach Working AFDC Mothers." Washington, D.C.: Institute for Women's Policy Research.
- Spalter-Roth, Roberta, Heidi Hartmann, and Nancy Collins. 1994. "What do Unions do for Women?" In *Restoring the Promise of American Labor Law*. Sheldon Friedman, Richard W. Hurd, Rudolph A. Oswald, and Ronald L. Seeber, eds.: 193-206. Ithaca: ILR Press.
- Spalter-Roth, Roberta, Heidi Hartmann, and Lois Shaw. 1993. *Exploring the Characteristics of Self-Employment and Part-Time Work Among Women*. Final Report to the Women's Bureau, U.S. Department of Labor. Washington, D.C.: Institute for Women's Policy Research.
- Spar, Karen. December 8, 1994. "Orphanages: A New Issue in Welfare Reform," in *CRS Report for Congress*. No. 94-986 EPW. Washington, D.C.: Congressional Research Service.
- Treiman, Donald J., and Heidi Hartmann, eds. 1981. *Women, Work, and Wages: Equal Pay for Jobs of Equal Value*. Washington, D.C.: National Academy Press.
- U.S. Bureau of the Census. 1993. *Statistical Abstract of the United States 1993*. (113th edition). Washington, D.C.: Government Printing Office.
- U.S. Bureau of the Census. 1990. *Detailed Occupation and Other Characteristics from the EEO File. 1990 Census of Population Supplementary Report*. Washington, D.C.: Government Printing Office.
- U.S. Department of Health and Human Services, Family Support Administration, Office of Family Assistance. 1992. *Quarterly Public Assistance Statistics, Fiscal Year 1990*. Washington, D.C.: U.S. Government Printing Office.
- U.S. Department of Health and Human Services, Family Support Administration, Office of Family Assistance. 1991. *Quarterly Public Assistance Statistics, Fiscal Year 1989*. Washington, D.C.: U.S. Government Printing Office.
- U.S. Department of Health and Human Services, Family Support Administration, Office of Family Assistance. 1990. *Quarterly Public Assistance Statistics, Fiscal Year 1988*. Washington, D.C.: U.S. Government Printing Office.
- U.S. Department of Health and Human Services, Family Support Administration, Office of Family Assistance. 1989. *Quarterly Public Assistance Statistics, Fiscal Year 1987*. Washington, D.C.: U.S. Government Printing Office.
- U.S. Department of Health and Human Services, Family Support Administration, Office of Family Assistance. 1988. *Quarterly Public Assistance Statistics, Fiscal Year 1986*. Washington, D.C.: U.S. Government Printing Office.
- U.S. Department of Health and Human Services, Family Support Administration, Office of Family Assistance. 1987. *Quarterly Public Assistance Statistics, Fiscal Year 1985*. Washington, D.C.: U.S. Government Printing Office.
- U.S. Department of Health and Human Services, Family Support Administration, Office of Family Assistance. 1986. *Quarterly Public Assistance Statistics, Fiscal Year 1984*. Washington, D.C.: U.S. Government Printing Office.
- U.S. Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance. 1994. *Characteristics and Financial Circumstances of AFDC Recipients, Fiscal Year 1992*. Washington, D.C.: U.S. Government Printing Office.
- U.S. Department of Labor, Bureau of Labor Statistics. 1991. Employment and Earnings. March 38(3).

U.S. Department of Labor, Bureau of Labor Statistics. 1989b. *Handbook of Labor Statistics*. Bulletin 2340 (August).

U.S. Department of Labor, Bureau of Labor Statistics. 1990. *Geographic Profile of Employment and Unemployment, 1989*. Washington, D.C.: U.S. Government Printing Office.

U.S. Department of Labor, Bureau of Labor Statistics. 1989. *Geographic Profile of Employment and Unemployment, 1988*. Washington, D.C.: U.S. Government Printing Office.

U.S. Department of Labor, Bureau of Labor Statistics. 1988. *Geographic Profile of Employment and Unemployment, 1987*. Washington, D.C.: U.S. Government Printing Office.

U.S. Department of Labor, Bureau of Labor Statistics. 1987. *Geographic Profile of Employment and Unemployment, 1986*. Washington, D.C.: U.S. Government Printing Office.

U.S. Department of Labor, Bureau of Labor Statistics. 1986. *Geographic Profile of Employment and Unemployment, 1985*. Washington, D.C.: U.S. Government Printing Office.

U.S. Department of Labor, Bureau of Labor Statistics. 1985. *Geographic Profile of Employment and Unemployment, 1984*. Washington, D.C.: U.S. Government Printing Office.

U.S. House of Representatives, Committee on Ways and Means. 1994. *Overview of Entitlement Programs: 1994 Green Book*. Washington, D.C.: Government Printing Office.

U.S. House of Representatives, Committee on Ways and Means. 1993. *Overview of Entitlement Programs: 1993 Green Book*. Washington, D.C.: Government Printing Office.

U.S. House of Representatives, Committee on Ways and Means. 1992. *Overview of Entitlement Programs: 1992 Green Book*. Washington, D.C.: Government Printing Office.



# GLOSSARY: DEFINITIONS OF VARIABLES AND TERMS

## SECTION A: Detailed Variable Definitions

### *Demographics*

**Age of mother:** Mother's age in first survey month.

**Months single:** Months mother was defined as single, divorced, widowed, or separated.

**Previously married:** Mother was previously married but remained single for the full 24 months of the survey.

**Got married during survey:** Mother's marital status changed from single, divorced, widowed, or separated to married with spouse present at any point during the survey.

**Got separated, divorced, or widowed:** Mother's marital status changed from married to single, divorced, widowed or separated at any point during the survey.

**Number of children:** Monthly average number of children under 18, i.e., the sum of the number of children under 18 in each month divided by months during survey.

**Age of youngest child:** Age of the mother's youngest child in the first survey month.

**Births:** Mothers who gave birth or adopted a child during the survey.

**Child under two or birth during survey:** Mother has children (less than two years old) in the first survey month or has children born during the survey.

**First-time mother during survey:** Mother has a child born during the survey, but had zero children in the first month of the survey.

**Family:** A group of two or more persons (one of whom is the householder) related by birth, marriage, or adoption and residing together; all such persons (including related subfamily members) are considered members of one family.

**Household:** Consists of all persons who occupy a housing unit, such as a house, apartment, or other group of rooms, or a single room when intended as separate living quarters; that is, when the occupants do not live and eat with any other persons in the structure and there is direct access from the outside or through the common hall. Excludes group quarters, such as college dormitories and boarding houses.

**No grandparent in the mother's home:** Mother did not live with her parent(s) for any months during the survey.

**Mother is head of family:** Mother is the head of the primary family or of an unrelated subfamily.

**Months of motherhood:** Number of months in which mother has children under 18 during the survey.

**Disability:** Mother reports physical, mental, or other health condition that either limits the kind or amount of work she can do or prevents her from working (reported in Wave 2 for 1986-1988 panels and Wave 3 for 1984 panel).

**Presence of non-working adults:** Months that AFDC recipients live with non-working adults (including relatives or non-relatives).

### *Human Capital*

**No high school:** Mother has completed eight or fewer years of education by first survey month.

**Some high school:** Mother has completed between nine and 11 years of education by first survey month.

**High school graduate:** Mother has completed precisely 12 years of education by first survey month.

**Some college:** Mother has completed 13 to 15 years of education by first survey month.

**College graduate:** Mother has completed 16 or more years of education by first survey month.

**Student during survey:** Mother attended school (basic, vocational, technical, college, etc.) for one or more months during the survey period.

