

Statement of Purpose

The primary purpose of *The Future of Children* is to disseminate timely information on major issues related to children's well-being, with special emphasis on providing objective analysis and evaluation, translating existing knowledge into effective programs and policies, and promoting constructive institutional change. In attempting to achieve these objectives, we are targeting a multidisciplinary audience of national leaders, including policymakers, practitioners, legislators, executives, and professionals in the public and private sectors. This publication is intended to complement, not duplicate, the kind of technical analysis found in academic journals and in the general coverage of children's issues by the popular press and special interest groups.

This issue of the journal focuses on how children will fare as their mothers make the transition from welfare to work. Two-thirds of the nation's welfare recipients are children. Even so, little objective information exists to guide predictions about how children will be affected when their mothers are required to leave welfare and accept employment. Available research and common sense point to a number of factors that may increase the chance of benefit and reduce the risk of harm. The higher the wages mothers earn, and the more stable their employment, the better off the children will be. Access to affordable, high-quality child care is critical to protect children while their mothers work; and appropriate affordable health care matters to children and mothers with medical problems. These employment-related supports increase the odds that the transition to work will be successful, from the point of view of children.

Not all welfare recipients will move easily into the labor force, however. Some parents may need temporary help supporting their families while they receive job training or cope with unemployment. Others may reach time limits without finding work, and the risks to their children will be grave indeed. Different policies are needed to protect children whose parents have differing success moving from welfare to work.

Evaluations of how welfare reform policies influence children should consider both positive and negative effects, documenting such outcomes as the rates of reported abuse and neglect, foster care placement, delinquency, and school drop-out. Ultimately, the success or failure of the changes in welfare policy should be judged by the degree to which we have improved or decreased the likelihood that these children will become well-adjusted, contributing citizens in our society.

The articles presented here summarize knowledge and experience in selected areas that we believe are relevant to improving public policies in the United States that have an impact on making the transition from welfare to work. We hope the information and analyses these articles contain will further understanding of the important issues and thus contribute to reasonable changes in policies which will benefit children.

We invite your comments and suggestions regarding this issue of *The Future of Children*. Our intention is to encourage informed debate about the transition from welfare to work. To this end we invite correspondence to the Editor. We would also appreciate your comments about the approach we have taken in presenting the focus topic and welcome your suggestions for future topics.

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Editor

Welfare to Work: Analysis and Recommendations

Policymakers have long hoped to find ways to buffer children from the ravages of poverty without excusing parents from the responsibility of providing for their offspring. For 60 years, the Aid to Families with Dependent Children (AFDC) program guaranteed cash assistance for poor single-parent families, allowing the mothers to remain home with their children. In 1993, federal and state governments spent \$22.3 billion on AFDC benefits to about 5 million families, reaching 9.5 million children. In recent years, however, frustration with the welfare program has escalated, and the faces of the children who depend on welfare have faded into the background.

Public opinion polls indicate that many Americans think the welfare system traps families in poverty and dependency, harming the very children it is designed to help.¹ Many believe that the welfare system defies American values that stress work and self-sufficiency and is unfair to the working families who survive on low wages without government assistance. Policy discussions about welfare have also been colored by concerns about the cost and size of government and about the rising number of children born out of wedlock. Together, these factors contributed to the dramatic restructuring of the nation's welfare system for poor single-parent families, when the Personal Responsibility and Work Opportunity Reconciliation Act became law in August 1996. Now states will design their own welfare programs within broad federal guidelines, recasting welfare as only a temporary support for needy families and requiring that single mothers leave home for work.

Often lost in the rhetoric is the most poignant and perplexing aspect of welfare reform—the fact that two-thirds of those who receive AFDC benefits are children.² Children are not only the most numerous welfare recipients, they are the most vulnerable. The AFDC program was designed to assure them a basic living when their parents could not. Changes in welfare policy may alter the most basic aspects of their lives—their access to food, shelter, and medical care; their exposure to good or harmful child care; the time they can spend with their parents; perhaps even their aspirations for success.

This journal issue examines how children may be affected by one aspect of welfare reform—the increased emphasis on employment for single mothers. The new federal welfare law will propel mothers into the workforce by imposing work requirements as a condition of receiving cash assistance and by placing lifetime limits on eligibility for assistance. The articles included here examine the nature of the jobs that mothers leaving welfare are likely to find, discuss public policies that help those mothers juggle work and child-rearing responsibilities, and consider the ways in which a low-income mother’s work shapes the daily life and well-being of her child.

This analysis reviews the changes the 1996 federal welfare legislation will bring to the welfare system and suggests what may lie ahead for the children of single mothers who face new work expectations. It highlights the heterogeneity of the welfare population, suggesting that families will follow different pathways with different consequences for their children. Children in families that move from welfare into employment will need access to affordable child care and health insurance, and assistance in times of unemployment. Children in the smaller subset of families headed by adults who cannot work because of health problems, or do not work for other reasons, will face more serious risks. Their well-being may depend on individualized, concrete assistance. The federal welfare reform legislation opens the door to allow state governments to craft assistance packages suited to families with different prospects and needs. The analysis therefore closes with a set of broad recommendations for policymakers to consider when designing policies that will meet the needs of children as welfare is reformed.

Changing Expectations of Welfare

The American welfare system has its roots in the belief that children whose fathers died or abandoned them should be protected from destitution, as they are innocent of their parents’ misfortunes and mistakes. Since it was established as part of the Social Security Act of 1935, AFDC has provided monthly cash assistance to children living in homes considered to be “deprived of parental support and care,” typically because the father, who would be expected to provide the family’s income, was absent.³ As Blank and Blum discuss in this journal issue, the program was created to allow widowed or abandoned mothers to remain at home to raise their children.

The AFDC Program

The AFDC program “entitled,” or guaranteed, that families who met the eligibility criteria would receive benefits. It helped families in which children were present, the father was absent or unemployed,⁴ and available income fell below a threshold of basic need set by each state. As the article by Page and Larner explains, the federal government set the outlines of the AFDC program, but eligibility and benefit levels were determined by the states. To control costs and limit the appeal of government assistance, most states set income eligibility guidelines well below the federal poverty level, and in 1992, only 63% of children living in poor families received AFDC benefits.⁵

As a family's income from work or other sources rose, their AFDC benefits fell or were discontinued.

While the assistance that AFDC provided eligible families was reliable, it was not generous. In the average state, a single mother with two children and no earnings received only \$366 per month in 1994.⁶ Nearly all welfare families received food stamps and Medicaid coverage, but the combined value of AFDC and food stamps left families in the typical state well below the federal poverty level. A case study of the household budgets of AFDC recipients in several cities revealed that after paying for food and housing, the average mother had only \$90 left each month from her government benefits (AFDC, food stamps, and support for the disabled) to pay all other expenses, from utility bills to clothing to bus fare.⁷

Emphasis on Employment

Times have changed since AFDC was created in 1935, as have public responses to welfare recipients. In 1993, nearly half the families receiving welfare (48%) were headed by never-married women,⁸ and the public view of unwed mothers is very different from its view of widows.⁹ Moreover, mothers of all income levels have joined the labor force: some 67% of women with children were employed outside the home in 1993.¹⁰ To many, it therefore seems reasonable to expect that poor single mothers will also work. However, since AFDC was designed to maintain family incomes, not encourage employment, imposing work expectations requires a dramatic change in welfare policies and programs.

In the past two decades, attempts have been made to help the adults in welfare families move into the labor force and support their families with earnings, but this task has proved difficult. (See the articles by Blank and Blum and by Nightingale and Holcomb in this journal issue.) In the 1970s, the Work Incentive Program (WIN) offered job training and gave work assignments to a small percentage of welfare recipients whose children were school-aged. The 1980s saw a number of state-run welfare-to-work demonstration programs, and 1988 brought the federal Family Support Act, which established the Job Opportunities and Basic Skills (JOBS) program. These work programs

combined incentives and requirements that welfare recipients participate in job training, seek employment, or work in public jobs. For example, state JOBS programs paid for job-search classes, job training, and basic or postsecondary education; made participation obligatory for some; and extended Medicaid eligibility and provided child care subsidies to make it feasible for recipients to leave welfare for work.¹¹

Rigorous evaluations of many welfare-to-work demonstrations revealed that the programs had small positive effects on rates of employment and annual earnings, but, as Nightingale and Holcomb point out, none significantly reduced welfare caseloads or deterred long-term dependence on welfare. The article by Blank and Blum argues that the programs were never funded adequately or implemented on a significant scale.¹² Nevertheless, political rhetoric and public opinion swept past the JOBS approach in the rush to make more decisive changes in the welfare system that would attach strings and limits to the receipt of public assistance itself.¹³

The 1996 Welfare Law

The Personal Responsibility and Work Opportunity Reconciliation Act establishes a new era in federal policy toward children in poor single-parent families. It ends the federal guarantee of assistance to all eligible families, shifts authority to state governments, seeks to discourage out-of-wedlock childbearing, and emphasizes the employment of single mothers. Children's needs have not gone altogether unnoticed: Funds are provided to pay for child care, and children's access to Medicaid is protected. Nevertheless, children's well-being may be threatened by poverty and uncertainty as their parents try to succeed in the low-wage labor market, and by crisis if their parents cannot work and lose all assistance. Now state governments have the challenge of designing strategies to protect these children.