**Job training:** Mother has received or is currently receiving any type of job training (reported in Wave 2 for 1986-1988 panels and Wave 3 for 1984 panel).

**Federal job training:** Mother has received or is currently receiving any federally funded job training, such as CETA, WIN, JTPA, or JOBS (reported in Wave 2 for 1986-1988 panels and Wave 3 for 1984 panel).

**Private job training:** Mother has received non-federally funded job training (reported in Wave 2 for 1986-1988 panels and Wave 3 for 1984 panel).

### *Work Behavior*

**Work experience:** Mother's number of years with at least six months of work experience (reported in Wave 2 for 1986-1988 panels and Wave 3 for 1984 panel); zero values for non-workers are included in the averages.

**Percent who have never worked (no work experience):** Mothers who neither worked during the survey period nor have any work experience in the past.

**Hourly earnings:** Mother's total earnings divided by her total hours of work, adjusted to January 1990 dollars; averages exclude persons who did not work at all (whose hourly earnings are zero).

**Total hours of labor:** Mother's total work hours (wage and salary as well as self-employment) during the survey; zero values for non-workers are included in the averages for groups.

**Weeks employed:** Mother's total weeks with any work hours; zero values for non-workers are included in the averages for groups.

**Weeks looking for work or on layoff:** Mother's total weeks spent either looking for work or on layoff; zero values are included in the averages for groups.

**Average hours per week worked:** Quotient of total hours worked divided by total weeks worked.

**Months with work:** Total months in which mother reported working any weeks.

**Weeks worked:** Total weeks in which mother reported working any hours.

**Full-time weeks:** Total weeks in which mother reported working 35 hours or more.

**Part-time weeks:** Total weeks in which mother reported working fewer than 35 hours.

**Number of employability problems:** Mother's total problems among the following—disability, no secondary education, gave birth during the survey, and has three or more children.

**Work transitions:** Number of observed work transitions (number of job starts plus the number of job endings).

**Self-employment:** Mother was self-employed at any time during the survey period.

**Union:** Mother had union coverage or membership on primary job.

### *Race/Ethnicity*

**White:** Mother responded that her race was white but that her ethnicity was not Hispanic.

**African American:** Mother responded that her race was black but that her ethnicity was not Hispanic.

**Hispanic:** Mother responded that her ethnicity was Mexican-American, Chicano, Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish.

**Other racial background:** Mother responded that her race was American Indian, Eskimo, Aleut, Asian, or Pacific Islander, but that her ethnicity was not Hispanic.

### *Welfare History*

**Months on AFDC:** Total months in which the mother or any of her children received AFDC.

**Benefit level:** Monthly per recipient AFDC benefit level in the state in which AFDC recipient lives.

**Previous AFDC spell:** Mother has had an AFDC spell in the past regardless of whether she is currently receiving AFDC (reported in Wave 2 for 1986-1988 panels and Wave 3 for 1984 panel).

**Years since first AFDC spell:** Number of years since mother received her first AFDC check (reported in Wave 2 for 1986-1988 panels and Wave 3 for 1984 panel).

**Months length of spell 1:** Duration in months of first AFDC spell for mothers not currently in their first spell (reported in Wave 2 for 1986-1988 panels and Wave 3 for 1984 panel).

**Previous times on AFDC:** Number of previous spells on AFDC, not including a current spell (reported in Wave 2 for 1986-1988 panels and Wave 3 for 1984 panel).

**Months with earnings and AFDC:** Total number of months in which mother received both AFDC and earnings from work, i.e., months combining work and welfare.

**Public housing:** Mother spent any months dwelling in housing owned by a local housing authority during the survey period.

**Section 8:** Mother spent any months in other publicly subsidized housing (including Section 8).

### *Income Sources*

**Total family income (standard definition):** Sum of the 24 months of earnings, property income, transfers, and other income received by the family unit. This represents amounts received before taxes, union dues, Medicare premiums, etc., are deducted. It does not include rebates, refunds, loans, capital gain or loss amounts from the sale of assets, inter-household transfers of cash, or the cash value of in-kind transfers (WIC, Food Stamps, public housing, etc.).

**Total family income (modified definition):** Same as standard definition but includes the cash value of WIC and Food Stamps.

**Total family cash income:** Total family income (modified definition) minus the cash value of WIC and food stamps.

**Family earnings:** Sum of family members' personal earnings.

**Mother's earnings:** Mother's personal earnings.

**Others' earnings:** Other family members' personal earnings. Other family members include children, spouses, parents, and siblings.

**Presence of other earners in family:** Mother has family members living with her who received any earnings during the survey period (children, husband, siblings, or parents).

**Unearned income:** Income minus earnings.

**Means-tested benefits:** Income from all means-tested benefits received over 24-month period: AFDC, General Assistance, Supplemental Security, other welfare, and the cash value of WIC and Food Stamps.

**Receives other means-tested benefits:** Received WIC, Food Stamps, Supplemental Security, or other welfare at any time during the survey period.

**Cash means-tested benefits:** Means-tested benefits minus the cash value of WIC and Food Stamps.

**Non-means tested benefits:** Income from all government benefits for which qualification is not based on income level: Social Security (Old Age and Disability), veterans' compensation, pensions from government employment or military service, unemployment benefits, workers' compensation, some forms of educational assistance, black lung benefits, and others.

**Receives non-means tested benefits:** Received Social Security, veterans' compensation, unemployment benefits, pensions from government employment, some forms of educational assistance, or other non-means tested government benefits.

**Private benefits:** Income and benefits received from employers, private insurance policies, and inheritances.

**All child support:** Income from foster care payments, private child support, and alimony.

**All informal sources:** Income received from charity, money from friends and relatives, lump sum payments, income from boarders, casual earnings, and other cash.

**Miscellaneous income:** All family income (or losses) from property and other family members' income from means-tested benefits, non-means tested benefits, private benefits, child support, and informal sources. Property income includes income from savings accounts, money market funds, U.S. government securities, municipal bonds, income stock, mutual shares, rental property, mortgages held, royalties, and other financial investments.

### *Region (reported in month 4)*

**South:** Mother lives in Alabama, Arkansas, Delaware, the District of Columbia, Florida, Georgia, Kentucky, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, or West Virginia.

**West:** Mother lives in Alaska, Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Washington, or Wyoming. There are no Hawaiians in the study.

**Midwest:** Mother lives in Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, or Wisconsin.

**North:** Mother lives in Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, or Vermont.

### *Poverty Status*

**Family income as percent of poverty line:** Total family income (in 1990 dollars) during survey divided by the

poverty threshold (in 1990 dollars) for the family size, averaged over all 24 months.

**Annual family poverty line:** Annual poverty line (in 1990 dollars) for the family, given the number of family members, averaged over all 24 months.

**Months in poverty:** Total number of months in which the family's income was below the monthly poverty line during the survey period.

### *Health Coverage*

**Months with health insurance:** Total number of months in which mother was covered by Medicaid, Medicare, or private health insurance.

**Months with public insurance:** Total number of months in which mother was covered by Medicaid or Medicare.

**Months with private insurance:** Total number of months in which mother was covered by private health insurance in her name or in someone else's name.

**Months worked with Medicaid:** The number of months in which mother both worked and received Medicaid benefits.

**Months worked with employer health benefits:** The number of months in which mother both worked and received health insurance coverage by either her employer or union.

**Months worked with both public and private:** The number of months in which mother worked and received both Medicaid and employer-provided health insurance coverage.

**Months worked without insurance:** The number of months in which mother worked but received neither Medicaid nor health insurance provided by her employer.

### *State Characteristics*

**State unemployment rate:** Average yearly unemployment rate of the state in which mother lived (in month 4) during the survey period.

**Monthly average benefit level:** Average monthly AFDC benefit level (in 1990 dollars) for a family of three during the survey period in the state in which mother lived (in month 4).

### *Occupation Types*

**Number of different occupations:** Total number of the following occupational types in which mother worked during the survey period—managerial and executive; professional specialty; administrative support and clerical; wholesale and retail sales; technicians and related support; cleaning service; food service and preparation; private household service; public service; other service (personal service and health service); precision production, crafts and repair; operators, laborers, and handlers; and farming, fishing, and forestry.

**Worked in managerial occupation:** Mother spent one or more months working in an occupation in the Executive, Administrative, and Managerial category (1980 Census occupation codes 3-37).

**Worked in professional specialty occupation:** Mother spent one or more months working in an occupation in the Professional Specialty category (1980 Census occupation codes 43-199).

**Worked in administrative support occupation:** Mother spent one or more months working in an occupation in the Administrative Support Occupations, including Clerical category (1980 Census occupation codes 303-389).

**Worked in sales occupation:** Mother spent one or more months working in an occupation in the Sales Occupations category (1980 Census occupation codes 243-285).

**Worked in cashier occupation:** Mother spent one or more months working as a Cashier (1980 Census occupation code 276). Women working in this subcategory are included in the sales category total as well.

**Worked in technician occupation:** Mother spent one or more months working in an occupation in the Technicians and Related Support Occupations category (1980 Census occupation codes 203-235).

**Worked in service occupation:** Mother spent one or more months working in any of the service occupations (1980 Census occupation codes 403-469). Subcategories include Cleaning and Building Service Occupations, except Household (codes 448-453), Food Preparation and Service Occupations (codes 433-444), Private Household occupations (codes 403-407), Public Protective Service Occupations (codes 413-427). Other Service subcategory includes Health Service Occupations and Personal Service Occupations (codes 445-447 and 456-469). Note that these subcategories were included in the service category total.

**Worked in blue collar occupation:** Mother spent one or more months working in either the Precision Production, Craft and Repair Occupations (codes 503-699) or in the Operators, Fabricators, and Laborers Occupations (codes 703-889).

**Worked in farm and forestry occupation:** Mother spent one or more months working in Farming, Forestry, and Fishing Occupations (codes 473-499).

## **SECTION B:**

### **Policy and Program Definitions**

#### **AFDC**

**Aid to Families with Dependent Children program:** The primary welfare program, which provides cash assistance to needy families with dependent children who have been deprived of parental support. At the federal level, the program is administered by the U.S. Department of Health and Human Services.

#### **CWEP**

**Community Work Experience Program:** A part of the JOBS program for welfare recipients in which welfare parents work off their benefits at the minimum wage by doing community service work. Also known as "workfare."

#### **EIC**

**Earned Income Tax Credit:** A refundable tax credit, or negative income tax payment, that poor and near-poor working parents receive. The program is administered by the Internal Revenue Service.

Families must file annual income tax returns to claim the credit.

#### **Earnings Disregards**

The amount of earnings that is not counted in determining eligibility for and the amount of AFDC benefits. Currently there is a complex three-part formula for determining earnings disregards, based on the months that the recipient has worked. By the end of the first year of employment, disregards are limited to \$90. In addition to proposed federal changes, a number of states have initiated waivers that allow them to increase the amount of earnings disregards. As of 1994, 12 states had approved waivers, and eight states had decisions pending. [See the text section on Earnings Disregards for a fuller discussion of the current formula and proposed federal changes.]

#### **FSA**

**Family Support Act of 1988:** Replaced the WIN program (see below) as the job training and placement program for AFDC recipients and is especially targeted at young mothers who are high school drop-outs and older women who are about to lose their AFDC eligibility. The major elements of the program are JOBS (see below), transitional child care, and Medicaid. Under the transitional child care part of the FSA (which lasts up to 12 months), families who leave AFDC because of increased earnings, hours of work, or loss of earnings disregards may be eligible for direct child care services, vouchers, or cash reimbursements (limited to actual costs, but states may set payments below market rates). Care must meet state or local standards. Likewise, families who leave AFDC for the same reasons as above but whose average gross monthly earnings (less child care expenses) are below 185 percent of poverty thresholds may be eligible to receive Medicaid benefits for 12 months, with the second six months contingent on payment of a premium (at state option). The transitional child care and Medicaid are designed to encourage AFDC recipients to leave the rolls and to support them during a transition period.

#### **Fill-the-Gap Budgeting**

Under current law states have the option to adopt budgeting provisions that allow them to change the effect of countable income that "fills-the-gap" between the standard of need (the dollar amount determined by the state that would meet a family's basic needs) and the family's countable income, usually up to the maximum AFDC payment allowed. [See the text section on "Fill-the-Gap

Budgeting" for a fuller discussion of the current formula and proposed changes.]

#### **Food Stamp program (FSP)**

The primary food assistance program, which provides vouchers redeemable at grocery stores for food to be prepared at home. Families with incomes under 130% of the poverty line are eligible. The program is administered by the U.S. Department of Agriculture.

#### **General Assistance program (GA)**

The means-tested cash assistance program for those who do not qualify for AFDC or SSI, because they do not have children or their disabilities are not considered severe enough to merit benefits. GA programs are administered by states and municipalities and are often called by different names. Some jurisdictions no longer provide GA for the able-bodied.

#### **Income Deeming**

Deeming refers to income earned by other family members (such as parents or step-parents), that is "deemed" to be available to the AFDC recipient and is considered as part of the AFDC recipient's countable income. In 1981, Congress required that a portion of step-parents' income be counted in determining eligibility or level of benefit. As of 1990, seven states required that all of the step-parents' income count in this determination. The Clinton Administration's proposal would give states the flexibility to increase step-parent income disregards in order to increase family stability and to provide incentives to increase their earnings. Other proposals targeting immigrants would eliminate AFDC benefits if the annual income of the immigrant's sponsor is above \$39,500 (the most recent measure of the median U.S. family income).

#### **JOBS**

Job Opportunities and Basic Skills program: The employment and job training program of AFDC, as established in the Family Support Act of 1988. States offer the program in at least some counties and provide job training, education support, on-the-job training, wage subsidies, and CWEP jobs. The programs are customized by each state and administered on the state level; federal matching funds are based on states fulfilling certain enrollment standards.

#### **JTPA**

Job Training and Partnership Act of 1982: JTPA provides block grants to states to fund training and related services for economically disadvantaged youth and adults. It consists of three programs—adult training, summer youth employment and training, and youth training. JTPA is administered by states and localities, which select participants and design projects within federal guidelines. Under FSA, the state welfare agency may offer training and job search activities directly or through arrangements with the JTPA administrative entities.

#### **Means-Tested Benefits**

All benefits for which eligibility is determined based on the income of the applicant's family or household. Major benefit programs include AFDC, SSI, FSP, WIC, and GA. Additional minor benefits are school breakfasts, school lunches, and energy assistance.

#### **Non-Means Tested Benefits**

All benefits for which eligibility is not determined based on the income of the applicant's family or household. Benefit programs include Social Security (Old Age and Disability), veterans' compensation, pensions from government employment or military service, unemployment benefits, workers' compensation, some forms of educational assistance, black lung benefits, and others.

#### **Section 8**

This federal program, not an entitlement, provides subsidies to needy families for rental housing as well as mortgage payments. The benefits are computed as a portion of "Fair Market Rents," determined by the U.S. Department of Housing and Urban Development. Some states and municipalities also have housing assistance programs.