The welfare legislation gives states unprecedented discretion in choosing which families to assist, what services to provide, what requirements to impose, and how to respond to families who cannot find work to support their households within the allotted time. Although state governments handle many complex policy issues, assuming

full responsibility for welfare policy will tax their budgets and their planning, legislative, and social service systems.¹⁴ The result will be 51 state welfare programs that not only differ in eligibility and benefit levels, but focus on divergent goals and rely on new, untested strategies. The successes and failures of these new programs will have a great deal of influence on the lives of poor children and their single mothers, for good and for ill.

Several features of the new federal law deserve special mention. First, federal welfare funds will be provided through a lump-sum block grant to each state, called Temporary Assistance to Needy Families, or TANF. The block grant will not increase in size in future years, regardless of changes in the economy. Second, there is a five-year lifetime limit on the amount of time a family can receive federal assistance.¹⁵ And third, states receive full federal funding only if, by the year 2002, half of the adults receiving federal assistance work at least 30 hours each week.¹⁶ The law also terminates aid to legal immigrants who arrived in the United States after the date of the legislation and reduces funding of both food stamps and income support for the disabled (Supplemental Security Income, or SSI).¹⁷

Of importance to children, federal spending on child care subsidies will increase, although the number of poor mothers with young children entering the labor force will grow even more sharply. Moreover, the federal funds for child care are capped, whereas previously child care assistance was guaranteed to welfare recipients who worked or attended training, and federal funds matched state child care expenditures. In contrast, eligibility for the Medicaid program depends on family income and not welfare status, so Medicaid will continue to be available to families who meet income guidelines. Under AFDC, families receiving welfare were automatically enrolled in Medicaid, but now welfare and Medicaid are less closely linked. New outreach and application procedures must be designed to ensure that families are aware of their eligibility for Medicaid benefits.¹⁸

No policy studies are yet available to suggest the likely consequences of the most novel aspects of the new federal law, but recent research offers findings that bear on

two crucial issues: (1) the employment and economic prospects of poor single mothers like those who currently receive welfare, and (2) the consequences that may result for children whose mothers move from welfare into the labor force. The major findings in these areas are summarized below. It must be noted, however, that all the research reflects the experiences of families when the AFDC program was available as a safety net or alternative to employment. The options families face under the new law are quite different, and that difference limits the applicability of previous research.

Employment and Economic Prospects

To anticipate the likely success of welfare reform efforts to promote employment among welfare recipients, policymakers can consider studies that trace the natural transitions single mothers make between welfare and work, as well as evaluations of the welfare-to-work demonstrations described above. Findings from both types of research document the job qualifications welfare recipients can offer to employers and the jobs they usually secure, and suggest what the effects of their employment on family poverty may be.

Employability

To find a job, a single mother must convince an employer with a job opening that she is capable of doing the work. Studies documenting the characteristics of welfare recipients suggest that it is doubtful that they all can find work in the regular job market. Disabilities will prevent some from working: About 10% are estimated to have health problems that preclude or limit employment, and another 4% face serious mental or psychological difficulties.^{19,20} Even setting aside those severe problems, Burtless reports in this journal issue that the majority of welfare recipients have poor skills to offer employers. Almost half (44%) of the mothers who began receiving welfare in 1992 had not completed high school, and those who depended on welfare steadily for two years performed very poorly on a test of basic life skills such as making change or reading a bus schedule. Indeed, as Burtless reports, the typical mother who leaves welfare for work earns only about \$6.00 per hour, and her wages rise little over time.

Some welfare-to-work programs have attempted to increase employment at good wages by using remedial education, vocational training, or postsecondary education to improve recipients' job qualifications. So far, these approaches have shown limited success, as Nightingale and Holcomb point out. Welfare recipients with strong basic skills can capitalize on educational opportunities to secure stable, well-paid employment. However, many have only eighth-grade reading and math skills.¹⁹ Traditional literacy training and basic education approaches have not succeeded at engaging adults whose earlier school experiences were frustrating and demoralizing.²¹ Consequently, one expert concludes that wholesale reform of the public schools will be required to prevent the perpetuation of these educational deficits in the next generation.²²

Other welfare-to-work programs have focused not on education but on speedy employment and job training. Nightingale and Holcomb indicate that programs which urged recipients to find work quickly and provided job-search assistance raised rates of employment among participants to 5% or 10% above the rates achieved by the control group. These programs raised earnings by \$100 to \$500 per year, although most participants still earned less than \$4,000 annually. Welfare costs shrank somewhat less, with savings coming at the expense of the single mothers whose grants were cut as their earnings rose. Because the programs were relatively inexpensive, these modest benefits outstripped the programs' cost to taxpayers.¹¹ More ambitious and expensive programs combining work expectations, training and support services, and assignment to subsidized public jobs have produced larger earnings gains, but it is unclear if such programs could be implemented on a large scale in today's cost-conscious policy environment.

Overall, Nightingale and Holcomb suggest that welfare-to-work programs are most successful when they communicate clear and consistent expectations regarding work, use financial sanctions to reinforce those expectations, and forge strong linkages to the labor market. While effective programs can help some welfare recipients make the transition into employment and yield benefits that exceed their costs, most programs

produce only small changes, and not all participants benefit. Therefore, such programs cannot in themselves solve the problem of long-term welfare reliance.

Job Availability

The fact that many welfare recipients lack skills and educational credentials does not make employment impossible for them, but it does limit their job choices to entry-level, unskilled positions. According to Burtless, many labor economists believe that such jobs are and will continue to be available in the United States, although rural communities and inner cities may lack employment opportunities.²³ When they are available, unskilled jobs tend to be poorly paid, to offer few fringe benefits such as sick time or health insurance, and to be part-time or short-term positions. Wages for unskilled workers have stagnated or fallen in the past decade, and Burtless predicts that as growing numbers of welfare recipients are pressed into the labor market, average wages may fall still further.

Despite these problems, many welfare recipients want to work and escape the stigma and limited horizons of welfare reliance. Longitudinal research tracing the lives of welfare recipients revealed that nearly half (43%) of those who received welfare benefits over a two-year period also held jobs, typically working as maids, cashiers, nurse's aides, child care workers, or waitresses.²⁴ Their experiences offer glimpses of the employment prospects facing current welfare recipients, although 20% of the women in the study combined work and welfare at the same time, and 23% cycled back and forth between the two. Under the new law, mixing welfare with work to sustain an adequate family income will be less feasible.

Costs of Working

A primary challenge facing employed single mothers is that working entails new expenses that eat into the modest pay that the job provides. Researchers who studied the budgets of a sample of mothers who held low-wage jobs and did not use welfare found that the women earned an average of \$888 per month.⁷ In addition to outlays for food and housing, they confronted work-related expenses of \$345 per month for such items as child care and bus fare or car payments.

The significance of child care costs cannot be underestimated, in part because child care is an ongoing expense that accompanies the mother's employment well into the child's school years. Mothers who receive welfare have an average of 2.6 children, two-thirds of whom are under age six and must be supervised during the hours when their mothers are working, as the article by Kisker and Ross in this journal issue points out. Parents who purchased child care in 1990 paid an average of \$1.60 per hour per child, a sum that represents a significant portion of a \$6.00 per hour wage, especially when several children need care.²⁵ Perhaps for that reason, when welfare was available to them, women who had problems finding child care they trusted and could afford sometimes chose not to work. In the restructured welfare system, more mothers will have to work more hours to support their families, and the need to make child care safe and affordable will take on new urgency.

Job Stability

Achieving economic self-sufficiency requires sustained employment, but studies show that from half to two-thirds of the welfare recipients who leave welfare for work lose their first job within a year, according to the article by Hershey and Pavetti in this journal issue. These authors report that in about 40% of the cases when former welfare recipients lost their jobs, the employer's actions (layoffs and firings) were the cause. The other 60% of job losses were initiated by the employees in response to problems either on the job or at home. Women who lose employment are less likely to receive state-funded unemployment insurance than are men, in part because low wages, part-time schedules, and sporadic employment patterns make many ineligible for those benefits. Some policy analysts have called AFDC a "poor woman's unemployment insurance,"²⁶ but the new welfare law will make that safety net less accessible.

The instability of low-wage jobs can have adverse consequences for family earnings and for children's well-being. Burtless argues that the prevalence of layoffs and temporary or seasonal employment must be factored in when estimating the earnings welfare recipients may be able to secure. Moreover, periods between jobs not only sap the family's

financial resources, they can undermine the mother's confidence and disrupt the child care arrangements and family routines that structure daily life for the child.

Child Support

Simple logic suggests that two adults are better able to cover the costs of raising a family than a single parent who must handle child rearing and serve as the sole breadwinner. One avenue for improving the economic standing of single-parent families is the collection of child support from the absent parent, usually the child's father, and recent legislation has brought new child support enforcement policies.²⁷ Some question the value of pursuing the fathers of children who receive welfare because the men often lack earnings at the time the child is born.²⁸ The article by Brien and Willis in this journal issue argues, however, that many noncustodial fathers eventually work and see their earnings rise. These authors estimate that over the child's first 18 years, the typical absent father could contribute 40% of the amount received by the mother from AFDC during that time.

Implications for Welfare Policy

The findings reviewed here and in the articles in this journal issue indicate that even the mothers who succeed in finding work are likely to remain poor. After paying employment expenses and losing some government benefits, most will lead a life of financial pressure and uncertainty as they face the vicissitudes of the private labor market without a safety net. In this way, welfare reform will make "the rules of [welfare] more like the real world,"²⁹ where hard work is necessary to get ahead and where there are few guarantees of income security. In that world, parents must meet the needs of children on their own.

Some believe that welfare policies which expose poor single mothers to harsh living conditions will increase their desire to work and discourage unwed childbearing. As one conservative policy analyst asked, "Will toughness or tenderness best motivate the dependent to take charge of their lives?"³⁰ Whatever their effects on future childbearing and welfare use, however, tough policies impose hardships on the children who now rely on welfare's support. Research suggests that the conditions associated with poverty

have damaging effects on children's success in school and later life, whether the children's parents relied on welfare benefits or on employment as a source of income.²⁰ (The Summer/Fall 1997 issue of *The Future of Children* will focus on poverty in the lives of children.) Children deserve our compassion and represent our future. For both reasons, policies to protect their well-being are essential.

When the guarantee of public assistance is removed, sharp differences are likely to emerge in the pathways followed by different groups of welfare families. No doubt some single mothers will find work relatively easily and make their way into the mainstream economy, joining the ranks of the country's many working poor families. For some, the transition may be more difficult, requiring short-term training, job-search support, and cash assistance. A smaller group of families have problems or limitations that make it unlikely that they will find a place in the labor market at all, and under the new welfare legislation they may lose any public aid. Policies to assist these diverse families must therefore be differentiated, emphasizing employment-related family supports (like child care) for the first group, providing transitional assistance and job training for the second group, and ensuring basic protections for children in the third category. The next section of this analysis considers the children's perspective on welfare reform, then recommends steps that should be taken to care for those whose mothers find jobs, need transitional assistance, or cannot work.

Consequences for Children

To avoid instituting policies that will harm children, it is important for policymakers to consider what is known about how children will fare when their mothers move from welfare into the low-wage jobs just described. Unfortunately, little reliable knowledge is available about this topic. Developmental psychologists have studied the effects of social class and poverty on children's development,³¹ but the effects of maternal employment on children in poor single-parent families have gone almost unexamined. Moreover, studies that compare families with a welfare background who worked to those who did not work are of limited value in the current policy context. As noted earlier, the

fact that the employed mothers in these studies could have relied on public assistance but chose not to suggests that they were more motivated and employable than their peers. The new welfare law will force a broader cross section of poor single mothers into the labor force, with more variable outcomes.

The summary below reviews what is known about how children's lives may be affected when their mothers leave welfare for low-wage employment, considering five major areas: (1) basic needs for food, shelter, and safety; (2) access to health care; (3) access to good child care; (4) relationships with adults; and (5) developmental outcomes. The findings suggest that children whose mothers work but earn little are likely to experience both positive and negative changes in their daily lives.

Basic Needs

Will mothers who leave welfare for work be able to meet their children's basic needs for shelter, food, and protection from harm? The mothers' ability to do so will depend, in great measure, on the wages they are able to earn, the steadiness of their employment, the cost of food, housing, and child care in the communities where they live, the availability of informal assistance from relatives and friends, and the extent to which government assistance such as food stamps remains available to cover the costs of these essentials. One study found that half of the single mothers who received welfare over a two-year period shared housing and pooled resources with relatives,²⁴ but not all single mothers live near relatives who have resources to share.

Economic pressures on isolated poor families may force them out of their homes³² or may lead mothers to cut the family's food budget or leave school-age children at home alone while they work. In extreme cases, these situations constitute neglectful parenting that justifies intervention by government authorities to protect the child. Even when AFDC benefits provided a safety net for poor single-parent families, a strong link existed among poverty, reports of child neglect, and rates of placement in foster care.^{33,34} Time limits on assistance may make this situation far worse, exposing children in some destitute unemployed families to neglect, and perhaps

resulting in costly and wrenching foster care placements. Such undesirable consequences could be mitigated by assuring the availability of in-kind assistance like housing subsidies and food stamps to meet children's basic needs even if their parents lose eligibility for cash assistance.

Access to Health Care

One of the most prevalent concerns cited by mothers on welfare as they contemplate moving from welfare to work is the fear of losing access to Medicaid, which pays for the health care of eligible women and children. Studies described in the article by Moffitt and Slade in this journal issue indicate that in families with serious or chronic health problems, for whom health services are critically important, employment decisions are strongly influenced by the availability and quality of the health care coverage offered by employers. As one observer has noted, "Welfare recipients are rational actors in the economic market; they do whatever is necessary to maximize the health and well-being of their children. If they have no health insurance or if they believe that they will be somewhat better off on welfare, they will apply for it. . . . Like most other Americans, welfare recipients usually put the needs of their children first."³⁵

In practice, the desire to maintain Medicaid eligibility need not keep poor mothers from leaving the welfare rolls for work. As Moffitt and Slade explain, recent expansions of the Medicaid program have made children's eligibility for coverage independent of welfare receipt. States are now required to provide Medicaid to children under age six in families with incomes up to 133% of the federal poverty level, and many states cover children in families earning even more.³⁶ At the same time as Medicaid coverage was expanded to reduce the number of uninsured children, however, the proportion of children covered by employer-based insurance has fallen. Some employers may have retracted their health care coverage, or families who knew their children were eligible for Medicaid may have opted not to use employer plans that require monthly premium payments. Between the expansion of public coverage and the retraction of private insurance, 20% of poor children lacked health insurance in 1993.

The importance of Medicaid to poor families competes with the fact that Medicaid costs make up a substantial portion of state budgets (consuming 13% of state general funds in 1993).³⁷ To control costs while expanding eligibility, states have turned to Medicaid managed care contracts, with effects on health care quality that are not yet known. The evidence reviewed by Moffitt and Slade underscores the role that Medicaid eligibility for children whose parents work and do not receive welfare can play in the success of welfare reform.

Access to Good Child Care

The learning that takes place before children enter school creates a foundation for later educational success or failure,³⁸ and children's daily learning opportunities change when a mother moves from welfare to work.³⁹ As the article by Parcel and Menaghan in this journal issue indicates, a mother who works long hours for low pay has less time to spend with her child, encouraging play, talking, and reading, so her employment may make the home a less stimulating place and limit the child's learning. On the other hand, preschool children can reap cognitive gains if they spend their mothers' working hours in high-quality child care environments. The impact on children's development of shifting from care by their parent to child care will depend on both the parent-child relationship and the child care environment.⁴⁰ Children suffer from poor care and can benefit from stimulating experiences, whether they occur in child care or at home with a parent.