#### **SSI**

Supplemental Security Insurance: The program that provides assistance to needy blind, disabled, and elderly persons (and their dependents); typically, a waiting period is imposed on applicants to determine the validity and severity of their disability claim. The program is administered by the U.S. Department of Health and Human Services.

#### **TDI**

Temporary Disability Insurance: State-level programs that require employers to participate either by purchasing private insurance or by joining a state-run plan; premiums are paid either by employers or workers or are jointly shared. Time-limited benefits of partial earnings replacement are paid to workers with temporary disabilities, including pregnancy. Mandatory programs exist in five states: California, Hawaii, New Jersey, New York, and Rhode Island. In other states employers and/or employees may voluntarily purchase private disability insurance.

#### **UI**

Unemployment Insurance benefits: The program that provides time-limited partial earnings replacement to workers who lose their jobs due to layoffs or firm failures. States set most eligibility standards and benefits levels. The program is administered by the U.S. Department of Labor and the states.

#### **WIC**

Special Supplemental Food Program for Women, Infants and Children: This food assistance program provides vouchers to needy mothers with children or advanced pregnancies. The vouchers can be used to purchase cereals, dairy products, infant formula, baby food, and other nutritious staples at grocery stores. The program is administered by the U.S. Department of Agriculture.

## **WIN**

**Work Incentive program:** The AFDC job training and placement program established in 1967. Welfare offices registered mothers with school-age children and referred them to the state employment agency for job placement. This program was replaced by JOBS under the Family Support Act of 1988.

## **SECTION C: Methodological Terms**

### **Constant Dollars**

Sometimes called real dollars, represent the cash value of goods, services, or wages measured in terms of their cash value in some given year, called the base year. Throughout this study we have used 1990 as the base year and all dollar amounts have been inflated or deflated into 1990 dollars.

### **Statistical Significance**

Statistically significant factors are those that meet the standard test of statistical significance, in which there is

only a one percent, five percent, or 10 percent probability (depending on the level of statistical significance) that the estimated relationship between the factor and the event of interest could have occurred by chance.

### **Rounding**

Percentages are, in most cases, rounded to the nearest whole number; therefore, the percentages in a distribution do not always add to exactly 100 percent.

### **Weighting**

The SIPP is a sample survey and the findings cited in this report are based on the responses of this probability sample of the total civilian, non-institutionalized U.S. population. These sample results are then inflated using a series of weights provided by the U.S. Bureau of the Census so that they are representative of the U.S. population. Because of sampling error, the results of this procedure must be viewed as an estimate or an approximation of the results that would be obtained if the entire population were interviewed. Throughout this report we have provided weighted results.

# APPENDIX 1.

## COMPARISON OF SIPP FINDINGS TO AN ETHNOGRAPHIC STUDY OF THE INFORMAL ECONOMY

**I**WPR's findings from the SIPP are relatively consistent with a small-sample ethnographic survey of AFDC recipients' income sources. Of particular concern is whether poor families tell survey researchers the whole truth about their income and especially about the portion that comes from underground, informal, and possibly illegal sources. In what follows we compare data obtained from a SIPP sample of AFDC recipients with data obtained from a small, in-depth interview survey of Chicago-area AFDC recipients conducted by Edin (1991) and reported by Jencks and Edin (1990). Unlike the SIPP data, the Chicago-area study oversampled for those living in public housing (42 percent as opposed to 24 percent in the SIPP) and for those obtaining higher "outside income than the average welfare mother in the city" (Edin, 1991: 463).

Despite methodological differences, Edin's findings are confirmed, in general, by the larger SIPP sample. As Appendix Table 1 indicates, means-tested benefits comprised 51 percent of family income in the IWPR sample and 58 percent of the mother's income in the Chicago sample.<sup>1</sup> The only substantial differences in income sources are found in the contributions of other family members' earnings and informal income sources. The IWPR sample includes a category for other family members' earnings, which comprises 24 percent of family income for the sample. Other family members are siblings or parents in extended families and do not include unrelated boyfriends' earnings. By contrast, Edin's analysis does not include a separate category for other family

members' earnings; this information is summed up in her category of money from friends and relatives, but she does have a separate category for boyfriends.

Although the SIPP sample data indicate the presence of informal sources of income (such as income from charity, friends, boarders, casual earnings, and "other cash"), these contribute negligibly to AFDC families' income. By contrast, data from the Chicago-area sample indicate that almost one-fourth of single mothers' incomes come from informal sources. Specifically, informal sources comprise 24 percent of the mother's income in the Chicago-area sample, whereas informal sources comprise only 0.7 percent of family income in the SIPP sample (although for the 15 percent of respondents who report this kind of income, it constitutes a meaningful share—5 percent—of their family income). However, if other family members' earnings (a category absent in the Chicago-area sample) are added to informal sources, then informal sources comprise 25 and 24 percent of income respectively in both the SIPP and Chicago samples.

Given these differences in findings regarding the significance of the informal income sources and other family members' earnings between the two data sets (the IWPR/SIPP sample and the Chicago-area study), it is likely that neither provides totally reliable information on income.

The relatively large sample sizes and the wealth of information provided by the SIPP on major aspects of peoples' lives—their family size and composition (and changes in size and composition); their personal characteristics; their changing economic circumstances, including their work behavior, job characteristics, earnings, transfers, private benefits, assets, and certain expenditures—make the SIPP a very valuable data set for the type of analysis in this study, despite its likely underestimation of income from informal sources.

<sup>1</sup> Note that Edin's income computations are percentages of the mother's income. IWPR uses family income because it is compatible with poverty measures.



**APPENDIX TABLE 1.**  
**Comparison of the Composition of AFDC Mothers' Income Packages**

Variable	SIPP/IWPR	Jencks and Edin	Edin
Sample size	1,204	25	50
Sample period	1984-1989	1988	1988-1990
Sample location	National	Chicago	Chicago
Sample source	Census Bureau	Personal	Personal
	As % of family income	As % of mothers' income	As % of mothers' income
<b>FAMILY INCOME</b>	100.0%	100%	100%
Family Earnings	49.7%		
Mother's Earnings	19.6%	12%	14%
Others' Earnings	24.3%		
<b>UNEARNED FAMILY INCOME</b>	15.3%		
<b>ALL MEANS-TESTED BENEFITS</b>	50.5%	57%	58%
AFDC	31.6%	33%	36%
All Other Means-Tested Benefits	18.9%		
WIC	1.1%		
Food Stamps	14.7%	24%	22%
General Assistance	0.6%		
Supplemental Security	2.4%		
Other Welfare	0.3%		
<b>NON-MEANS TESTED BENEFITS</b>	3.4%	0%	
Pensions	2.7%		
Social Security	2.6%		
Veterans' Compensation	0.0%		
Unemployment Benefits	0.6%		
Workers' Compensation	0.1%		
Other Government Benefits	0.1%		
<b>EMPLOYER SICK &amp; RETIREMENT BENEFITS</b>	0.2%	0%	
Employer Temporary Sickness	0.0%		
Other Sickness Benefits	0.0%		
Other Retirement Benefits	0.1%		
<b>ALL CHILD SUPPORT</b>	2.0%	3%	3%
Foster Care Payment	0.0%		
Private Child Support & Alimony	2.0%	3%	
Private Child Support	2.0%		
Alimony	0.0%		
<b>ALL INFORMAL SOURCES</b>	0.7%	29%	24%
Charity	0.0%		
Money from Friends or Relatives	0.2%	9%	7%
Lump Sum Payment	0.1%		
Boarders	0.0%		
Casual Earnings	0.2%	9%	4%
Other Cash	0.1%	2%	5%
<b>MONEY FROM BOYFRIENDS</b>		9%	9%

Note: Percents may not add to 100 due to rounding.