The most basic role of child care is to provide a safe, supervised environment for children who are too young to be alone. The article by Kisker and Ross in this journal issue reports that parents who are required to work or attend job training usually manage to find some type of child care and do not leave their children unsupervised, but they frequently worry about the quality of the care they find. The fears of mothers with infants are especially intense, since their babies cannot complain if they are mistreated during the day.⁴¹ Yet, under the new welfare law, states can require mothers with children under one year of age to work 20 or 30 hours per week. Research on the quality of child care in the United States indicates that parents' fears are not unfounded: some 12%

of the centers and 25% of the private homes caring for children were judged by researchers to be inadequate or even harmful to children.⁴²

A study of participants in a welfare-to-work program showed that those who reported little trust in their child care arrangement when they entered the program were most likely to have stopped working or dropped out of training one year later.⁴³ Mothers whose welfare benefits are terminated, however, will risk their only source of income if they stop work to rescue their children from unsafe child care settings. Kisker and Ross argue that stronger efforts to regulate the quality of child care settings are needed to protect all the children in care, particularly those in low-income households, whose parents must find care for them during odd hours, in dangerous neighborhoods, and at minimal cost.

Low-income mothers understand how important child care can be in the lives of their children—either by threatening their safety and stifling development, or by offering rich opportunities to develop intellectually and socially.⁴¹ Research indicates that low-income children benefit from attending high-quality early childhood programs, and many poor mothers hope to send their preschool-age children to a structured, center-based program like Head Start.⁴⁴ As Kisker and Ross report, publicly funded child care subsidies allow some low-income families to use better child care than they could afford on their own. The authors argue that subsidies should be expanded and complemented by efforts to build a supply of good child care options that work for low-income parents. As former welfare recipients enter the labor force, child care programs will provide the primary early learning environments for more and more of America's most vulnerable children. Adequate funding to ensure that these children receive good care is critical to protect their well-being.⁴⁵

Nurturing Relationships

Relatively little is known about how the relationships between children and mothers in poor families change when mothers go to work outside the home. It is likely, however, that the nature of the change will depend on

the age of the child and on the psychological effect that working has on the mother.

During the first years of life, children form stable attachments to the adults who care for them, beginning with their parents. Some studies of children whose mothers began work during the child's first year of life have found that problems in the mother-child attachment result, but others have found the opposite.⁴⁶ It seems that emotional problems are most likely when both the home and child care environments are unwelcoming to the child. Changes in caregivers are also thought to be problematic, but low-income mothers who have only a tenuous hold on their jobs must frequently change child care arrangements.⁴⁵ One can easily picture the emotional impact such "revolving door" child care experiences can have on a very young child.

On the other hand, if employment is welcomed and a stable and nurturing child care arrangement can be found, working can have benefits for the relationship between the mother and her very young child. Depression is relatively common among mothers of young children, especially among those who receive welfare and do not work.⁴⁷ Depressed mothers tend to withdraw even from their own children, and the mother's passivity can deny the child attention and affection.⁴⁸ Although no causal relationship has been shown, if working outside the home helps mothers escape depression, it may also help them to make good use of the limited time they have with their children.³⁵

Relationships between parents and children also affect later developmental outcomes. Parents of schoolchildren need time to supervise the children's activities and school work, or their increasingly independent youths may be caught up in a risky peer culture. On the other hand, parental aspirations contribute to their children's school achievement,⁴⁹ and mothers who have left welfare often report that they became better role models for their children once they began working toward independence and self-improvement. One mother whose adolescents hope to go to college commented, "I think it was me going back to school, because I've noticed they have tried to bring their grades up too. I tell them, 'If I can do it, you can do it.'"⁵⁰

Developmental Outcomes

Indeed, the research on child outcomes summarized in the articles in this journal issue by Zaslow and Emig and by Moore and Driscoll suggests that among families with a recent history of welfare use, maternal employment does not harm and may help the development of school-age children. Moore and Driscoll found that children ages 5 to 14 whose mothers worked at jobs paying \$7 or more per hour performed better on cognitive tests, and had fewer behavioral problems, than children with nonworking mothers. Of course, those wages exceed the average that most welfare recipients can expect to earn.

These authors caution that the working mothers captured in current research studies all moved voluntarily into the labor market, and their experiences were more positive than those of mothers who may be forced to work through welfare reform requirements or the loss of welfare benefits. Given that caveat, the evidence the authors present suggests that when a mother of school-age children is successfully employed, her work can have positive effects that may balance or even outweigh the stresses and time constraints that accompany it. Too little is known to draw conclusions about outcomes for younger children.

What Should Be Done?

State policymakers now face the longstanding dilemma of welfare—that of designing government policies and programs to promote family self-sufficiency without sacrificing children’s futures. Welfare recipients who make the transition to employment will face the risks of the free market with its business cycles, layoffs, and wages shaped by supply and demand. Some will need only ancillary assistance, such as help paying for child care. Others may be unable to support their children with earnings, needing more intensive assistance to keep their families together. When families have differing strengths and needs, “one size fits all” policies are inefficient and probably ineffective. It is up to state governments, primarily, to decide what types of help they can offer, but they must take into account children’s needs as they do so. The final section of this analysis highlights general recommendations for the creation of differentiated packages of assistance that may

provide a framework for developing welfare and poverty policies that protect and nurture children.

1. *Employment-related family supports for those who can work.*

Measures should be adopted to help employed families with children confront the harsh realities of the low-wage labor market. Working welfare recipients face the same challenges of managing child rearing and breadwinning that confront the larger population of working poor families. To support working families, government requirements and funds must be used to compensate for the shortcomings of private-sector jobs, by assuring access to health and unemployment insurance, child care subsidies, and income supplements.⁹ Access to tuition grants and loans would help motivated low-income parents improve their educational credentials and secure better jobs.

RECOMMENDATION

■ To equitably assist poor working families, universal but income-linked policies should be introduced, expanded, and strengthened to provide affordable health insurance, guarantee child care subsidies, supplement low wages through tax credits, and give all workers access to unemployment insurance and temporary disability coverage. These supports should be independent of the welfare system, covering all families with children who meet income eligibility criteria. Premiums and copayment or sliding fee mechanisms should be used to ensure that parents share the cost of benefits as their incomes rise.

Providing work-related supports without regard to welfare status may increase the political viability of policies for poor children and families, but it will also add to their cost. In 1992, approximately 4.8 million families with 9.5 million children received welfare benefits and related assistance. That same year, another 1.8 million families with 5.1 million children were poor and supported themselves without the help of welfare grants.⁵¹ These families would also receive

assistance under the proposal suggested above, although they could contribute a portion of the cost of the specific services they used.

2. Improvements in child care for poor working families.

As is widely acknowledged, parents of young children cannot work if they are unable to arrange child care during their work hours. The child care subsidy programs recommended above help working poor families pay for child care,²⁹ but other steps must also be taken to ensure that children are safe and can flourish in child care. Parents who live in poor neighborhoods, work odd hours, lack transportation, or have children of varied ages seldom find adequate child care options, and more care must be created to meet their particular needs.⁴⁵

RECOMMENDATION

■ Ongoing expenditures and innovative strategies are required to create good child care alternatives that fit the schedules, preferences, and residence patterns of poor working families. In addition, the quality of child care must be improved through regulatory oversight, training, access to capital for facilities, networks of professional support, and measures to attract and keep skilled providers working in child care centers and homes.

3. Transitional assistance for families entering the labor force.

Because of divorce, abandonment, widowhood, or choice, some parents will care for young children without a spouse, and they may need assistance to enter (or reenter) the labor force. Supports such as job training, aid seeking work, information regarding child care, and temporary cash assistance can help the entire family prepare for employment. State and local welfare agencies can draw on a decade of experience helping single mothers enter the private labor market.¹¹ These services were funded and required in the federal JOBS program, but now it will be up to states to design and pay for them.

RECOMMENDATION

■ To facilitate entry into the labor force and smooth transitions between jobs, welfare-to-work supports and services like job search, job training, cash stipends, and child care information and subsidies should be provided by staff trained as employment counselors and offered on a negotiated but time-limited basis to unemployed mothers and fathers.