Source: IWPR calculations based on the Survey of Income and Program Participation, 1984 and 1986-1988 panels; Jencks and Edin, 1990; Edin, 1991.

## APPENDIX 2.

**APPENDIX TABLE 2.**  
**Comparison of AFDC Population Data from DHHS Records and the SIPP**

	DHHS (1)	SIPP (2)	
	FY 1988	Weighted	Unweighted
Population (3)	2,862,989	2,797,288	
Sample			316
<b>DEMOGRAPHICS</b>			
Percent previously married (4)		48.2%	48.4%
<b>RACE</b>			
White	39.6%	39.2%	42.3%
African American	40.6%	45.2%	
Hispanic (5)	16.0%	13.7%	14.3%
Other	3.9%	1.9%	2.0%
<b>EDUCATION</b>			
Average Years	10.8	10.9	10.0
No high school	12.0%	12.8%	14.0%
Some high school	35.3%	36.0%	35.4%
Completed high school only	42.0%	39.3%	39.0%
Some college	9.4%	10.4%	10.4%
College graduate	1.4%	1.5%	1.2%
<b>OTHER WELFARE</b>			
Food Stamp recipient	84.7%	88.6%	88.7%
Public housing resident	9.9%	24.5%	23.1%
HUD housing subsidy	13.3%	16.9%	16.9%
<b>HOUSEHOLD/FAMILY SIZE</b>			
Number of persons in household	3.8	3.9	3.9
Number of children	2.0	2.1	2.1
<b>REGION (percent distribution)</b>			
South	26.9%	31.6%	29.9%
West	21.2%	21.0%	22.2%
Midwest	28.3%	31.4%	31.0%
North	23.1%	16.0%	16.9%

(1) The DHHS sample is drawn from the population of all AFDC-receiving families in each state during a review month. It includes male-headed families and two-parent families.

(2) The SIPP sample is a longitudinal sample of AFDC-receiving single mothers, spanning a 24-month interview period. These data are drawn from the 1984 and 1986-1988 panels.

(3) The population estimate is the total number of families with one female adult AFDC recipient.

(4) As percent of female adult AFDC recipients, not full AFDC population.

(5) Hispanics may be of any race and are not included in the white, other, or African American groups.

Source: IWPR calculations based on the U.S. Department of Health and Human Services Quarterly Public Assistance Statistics, Fiscal Year 1988, and on the Survey of Income and Program Participation, 1984 and 1986-1988 panels.

## APPENDIX 3.

### DEFINITIONS AND DESCRIPTIONS OF SUBGROUPS OF MOTHERS IN STUDY

**Welfare Mother** = Single for at least 12 out of 24 months, received AFDC for at least two out of 24 months. In fact, these mothers were single for 23 out of 24 months, on average; they received AFDC for an average of 18 months.

The six sub-types of welfare mothers generated from the study sample fall under two major categories, Packagers and Reliants, and are as follows:

#### Work/Welfare Packagers (43 percent of total weighted sample)

1. *Cyclers* = Those AFDC recipients who worked at least 300 hours during the survey period, received AFDC for at least two months, but did not receive AFDC and engage in paid employment simultaneously for more than four months. In fact, these mothers worked an average of approximately 1700 hours over the two-year period and had an average of 11 months of AFDC receipt; they had an average of only one month during which they both received AFDC and engaged in paid employment. (23 percent)

2. *Combiners* = Those AFDC recipients who worked at least 300 hours during the survey period, received AFDC for at least two out of 24 months, and combined AFDC receipt and paid employment for more than four out of 24 months. In fact, these mothers were employed for an average of approximately 2100 hours and received AFDC for an average of 18 months; they combined paid employment and AFDC receipt for an average of nine months. (20 percent)

#### Welfare Reliant (57 percent of total weighted sample)

3. *Job-Seeking/AFDC Reliant* = Those AFDC recipients who had no hours of paid work during the survey period, received AFDC for at least two months, and spent at least one week looking for work. In fact, these mothers received AFDC for an average of 22 months and looked for work for an average of 28 weeks over the two-year survey period. (23 percent)

4. *The Looking-for-Work and Working-Limited-Hours/AFDC Reliant* = Those AFDC recipients who had fewer than 300, but more than zero, hours of work and at least two months receipt of AFDC. In fact, these mothers received an average of 21 months of AFDC, worked an average of 135 hours, and looked for work for an average of 22 weeks over the two-year survey period). (7 percent)

5. *Out-of-the-Labor-Force/AFDC Reliant* = Those AFDC recipients who had no hours of paid work or weeks looking for work and received AFDC for at least two months. In fact these women received AFDC for 22 months. These able-bodied mothers with no labor force attachment care for more children and babies than do the other groups of welfare mothers. Teenagers are overrepresented in this group, and they are the least educated welfare mothers. (20 percent)

6. *The Exempt/AFDC Reliant* = This group includes those women, with at least two months of AFDC receipt and no hours of paid work or weeks looking for work, who report having a work-preventing disability, rather than a work-limiting disability or no disability. It also includes those AFDC recipients over age 60. These women receive AFDC for an average of 19 months, likely because they use AFDC as an income source until they receive other means- and non-means tested benefits such as Social Security and Supplemental Security Insurance. Half receive benefits from these two income sources during the two-year survey period. (7 percent)

Another way to describe the AFDC recipients in the study is to categorize them by their use of time over the period. The following table shows the main activities single mothers on welfare were engaged in, using the month as the unit of analysis.

**APPENDIX TABLE 3.**  
**Welfare Mothers' Time Use Over a**  
**Two-Year Period (1)**

Percent of time receiving welfare	77%
Percent of time not receiving welfare	23%
<b>PERCENT OF TIME RECEIVING WELFARE (2) 100%</b>	
Working	13%
Looking for work	18%
In school	8%
Caring for baby (under 2 years)	18%
Caring for preschool children (ages 2-5)	22%
Caring for children (ages 6-12) during summer months	4%
Disabled and doing none of the above	8%
Able-bodied and doing none of the above	8%

(1) The unit of time analysis is the month.

(2) Categories of time use are arranged hierarchically; if more than one activity was undertaken simultaneously, which is almost always the case (e.g. a mother of a baby also works), the time use was accounted to the first activity listed (in our example, every month the mother spent working while caring for a baby would be counted under "working;" months she neither worked, looked for work, nor attended school would be counted under "caring for baby").