4. Follow-up case management for nonworking families.

Even in a reformed welfare system that emphasizes employment and limits access to government assistance, a subset of parents will remain unable to work. An even smaller group may be unwilling to work. As noted earlier, one expert estimates that 20% of the current welfare population will be unemployable.¹⁹ The AFDC program responded to such families by exempting them from work requirements and guaranteeing a monthly check, but it provided no specific services to help them surmount their problems or provide for their children. Under the new welfare law, states can exempt up to 20% of their welfare caseload from the five-year time limit on eligibility for federal cost assistance, due to family hardship.¹⁶ Exempting the hard-to-employ might relieve state governments of the need to create costly protected work placements for the most troubled adults on the welfare rolls, but it does not help the family resolve its problems and move toward economic self-sufficiency.

Ongoing cash assistance may be the most appropriate way to help parents who cannot work but are effective with their children and engaged in child rearing. However, the problems affecting some parents who cannot maintain employment may also undermine their child-rearing capacity. It will be critical that new social service strategies be designed to ensure that the needs of the children of these parents are met. Few families now receive intensive help with parenting unless serious maltreatment occurs, and then it may be too late to reverse problems

that might have been prevented or resolved at an earlier point.^{33,52}

A system that ensured individualized follow-up with all families who were unable to move from welfare to employment would enable case managers trained in social work to assess the problems confronting each family and then make appropriate referrals to services as varied as rehabilitation, battered women's shelters, substance-abuse treatment, or family support programs. Ongoing, voluntary contacts would allow case managers to reassess the family's circumstances and continue family services, help the parent make the transition into employment, or work with the child welfare agency to safeguard the child's well-being.

RECOMMENDATION

■ Families headed by parents who are unable to find or keep employment, even when they risk losing assistance, should receive special attention from trained case managers to ensure that the needs of their children are met. Given the authority to secure resources for families, such a skilled case manager can determine what problems the family is facing, what services may be required, and how well the child is faring and can maintain contact with the family to track progress and make additional referrals for services, as needed.

5. Continued learning to inform policy.

More objective knowledge is urgently needed to give policymakers a foundation for decision making as they reform welfare policies and programs. As noted earlier, the most significant welfare reform policies—time limits and work requirements for mothers of infants—are untested. Moreover, no one knows how current and potential welfare recipients will react to the new array of opportunities and consequences that faces them. Therefore, the effects of the new policies on children whose families do and do not receive welfare should be monitored in all states by objective researchers. Studies that track families over time can provide early notice of emerging problems and suc-

cesses and can reveal important effects that develop after some time.⁵³ It will also be critical to document community conditions outside the welfare system that help welfare recipients make the transition to work.

More basic research is also needed to learn how poor children of different ages are influenced by changes in their family circumstances and to discover the circumstances, resources, supports, and coping abilities that enable some poor families to remain independent while attending to their child-rearing responsibilities.^{24,49}

RECOMMENDATION

■ New information should be gathered immediately to help policymakers anticipate the effects of the policies they are considering and to assess the short-term and long-term effects of policies they have adopted. Of special importance are evaluations of new policy measures like time limits, studies that track changes in the lives and well-being of poor children and families, and evidence indicating the community conditions that support successful welfare reform.

6. Emphasis on long-term goals.

Polls probing the public's views on welfare reform indicate that many believed that the AFDC program undermined American values of independence and self-sufficiency and was ineffective in combatting poverty. They expressed less concern over the cost of the program.¹ Changes in welfare policy should similarly focus on the values communicated by the way assistance is provided and on long-term success in helping families escape dependency and poverty, not on short-term effects on program costs and government budgets.^{9,13}

Even drastic changes in welfare that are designed to save money will have relatively little impact on overall government budgets because the AFDC program actually consumed only a small portion of federal and state budgets. In 1993, about 5% of state general funds went to pay welfare costs, compared to 13% for Medicaid, 35% for public

schools, and 6% for corrections.³⁷ At the federal level, AFDC, food stamps, and aid to the disabled together made up about 3% of the budget.⁵⁴ Moreover, short-term welfare cost savings (when parents are cut from the assistance rolls) may lead to long-term cost increases in other service systems (if a child must be placed in a foster home, for example).³³ Similarly, increased payments for job training or child care assistance in the short term may yield long-term savings if the child's mother succeeds in a new job.

RECOMMENDATION

■ Welfare reform plans should emphasize and respond to the core values that concern most Americans, stressing and balancing attention to the importance of work, independence, fairness, and responsibility for family. Assessments of the budget implications of welfare reform policies should emphasize long-term rather than short-term costs and benefits, especially those related to children.

Conclusion

In addition to the direct effects it will have on families' lives, welfare reform may have provided the impetus needed to change the public policy climate surrounding poor mothers and children. Whether the new climate will be supportive of those families or punitive toward them remains to be seen. The stereotype of the welfare recipient has long been a mother who relies on public assistance, living in deteriorated public housing in a dangerous neighborhood, collecting food stamps, and watching her children while she waits for her welfare check. The new image may be a mother like one whose daily routines were profiled in the *New York Times* in 1994. Mary Ann Moore rises at 3:30 in the morning,

dresses her sleepy two-year-old twins, drives 11 miles to reach her mother's housing project apartment before 5 A.M., leaves her children there to wait for child care to open, drives another six miles to a Salvation Army homeless shelter where she cooks for 100 people, then reverses her steps again at the end of each day.⁵⁵ Will Americans and their elected officials be willing to help her succeed and rear her children?

Welfare policies can press mothers to follow in Mary Ann Moore's footsteps, changing the public image of the welfare recipient, but the limitations of welfare reform are as crucial to recognize as its potential. Work has many virtues, as welfare recipients themselves recognize, but it is not a panacea, and it is not easy to find, manage, or keep.⁵⁶ Though the earnings of many single mothers are low, their children's needs are urgent and often expensive. They need and deserve food and shelter, good child care, prompt health care, books and clothes, the time and attention of a loving parent, and so much more.

Many values and priorities are intertwined in welfare policy and welfare reform, and concern about children is often jostled aside by an emphasis on family self-sufficiency, impatience with the unintended consequences of public policies on private behaviors, and a general desire to reduce the size and cost of government. Children's well-being, not budgetary concerns, should be in the forefront as new welfare programs and policies are designed and implemented. As one observer noted, "There is no cheap way to bring our lowest-skilled citizens and their children to a position where, for them, 'work will work.'"⁵⁷ Most Americans believe that work is important and that children are important. Our society must find ways to support and encourage both.

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Richard E. Behrman, M.D.

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This journal issue emerges from a collaborative effort between the Center for the Future of Children and the American Academy of Arts and Sciences. Recognizing how significant changes in the nation's welfare system are likely to be for the 9.6 million children who receive welfare, the Academy convened a committee of scholars to review what we know about how the transition from welfare to work is likely to affect the lives of poor families and children.

The committee, chaired by Dr. Richard Behrman, included Dr. Howard Hiatt of the American Academy of Arts and Sciences; Drs. Christopher Jencks, Lawrence Katz, Frederick Mosteller, Paul Peterson, and Theda Skocpol of Harvard University; Drs. Jeanne Brooks-Gunn and Irwin Garfinkel of Columbia University; Drs. Frank Furstenberg and Rebecca Maynard of the University of Pennsylvania; and Dr. Janet Currie of the University of California at Los Angeles. The committee convened a conference in February 1996 at which the articles included in this volume were presented and discussed by policymakers, program administrators, and experts interested in anticipating both positive and negative changes that welfare reform may introduce into the lives of poor children.

Introduction to the AFDC Program

Stephen B. Page
Mary B. Larner

Abstract

This journal issue discusses the policy challenges of helping parents move from welfare to work. As a foundation, this introductory article explains the federal-state program of cash assistance called Aid to Families with Dependent Children (AFDC), to which the term *welfare* refers in most of these articles. While a number of other social programs are sometimes included under the umbrella of welfare—such as the Supplemental Security Income program for the disabled, food stamps, and Medicaid—the program that has drawn the most public scrutiny and negative attention, and the centerpiece of the 1996 welfare reform legislation, is AFDC. This article explains the basic structure of the AFDC program, including eligibility criteria and benefits; discusses the characteristics of families that have received AFDC; describes trends in the program’s size and cost from the 1970s to 1996; and indicates the major ways in which the block grant established in the 1996 welfare reform legislation compares to the AFDC program that it replaced.