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

## APPENDIX 4.

**APPENDIX TABLE 4.**  
**Average Annual Income of Work/Welfare Groups and Subgroups**  
(In 1990 dollars)

Characteristic	Full Sample	NON-PACKAGERS				PACKAGERS	
		Working Reliant	Job-Seeking Reliant	Exempt Reliant Force	Out-of- Labor-	Cyclers	Combiners
Population	2,797,286	536,735	655,133	184,512	550,312	636,626	562,329
As % of population	100.0%	19.2%	23.4%	6.6%	19.7%	22.8%	20.1%
Sample	1,181	93	269	78	239	275	227
<b>TOTAL FAMILY CASH INCOME (1)</b>	<b>\$9,899</b>	<b>\$8,168</b>	<b>\$8,374</b>	<b>\$9,126</b>	<b>\$8,701</b>	<b>\$12,244</b>	<b>\$11,089</b>
<b>FAMILY EARNINGS</b>	<b>4,170</b>	<b>1,985</b>	<b>2,391</b>	<b>1,293</b>	<b>1,813</b>	<b>7,404</b>	<b>6,643</b>
Mother's earnings	1,868	299	0	0	0	4,288	4,340
Others' earnings	2,302	1,716	2,391	1,293	1,813	3,116	2,303
<b>FAMILY UNEARNED INCOME</b>	<b>1,505</b>	<b>1,212</b>	<b>1,494</b>	<b>1,534</b>	<b>1,437</b>	<b>2,087</b>	<b>1,024</b>
<b>MEANS-TESTED BENEFITS</b>	<b>3,654</b>	<b>4,464</b>	<b>4,141</b>	<b>4,994</b>	<b>4,958</b>	<b>1,994</b>	<b>2,953</b>
AFDC	3,341	4,408	3,857	3,157	4,560	1,868	2,881
Other benefits	313	56	284	1,836	397	125	72
WIC (1)	123	133	118	60	183	125	86
Food Stamps (1)	1,583	1,825	1,864	1,524	1,951	1,034	1,448
General Assistance	36	22	28	132	78	8	8
Supplemental Security	251	18	226	1,685	297	82	41
Other Welfare	26	15	30	19	22	35	23
<b>NON-MEANS TESTED BENEFITS</b>	<b>299</b>	<b>227</b>	<b>208</b>	<b>1,203</b>	<b>229</b>	<b>296</b>	<b>206</b>
Social Security	226	118	198	1,082	226	151	103
Veterans' Compensation	3	26	5	0	1	0	0
Government employee pensions	0	0	0	0	0	0	0
Unemployment benefits	52	80	5	17	0	114	80
Workers' Compensation	12	0	0	82	0	16	12
Other government benefits	6	4	1	12	1	17	1
<b>PRIVATE BENEFITS</b>	<b>16</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>48</b>	<b>13</b>	<b>14</b>
Employer-provided benefits	2	0	0	0	0	8	0
Employer temp. sickness	2	0	0	0	0	8	0
Pensions	0	0	0	0	0	0	0
Other private benefits	14	0	1	0	48	5	14
Other sickness benefits	0	0	0	0	0	2	0
Other retirement benefits	13	0	1	0	47	4	14
Estates and trusts	0	0	0	0	0	0	0
Life insurance	0	0	0	0	0	0	0
<b>ALL CHILD SUPPORT</b>	<b>182</b>	<b>145</b>	<b>113</b>	<b>76</b>	<b>155</b>	<b>315</b>	<b>185</b>
Foster care payment	4	0	2	0	1	1	15
Private child support	175	145	111	76	154	304	169
Alimony	3	0	0	0	0	10	1
<b>ALL INFORMAL SOURCES</b>	<b>66</b>	<b>134</b>	<b>35</b>	<b>25</b>	<b>59</b>	<b>109</b>	<b>49</b>
Charity	5	1	0	1	0	22	1
Money from friends and relatives	18	45	9	12	4	41	8
Lump sum payments	8	0	2	0	21	14	4
Boarders	2	0	2	0	3	4	0
Casual earnings	20	48	18	12	9	16	30
Other cash	12	43	4	0	22	12	5
<b>MISCELLANEOUS INCOME (2)</b>	<b>8</b>	<b>1</b>	<b>(7)</b>	<b>1</b>	<b>3</b>	<b>24</b>	<b>14</b>

(1) The cash value of WIC and Food Stamps are not included in Total Family Cash Income.

(2) Miscellaneous income includes gains or losses from financial investments.

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

## APPENDIX 5.

### LOGISTIC REGRESSION: FACTORS AFFECTING WORK/WELFARE PACKAGING

#### Variable Definitions

**INTERCPT**

Intercept

**UE**

Annual state unemployment rate

**NOEXP**

No work experience, prior to the second wave of the survey

**DISPREV**

Disability prevents work (based on respondent's reply to survey question)

**DISLIM**

Disability limits work (based on respondent's reply to survey question)

**SSIREC**

Received SSI (during any survey months)

**SOCSEC**

Received Social Security (during any survey month)

**GOTMARRY**

Got married during the survey period

**GOTDIV**

Got divorced/widowed/separated or spouse absent during the survey period

**NEWMOM**

Gave birth or became a new mother during the survey period

**BENLEV**

Monthly per recipient AFDC benefit level in the state in which AFDC recipient resides

**PHOUSE**

Lives in public housing (during any survey month)

**SEC8**

Lives in other publicly subsidized housing, including Section 8 (during any survey month)

**AVGKID**

Average number of kids in family (during all survey months)

**BABY**

Child under two or newborn in family

**SUMHOME**

Months AFDC recipients live with non-working adults (including relatives or non-relatives)

**FEDJT**

Participated in federal job training program (JTPA, CETA, WIN, and JOBS)

**PRIVJT**

Participated in any other kind of job training program

**EXPER**

Years of work experience (prior to the second wave of the survey)

**HSDIP**

Received high school diploma

**LONGAGO2**

Length of time since first AFDC spell

**REPEAT**

Had spell of AFDC before current spell

**SWKSLOOK**

Weeks on layoff or looking for work

**STUDENT**

Was a student (during any survey month)

**AVGEARN**

Number of other earners in family (monthly average)

**CSUPPORT**

Received child support income from children's father

**BLACK**

Black, Non-Hispanic

**HISPANIC**

Hispanic, any race

**OTHRACE**

Not Hispanic, Black, or White

**AGE1**

Age at beginning of the survey period

**SOUTH**

Southern Census region resident

**WEST**

Western Census region resident

**NORTH**

Northern Census region resident

*Note: Race and region variables are dummy variables, with WHITE = 0 and MIDWEST = 0.*



**APPENDIX TABLE 5.**  
**Factors that Predict Work/Welfare Packaging**

**Dependent Variable: Mother works 300 or more hours over a two-year period**  
**Sample: All single AFDC mothers**

Variable	Mean	Logistic Coefficient	Significance (1)
Income packaging	42.9%		
INTERCEPT		1.349	0.037
<b>JOB AVAILABILITY/ACCESSIBILITY</b>			
State unemployment rate	6.7	0.157	0.000***
No work experience **	38.1%	0.684	0.000***
<b>ABILITY TO WORK</b>			
Work-preventing disability	9.9%	2.123	0.000***
Work-limiting disability	11.4%	0.023	0.920
SSI recipient	7.9%	0.539	0.007**
Social Security recipient	6.4%	0.339	0.345
<b>ELIGIBILITY CHANGES</b>			
Got married	3.6%	0.707	0.075**
Got divorced	3.7%	0.373	0.378
Birth	3.1%	1.663	0.001**
<b>OPPORTUNITY COST OF WORKING</b>			
Average state AFDC benefit level	\$130	0.003	0.198
Public housing resident	24.5%	0.291	0.102
Publicly assisted housing resident	17.0%	0.588	0.007**
<b>CHILD CARE COSTS</b>			
Number of children	2.1	0.120	0.070**
Has baby under age two or newborn	40.8%	0.559	0.001**
Months with non-working adults in home	6.5	0.007	0.485
<b>HUMAN CAPITAL</b>			
Federal job training	11.4%	0.492	0.001**
Private job training	15.8%	0.377	0.082
Work experience	4.5	0.087	0.001**
High school diploma	84.5%	0.452	0.000***
<b>WELFARE HISTORY</b>			
Ever on AFDC	2.5	0.021	0.320
Ever on AFDC more than 1 year	22.8%	0.301	0.242
<b>EFFORT/MOTIVATION</b>			
Ever on AFDC more than 1 year	15.0	0.001	0.657
Ever on AFDC more than 1 year	31.2%	0.103	0.228
<b>OTHER FINANCIAL RESOURCES</b>			
Other income (not AFDC) held (average)	0.6	0.285	0.020
Child support (average)	23.0%	0.348	0.000***
<b>RACE (2)</b>			
Black	45.2%	0.031	0.562
Hispanic	13.7%	0.249	0.301
Other race	1.9%	0.207	0.700
<b>AGE</b>			
Age	28.2	0.001	0.000***
<b>REGION (3)</b>			
South	31.8%	0.428	0.082
West	21.0%	0.651	0.001**
North	48.0%	0.133	0.680

**Association of Predicted Possibilities & Observed Responses:** Concordant . . . . . 77.7%  
Discordant . . . . . 22.1%  
Tied . . . . . 0.2%  
Area under ROC Curve . . . 0.778%

(1) \* Indicates probability based on Chi-Square above .90. \*\* Indicates above .95, and \*\*\* indicates above .99.

(2) Variables for race are dummy variables, with WHITE = 0. Hispanics may be of any race and are not included in the white, other, or African American groups.

(3) Variables for region are dummy variables, with MIDWEST = 0.

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



## APPENDIX 6.

### LOGISTIC REGRESSION: FACTORS AFFECTING THE PROBABILITY OF HAVING ABOVE-POVERTY-LEVEL INCOME

#### Variable Definitions

**INTERCPT**

Intercept

**UE**

Annual state unemployment rate

**DISLIM**

Disability limits work (based on respondent's reply to survey question)

**BENLEV**

Monthly per recipient AFDC benefit level in the state in which AFDC recipient resides

**PHOUSE**

Lives in public housing (during any survey month)

**SEC8**

Lives in other publicly subsidized housing, including Section 8 (during any survey month)

**AVGKID**

Average number of kids in family (during all survey months)

**BABY**

Child under two or newborn in family

**SUMHOME**

Months AFDC recipients live with non-working adults (including relatives and non-relatives)

**FEDJT**

Participated in federal job training program (JTPA, CETA, WIN, etc.)

**PRIVJT**

Participated in any other kind of job training program

**EXPER**

Years of work experience (prior to the second wave of the survey)

**HSDIP**

Received high school diploma

**STUDENT**

Was a student (during any survey month)

**CSUPPORT**

Received child support income from children's father

**BLACK**

Black, Non-Hispanic

**HISPANIC**

Hispanic, any race

**OTHRACE**

Not Hispanic, Black, or White

**AGE1**

Age at beginning of the survey period

**SOUTH**

Southern Census region resident

**SUMOINCM**

Months with other family income (includes earnings and other kinds of income)

**NONM**

1 = Receives non-means tested benefits

**WTRANS**

Number of observed work transitions (number of job starts plus the number of job endings)

**SELFEMP**

Self-employed (during any survey month)

**UNION**

Union coverage or membership on primary job

**AGESQ**

Age squared

*Note: Race and region variables are dummy variables, with WHITE = 0 and MIDWEST = 0.*

**APPENDIX TABLE 6****Factors that Predict Whether Packager Families Live Above Poverty**

Dependent Variable: Family cash and cash value of in-kind income (Food Stamps and WIC) exceeds the poverty line.  
 Sample: All single AFDC mothers who work at least 300 hours over a two-year period

Variable	Mean	Logistic Coefficient	Significance (1)
Above the poverty line	43.6%		
INTERCEPT		1.797	0.361
<b>FAMILY SIZE/NEED</b>			
Number of children	1.9	0.786	0.000 ***
<b>COST OF LIVING/NEED</b>			
South	33.9%	0.224	0.605
State average AFDC benefit per person per month	\$129	0.007	0.056
<b>UNVALUED INCOME-HOUSING SUBSIDIES</b>			
Percent public housing resident	20.8%	0.153	0.676
Percent publicly assisted housing resident	15.5%	0.084	0.814
<b>OTHER FAMILY MEMBERS' INCOME</b>			
Months with other family income	7.6	0.164	0.000 ***
<b>OTHER FINANCIAL RESOURCES</b>			
Percent non-means tested benefits recipient	17.9%	1.022	0.004 ***
Child support recipient	31.0%	0.027	0.925
<b>FACTORS AFFECTING WEEKS WORKED</b>			
State unemployment rate	6.6	0.204	0.013 **
Work-limiting disability	13.4%	0.395	0.320
Work volatility/transitions	2.2	0.238	0.002 ***
Student during survey	36.5%	0.055	0.847
<b>FACTORS AFFECTING WEEKLY HOURS WORKED</b>			
Has baby under age two or newborn	36.4%	0.415	0.204
Self-employed	6.0%	0.489	0.381
High school diploma	72.6%	1.273	0.000 ***
Months with non-working adults in house	7.2	0.026	0.274
<b>FACTORS AFFECTING HOURLY WAGE</b>			
Union coverage	7.0%	1.673	0.006 ***
Federal job training	14.4%	0.011	0.976 ***
Private job training	19.3%	1.034	0.002 ***
Work experience (years)	6.7	0.053	0.039 **
<b>RACE (2)</b>			
African American	42.4%	0.879	0.008 ***
Hispanic	10.8%	0.298	0.516
Other Race	2.5%	0.011	0.989
<b>AGE</b>			
Age	29.1	0.134	0.235
Age squared	919.0	0.002	0.126
<b>Association of Predicted Possibilities &amp; Observed Responses:</b>			
	Concordant		86.0%
	Discordant		13.9%
	Tied		0.1%
	Area under ROC Curve		0.861

(1) \* Indicates probability based on Chi-Square above .90. \*\* Indicates above .95, and \*\*\* indicates above .99.

(2) Variables for race are dummy variables, with WHITE = 0. Hispanics may be of any race and are not included in the white, other, or African American groups.

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

## RELATED IWPR PUBLICATIONS

***Combining Work and Welfare: An Alternative Anti-Poverty Strategy***, by Roberta Spalter-Roth, Heidi Hartmann, and Linda Andrews. IWPR's initial study on the survival strategies of single mothers on AFDC. Analysis of a sample generated from the Survey of Income and Program Participation finds that neither AFDC alone nor the jobs that welfare recipients obtain provide enough income to raise them and their families out of poverty. The report investigates how allowing and encouraging women to supplement work income with welfare affects their well-being. (May 1992)  
34 pages. \$15 Item #D406

***Micro-Enterprise and Women: The Viability of Self-Employment as a Strategy for Alleviating Poverty***, by Roberta Spalter-Roth, Enrique Soto, and Lily Zandniapour. IWPR's investigation into the potential for micro-enterprise to bring about long-term income security for poor families. Quantitative and qualitative findings suggest that self-employment is not, by itself, a likely means for bringing about the self-sufficiency of poor women, but could be part of an income package for a motivated group of AFDC recipients if certain public policies are changed. (November 1994).  
76 pages. \$15 Item #D417

***Women and Welfare Reform: Women's Poverty, Women's Opportunities, and Women's Welfare—Conference Proceedings***, ed. by Gwendolyn Mink. Presentations from a Washington, DC, conference sponsored by IWPR and chaired by Rep. Patsy Mink, October 1993. Conference co-chairs Rep. Lynn Woolsey, Rep. Maxine Waters, and Rep. Ed Pastor. Topics include: welfare history and myths, workfare, education and employment, and child support. (April 1994)  
146 pages. \$15 Item #D412

***A Feminist Approach to Policy Making for Women and Families***, by Heidi Hartmann and Roberta Spalter-Roth. Evaluating marriage, employment, and transfer policies through a feminist lens. Presented at the Seminar on Future Directions for American Politics & Public Policy, Harvard University. (March 10, 1994)  
26 pages. \$8 Item #B212

***Dependence on Men, the Market, or the State: The Rhetoric and Reality of Welfare Reform***, by Roberta Spalter-Roth and Heidi Hartmann. A theoretical framework for reforming welfare to meet women's needs. Includes policy evaluations. (November 1993)  
29 pages. \$8 Item #D411