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The Aid to Families with Dependent Children (AFDC) program was for 60 years the nation’s most visible cash assistance program for the poor. As its name suggests, the program was created to aid children whose parents could not financially support them, and about two-thirds of AFDC recipients were children. In August 1996, Congress passed welfare reform legislation abolishing AFDC in favor of a Temporary Assistance to Needy Families (TANF) block grant that passes funds for cash assistance to the states to use in welfare programs they design themselves. Even though AFDC no longer formally exists, most of what is known about U.S. welfare policy and its effects on families and children has been learned by studying that program and efforts to modify it. The following pages explain what AFDC was intended to accomplish and examine data about the program’s recipients, caseloads, and costs that challenge many widely held impressions. The article also outlines the structure of shared federal and state responsibility for AFDC and highlights the major changes to the nation’s approach to cash assistance that the 1996 welfare reform legislation introduced.

The AFDC Program

AFDC was a federally mandated program that guaranteed cash assistance to families with needy children. Needy children were defined as having been “deprived of parental support or care because their father or mother is absent from the home continuously, is incapacitated, is deceased, or is unemployed.”¹ The program was designed as a federal-state partnership in which both costs and rule-making authority were shared. Federal legislation required states to provide cash assistance to *all* eligible families. Working within federal limitations, the states administered the program, established the income level below which families qualified for assistance in that state, and set the level of benefits that eligible families would receive there. The federal government monitored the states’ administration and matched state funds for the program.

Eligibility

Typically, only very poor families composed of single mothers and their children qualified for AFDC. This feature led some to argue that the program discouraged marriage and work. To be eligible for AFDC, a family had to include a dependent child who was under age 18, was a citizen or permanent legal resident, and could be considered deprived of parental support—usually because no father lived in the home. In 1992, some 48% of households receiving AFDC were headed by an unmarried adult, 23% had experienced a divorce or separation, 7% included two adults, and in 15% of the households, only the child was supported by AFDC (often living in a foster home).²

In addition, the states established income levels below which a family was considered entitled to cash assistance, and in many states these levels were lower than the federal poverty level—so conceivably, a family could be below the federal poverty level

and still not qualify for AFDC.³ Reflecting the program’s emphasis on children, states factored in family size when computing eligibility standards. In 1994, a one-parent family of three could not earn more than \$938 per month to be eligible for AFDC in a typical state.⁴ Moreover, since most states did not routinely adjust their standards of need to keep up with inflation, a family in 1994 had to be considerably poorer to qualify for AFDC than a qualifying family was in 1970.

Cash Grants

AFDC provided a monthly cash grant to those families who could show that they met the eligibility criteria set in their state. Typically, state officials computed the size of a family’s cash grant in a given month based on family size, earned income, and certain expenses. A large family with no income

AFDC grant levels varied widely from state to state. In 1994, the median state grant for a family of three with no earned income was \$366 per month.

received the largest possible grant, and a small family with earnings that approached or exceeded the state standard of need received the smallest possible grant. While such a system reserved public funds for the most needy families, it clearly discouraged parents from working, since most of their earnings were offset by reductions in the family’s AFDC grant.

Like the standards of need governing eligibility, AFDC grant levels varied widely from state to state. In 1994, the median state grant for a family of three with no earned income was \$366 per month. The least generous state benefit was Mississippi’s \$120 per month for a family of that size, and the most

Table 1

Characteristics of AFDC Recipients upon First Enrollment, Overall and by Total Time on Welfare				
Characteristics	All Adult Recipients	Adult Recipients Who Received		
		AFDC Less Than 25 Months	AFDC from 25 to 60 Months	AFDC for More Than 60 Months
Percentage of All AFDC Recipients	100	42	23	35
Percentage of All AFDC Recipients Who, Upon Enrollment,				
Had less than a high school education	47	35	45	63
Had no work during the previous year	39	30	37	50
Started AFDC while under age 25	53	44	52	64
Were never married	58	48	56	72
Had a youngest child less than 13 months old	52	44	57	59

Source: Adapted from Pavetti, L.A. Who is affected by time limits? In *Welfare reform: An analysis of the issues*. I.V. Sawhill, ed. Washington, DC: Urban Institute Press, 1996, pp. 31-34.

generous was Alaska's \$923 per month. Despite these state-by-state differences, no state's grant level kept pace with inflation, and the median state grant declined in value by 47% between 1970 and 1994.⁵

Other Benefits

In addition to cash grants, many families enrolled in AFDC received other benefits such as Medicaid, child care assistance, food stamps, and subsidized housing through a variety of related programs. For example, families receiving AFDC were automatically eligible for Medicaid, the federal-state partnership program that pays the cost of health care services for individuals with low incomes. Beginning in 1988, child care subsidies were guaranteed for recipients who participated in work and training programs. (In this journal issue, the article by Moffitt and Slade discusses Medicaid, and the article by Kisker and Ross discusses child care.)

Their low incomes qualified most families receiving AFDC for the federal Food Stamp Program, which provides coupons redeemable for food to all individuals whose

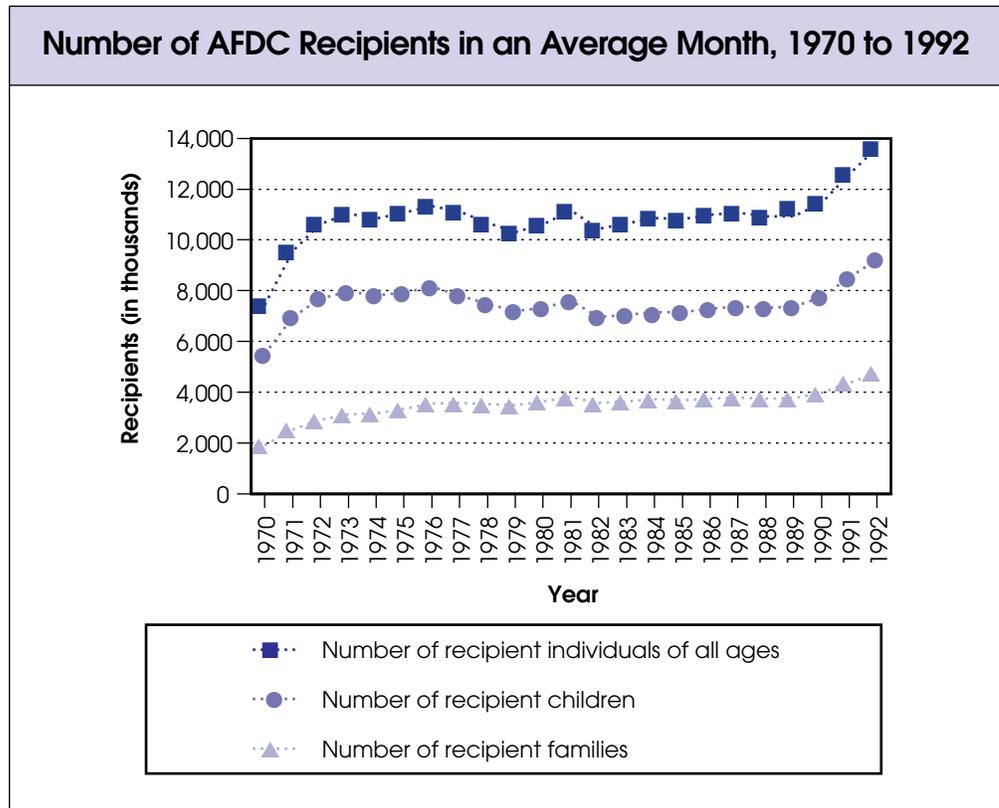
incomes fall below a cutoff established by the federal government. In 1992, approximately 87% of AFDC families received food stamps, which added significantly to their purchasing power by reducing the portion of the cash grant that parents had to spend on food.⁶ For a family of three in the median state in 1994, the maximum food stamp allotment was \$295 per month, added to the maximum AFDC grant of \$366 per month. However, even a family receiving both maximum benefits had a total income equaling only 69% of the federal poverty level.⁷

Government housing assistance is another benefit intended for poor families, but it is not guaranteed. In 1993, only 9% of AFDC recipients lived in public housing, and another 12% received federal rent subsidies.⁸

Characteristics of AFDC Families

The profile of the typical family receiving AFDC differs in many respects from the popular image of a welfare family. In 1992, some 39% of the parents who received AFDC were

Figure 1



Source: U.S. House of Representatives, Ways and Means Committee, *Overview of entitlement programs: 1994 green book*. Washington, DC: U.S. Government Printing Office, 1994, p. 395, Table 10-24.

white, 37% were black, and 18% were Hispanic. Most AFDC families were small; 43% included only one child. Concerns about teenage childbearing notwithstanding, only 8% of the mothers were under age 20, although another 25% were between 20 and 25 years of age, and many welfare recipients first bore children in their teen years.⁹