***Income Insecurity: The Failure of Unemployment Insurance to Reach Working AFDC Mothers***, by Roberta Spalter-Roth, Heidi Hartmann, and Beverly Burr. A look at the shortfalls of current employment law and unemployment compensation programs as they affect AFDC recipients with substantial work participation who experience periods of unemployment. (March 1994)  
12 pages. \$5 Item #D414

***Exploring the Characteristics of Self-Employment and Part-Time Work Among Women***, by Roberta M. Spalter-Roth, Heidi I. Hartmann, and Lois B. Shaw. A look at the trade-offs of part-time work and self-employment for women. Part-time work and self-employment provide more opportunities to balance work and family obligations, but shorter work schedules increase the need for other income sources, including income from other family members and means-tested welfare benefits. (May 1993)  
73 pages. \$15.00 Item #C323

***Women's Access to Health Insurance***, by Young-Hee Yoon, Stephanie Aaronson, Heidi Hartmann, Roberta Spalter-Roth, and Lois Shaw. An examination of the extent and sources of health insurance coverage for women, finding that women are much less likely to have health insurance through their employers than men are. (May 1994)  
68 pages. \$15 Item #A114

***What Do Unions Do For Women?***, by Roberta Spalter-Roth, Heidi Hartmann, and Nancy Collins. An analysis of the impact of collective bargaining on the wages and job tenure of women. Trends in unionization are also explored. (January 1994)  
55 pages. \$15 Item #C327

***Increasing Working Mothers' Earnings***, by Roberta M. Spalter-Roth and Heidi I. Hartmann. Departs from earlier research to view working mothers as primary (or at least co-equal) earners needing wages sufficient to support a family. The study estimates the impact of a series of policy strategies that can increase working mothers' earnings. (November 1991)  
136 pages. \$20.00 Item #C320

***Conference Report***. The policy initiatives and recommendations collected at the Fourth Women's Policy Research Conference, Innovations in Government and Public Policy: New Directions for Women, June 3-4, 1994. (Report forthcoming)  
\$12 Item #P04

**YES, I WOULD LIKE TO ENROLL IN THE IWPR INFORMATION NETWORK IN THE FOLLOWING CATEGORY (SEE THE INSIDE BACK COVER FOR DETAILS).**

- ☐ **Individual Sustaining Member (Introductory Rate: \$150)**  
☐ I would like to receive the *1994 Research News Reporter*  
☐ I would like to receive the *1995 Research News Reporter*
- ☐ **Individual Supporting Member (Introductory Rate: \$35)**  
☐ I would like to receive *Quarterly Products Mailings*
- ☐ **Organizational Affiliate (Introductory Rate: \$195)**  
☐ I would like to receive the *1994 Research News Reporter*  
☐ I would like to receive the *1995 Research News Reporter*
- ☐ **Organizational Member (Introductory Rate: \$100)**  
☐ I would like to receive *Quarterly Products Mailings*

**Please send me the following publications (see reverse for partial publications list):**

Item Name and No. Amount


Subtotal:	
20% Member Discount:	
D.C. Shipments, 5.75% Tax:	
<b>Publications Total:</b>	

**Method of Payment:**

- ☐ My check/money order is enclosed for \$ \_\_\_\_\_ (Membership and Publications).
- ☐ Please bill my credit card for \$ \_\_\_\_\_ (Membership and Publications).  
☐ VISA   ☐ MasterCard   ☐ Card No.: \_\_\_\_\_  
Expiration Date: \_\_\_\_\_

Signature: \_\_\_\_\_

- ☐ I have submitted IWPR's invoice to my organization for payment.  
Purchase Order No.: \_\_\_\_\_

**Your Name and Address:**

Name and Title: \_\_\_\_\_

Organization: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

**INSTITUTE FOR WOMEN'S POLICY RESEARCH, 1400 20TH STREET, NW, SUITE 104, WASHINGTON, DC 20036**  
**PHONE (202) 785-5100 ■ FAX (202) 833-4362**

# THE IWPR INFORMATION NETWORK

**The Institute for Women's Policy Research (IWPR)**, a non-profit, 501(c)(3) tax exempt organization, conducts independent, scientifically sound research on issues that affect women's lives and ensures that policy-relevant findings enter into public debate and policymaking. Since its founding in 1987, IWPR has completed major projects on family and medical leave, childcare, women's earnings, pay equity, low-wage work and workers, poverty among women, women's access to health insurance, and welfare reform, as well as numerous studies on subjects such as the glass ceiling, part-time and temporary work, women and unions, pregnancy discrimination, and the costs and benefits of preventive health procedures for women.

**The IWPR Information Network** is a service designed to make IWPR products available on a regular basis to the widest possible audience and to facilitate communication among social scientists, policymakers, and practitioners. Depending on the membership level, individuals and organizations may be entitled to receive complimentary or discounted publications (including reports, working papers and fact sheets), discounted registration to IWPR's biennial Women's Policy Research Conferences, and *Research News Reporter*.

**Research News Reporter** is a monthly information service that disseminates newspaper clippings and resource information that is relevant to women and families. IWPR tracks research and studies as they appear in at least three national newspapers and compiles a detailed source of research listings that is more up-to-date and easier to access than most library-based, on-line systems. *Research News Reporter* includes summaries of research findings, so that our members can learn about new research and quickly determine the suitability of any given study to their needs. Then, by providing detailed ordering information for each study cited, *Research News Reporter* facilitates the process of obtaining research results.

## INDIVIDUAL MEMBERSHIPS

**Individual Sustaining Member\***—Receive *Research News Reporter* twelve times yearly; quarterly mailings including all current IWPR briefing papers, fact sheets, and working papers; a 20 percent discount on major reports and all previously issued publications; and one conference registration at a 50 percent discount.  
**Regular Rate \$150. Introductory Rate \$125**

**Individual Supporting Member\***—Receive quarterly mailings including all current IWPR briefing papers, fact sheets, and working papers; a 20 percent discount on major reports and all previously issued publications; and a 20 percent discount on one conference registration. (Does not include *Research News Reporter*.)  
**Regular Rate \$50. Introductory Rate \$35**

**Individual Member\***—Benefits include announcements of IWPR activities and publications; a 20 percent discount on all IWPR publications; and a 20 percent discount on one conference registration. (Does not include quarterly mailings.)  
**Regular Rate \$30**

## ORGANIZATIONAL MEMBERSHIPS

**Organizational Affiliate** (for non-profit organizations and libraries)—Receive *Research News Reporter* twelve times yearly; quarterly mailings including all current IWPR briefing papers, fact sheets, working papers, and major reports; a 20 percent discount on all previously issued publications; one conference registration at a 50 percent discount; and a 20 percent discount on conference registration fees for additional organizational attendees.

**Regular Rate \$245. Introductory Rate \$195**

**Organizational Member**—Receive quarterly mailings including all current IWPR briefing papers, fact sheets, and working papers; a 20 percent discount on major reports and all previously issued publications; one conference registration at a 20 percent discount; and a 20 percent discount on conference registration fees for additional organizational attendees. (Does not include *Research News Reporter*.)  
**Regular Rate \$125. Introductory Rate \$100**

Please use the tear-out form on the facing page to sign up today.  
Contact Robin Dennis for more information on membership or publications at (202) 785-5100.

\*not available to organizations or to individuals whose membership is paid by institutional check.





INSTITUTE FOR WOMEN'S POLICY RESEARCH

1400 20th Street, NW, Suite 104  
Washington, DC 20036  
202/785-5100 phone