Creating a portrait of the “average” family who received AFDC is more problematic than it would seem at first glance, however, because families with different characteristics tended to rely on AFDC for different lengths of time. Table 1 shows how the education, work experience, age, and marital status of parents when they first received AFDC are related to the length of time they remained dependent on cash assistance. As this table illustrates, parents who received AFDC for long periods of time were most likely to be never-married young mothers with infants, no high school degree, and little work experience when they first enrolled. Parents enrolled for shorter periods of time tended to be older and to have work experience and more education. The

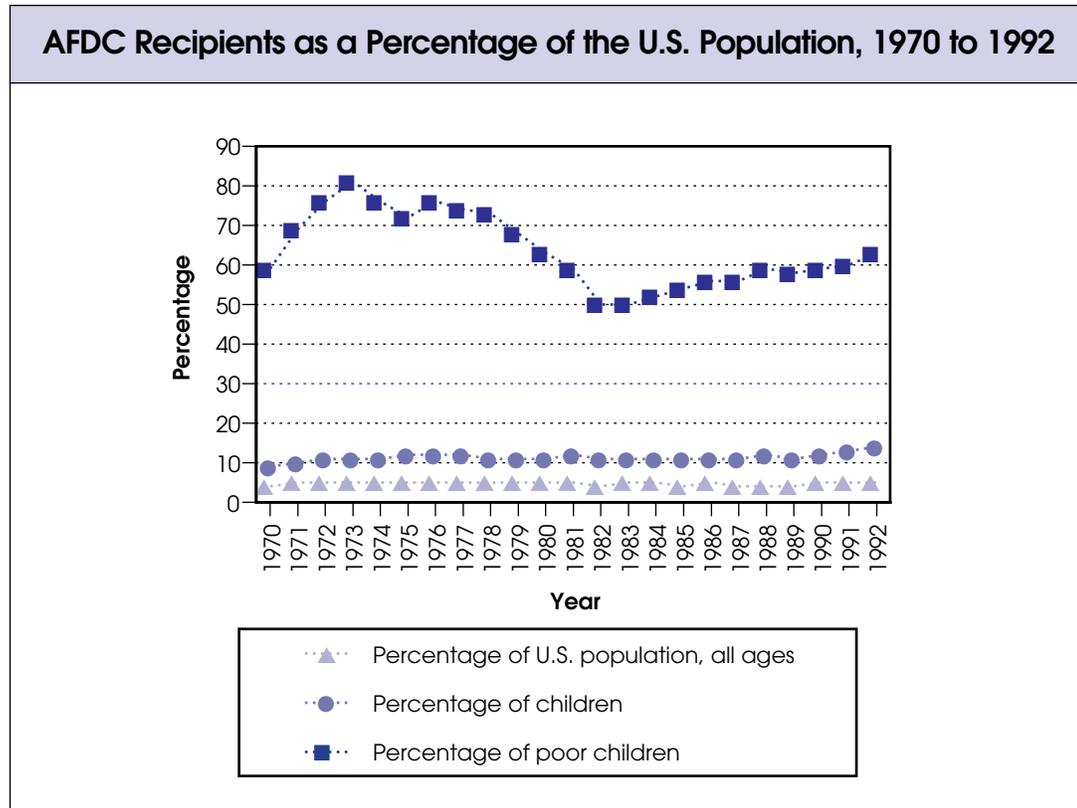
first line in Table 1 shows that 42% of new AFDC recipients were likely to receive cash assistance for two years or less, while just over a third remained on the welfare rolls for over five years.¹⁰

Most recipients began receiving AFDC when their family status changed. A 1983 study showed, for example, that 45% of new recipients had recently divorced or separated and another 30% were unmarried new mothers. Only 15% of new recipients enrolled in AFDC because the family’s earnings decreased. Conversely, families typically left AFDC when they married or reconciled, or when their youngest child turned 18. Well less than half left because they became employed.¹¹ As these statistics make clear, movements onto and off the welfare rolls are more strongly influenced by changes in the makeup of individual families than they are by earnings.

The Size of AFDC

Concern that the number of families relying on AFDC was rising and that the program’s budget was consuming ever more of the

Figure 2



Source: U.S. House of Representatives, Ways and Means Committee. *Overview of entitlement programs: 1994 green book*. Washington, DC: U.S. Government Printing Office, 1994, p. 399, Table 10-26.

nation's tax dollars contributed to the impetus for welfare reform. This perception was only partially accurate, however. AFDC caseloads have grown, but so has the size of the nation's population and the overall budget. From the mid-1970s on, the program served only one in twenty Americans,¹² and it did not consume more than 5% of the federal budget.¹³

Caseloads

The raw number of families and individuals receiving AFDC grew over the years. In 1992, 13.6 million individuals, including 9.2 million children, received AFDC nationwide. As Figure 1 shows, these numbers increased gradually from 1972 to 1989, then sharply from 1989 to 1992 during the nationwide recession.¹⁴ Despite the rising number of recipients, however, Figure 2 shows that the percentage of the total U.S. population served by the AFDC program remained level at about 5%. Children were more likely than adults to receive AFDC assistance—14% of the nation's children received benefits in 1992. Nevertheless, one-third of children living below the poverty

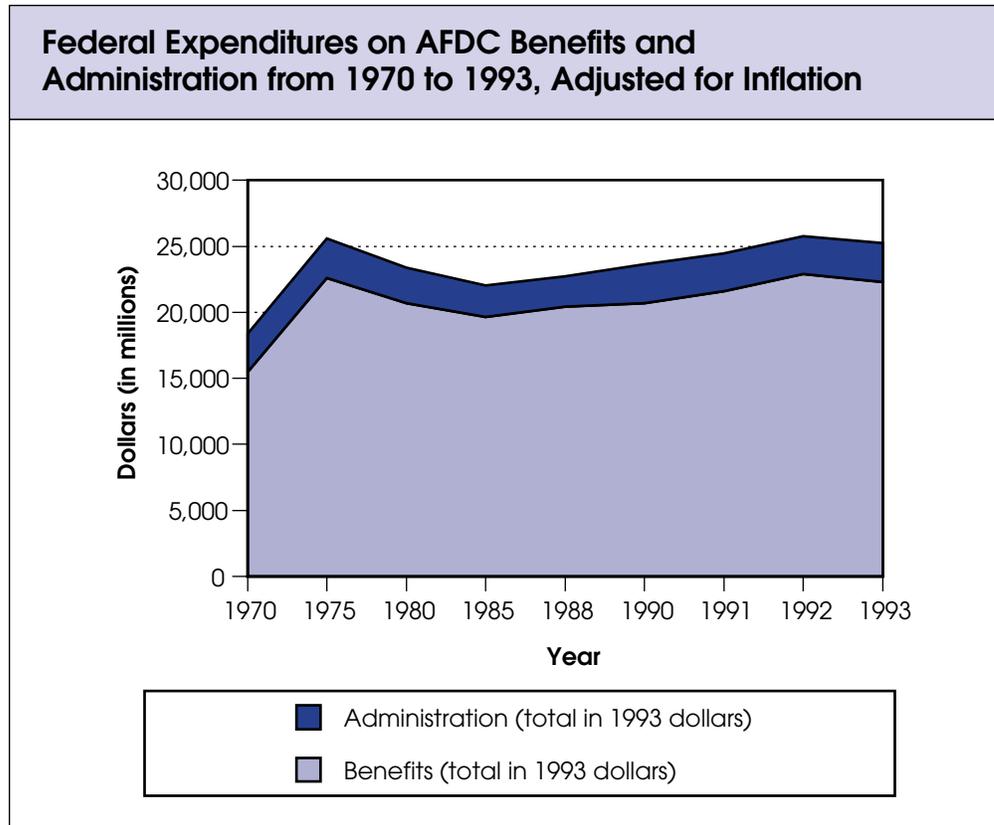
level received no help from AFDC in 1992,¹² because states set their eligibility limits so low that many poor families did not qualify for assistance.

Budgets

As the number of families receiving AFDC assistance increased, the cost of the program grew as well. Since all eligible families were entitled to AFDC, program costs depended on the number of families enrolled at any given time.¹⁵ As Figure 3 shows, total federal and state spending on AFDC benefits increased from \$15.5 billion to \$22.3 billion (adjusted for inflation) during the 23 years from 1970 to 1993. However, even though the number of recipients increased by 91%, costs increased by only 44%.¹⁶ The growth in costs was restrained because the grants provided to each family declined in value. In constant dollars, the average monthly AFDC benefit per family shrank by almost half between 1970 and 1992.¹⁷

Political rhetoric notwithstanding, expenditures on AFDC were a very small portion of both state and federal budgets.

Figure 3



Source: U.S. House of Representatives, Ways and Means Committee, *Overview of entitlement programs: 1994 green book*. Washington, DC: U.S. Government Printing Office, 1994, p. 325, Table 10-1.

The pie chart in Figure 4 reveals that, in 1995, federal spending on AFDC, Supplemental Security Income for the disabled, and food stamps together constituted less than 4% of the federal budget, as it had for most of the preceding three decades.¹³ In 1991, states spent just over 5% of their general funds on AFDC.¹⁸ In other words, public concerns about the AFDC program reflected the program's lack of popularity and a general sense that it was not achieving desired goals, rather than disproportionate increases in demand or spending.

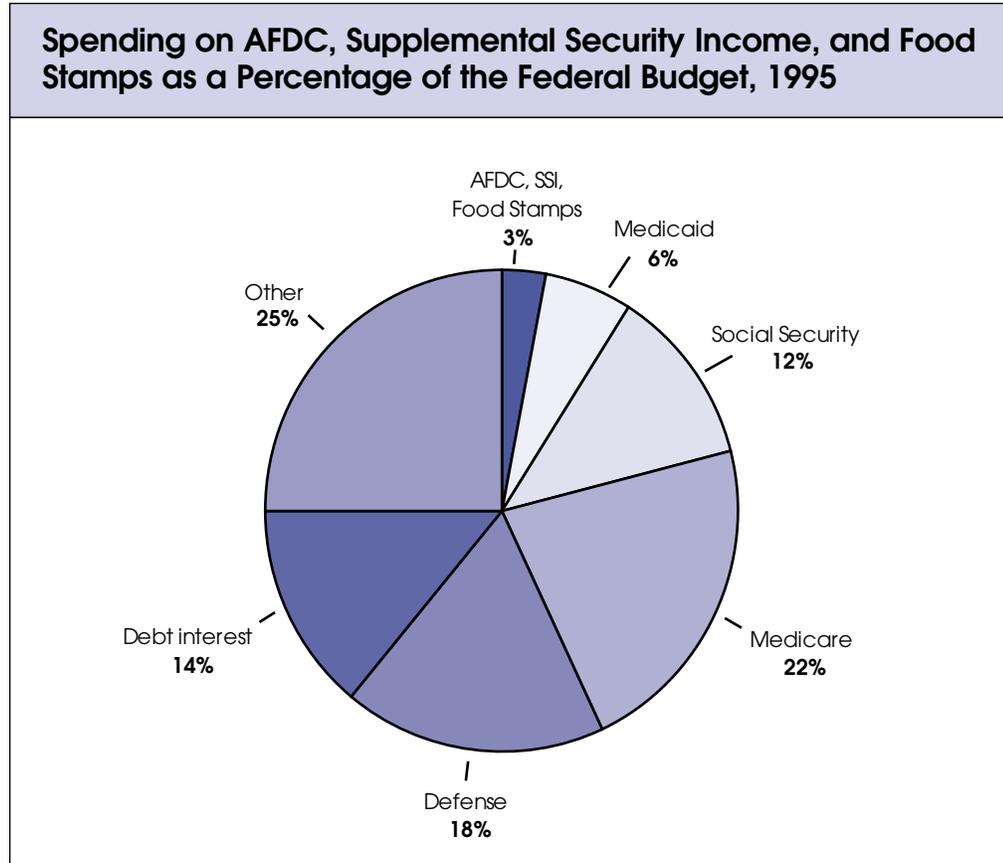
From AFDC to the TANF Block Grant

As noted earlier, the federal government and the states shared the costs and rule-making authority over the AFDC program, although states have exerted increasing influence over welfare policy and program design in recent years. An early sign of the shift of authority from the federal government to the states came in the increased use of legislative provisions allowing states to request waivers of specific federal program requirements to

carry out welfare demonstration projects. Waiver applications from 44 states had been approved by the federal government by mid-1996.¹⁹ (See the Appendix to this journal issue for more details.)

The fundamental balance in the federal-state partnership changed with passage of legislation authorizing the Temporary Assistance for Needy Families (TANF) program in 1996, which ended the entitlement to AFDC and replaced it with federal block grants to states. Under this legislation, instead of matching state payments to all families enrolled in AFDC, the federal government provides an annual lump sum to each state, regardless of its number of AFDC recipients. The size of each state's block grant is based on recent federal spending for specific welfare programs in that state. Funding is expected to remain level through fiscal year 2002, although a small federal contingency fund may offer supplements to states that suffer economic downturns. States are not required to spend their own matching funds in order to receive federal TANF funds, although federal penalties may

Figure 4



Source: U.S. House of Representatives, Ways and Means Committee, *Overview of entitlement programs: 1994 green book*. Washington, DC: U.S. Government Printing Office, 1994, p. 1255, Table J-6.

be imposed on states that significantly reduce their own welfare expenditures from current levels.²⁰

A number of constraints accompany the use of federal funds: States must require adult recipients to work or do community service, and no family may receive federal TANF assistance for more than five years. States may exempt up to 20% of their caseloads from the time limit, and they can impose stricter time limits. States that reduce their welfare caseloads will be rewarded with bonus federal funds, and those that fail to move set percentages of recipients into employment (not education or job training) will be penalized. No federal funds can be used to provide assistance to immigrants or to teen parents who live independently.

Some of the more complex aspects of the new legislation concern the interface between the TANF cash assistance program and the other benefits that welfare recipients have typically received. States may offer

child care assistance to parents participating in work activities, although such assistance is no longer guaranteed. States may not penalize parents with children under six who fail to work because they lack child care, although these families will still face the time limits on receipt of TANF assistance.²¹ Eligibility for Medicaid is not linked to TANF eligibility, as it was to AFDC, although states are required to provide Medicaid to families who meet the state's 1996 AFDC eligibility guidelines. Food stamps will continue to be provided by the federal government to those who meet nationwide income criteria, although significant funding cuts were made in the Food Stamp Program.²⁰

Conclusion

The cash assistance and eligibility for additional benefits that AFDC offered to poor families with children lifted few poor children out of poverty, yet the program did provide a guarantee of minimal income to those families who qualified for it. Public perceptions to the contrary, the program was used

by a small fraction of the nation's population and constituted an even smaller proportion of federal and state budgets. Nevertheless, it fell into disfavor, and authority to design welfare programs was passed to the states.

How states will use this new authority will not be clear for some time. Some are likely to maintain innovative welfare-to-work programs they have already launched, while others may continue providing basic cash assistance as they did under AFDC. States

also have the opportunity to seize on the relaxed federal mandates either to establish welfare policies with more stringent eligibility criteria and decreased benefit levels or to provide incentives and supports designed to promote family independence. Whatever direction they choose, as states reinvent their welfare programs, they will draw on the lessons that policymakers derive from 35 years of experience with the AFDC program and the welfare-to-work initiatives conducted under its umbrella.

1. U.S. House of Representatives, Ways and Means Committee. *Overview of entitlement programs: 1994 green book*. Washington, DC: U.S. Government Printing Office, 1994, p. 324.
2. See note no. 1, U. S. House of Representatives, p. 409, Table 10-31.
3. Larin, K.A., and Porter, K.H. *Enough to live on: Setting an appropriate AFDC need standard*. Washington, DC: Center on Budget and Policy Priorities, 1992.
4. See note no. 1, U.S. House of Representatives, pp. 366–67, Table 10-11.
5. See note no. 1, U.S. House of Representatives, pp. 375–77, Table 10-14.
6. See note no. 1, U.S. House of Representatives, p. 415, Table 10-33.
7. See note no. 1, U.S. House of Representatives, pp. 366–67, Table 10-11.
8. See note no. 1, U.S. House of Representatives, p. 416, Table 10-34.
9. See note no. 1, U.S. House of Representatives, p. 401, Table 10-27.
10. Pavetti, L.A. Who is affected by time limits? In *Welfare reform: An analysis of the issues*. I.V. Sawhill, ed. Washington, DC: Urban Institute Press, 1996, pp. 31–34.
11. See note no. 1, U.S. House of Representatives, pp. 450–51, Table 10-50.
12. See note no. 1, U.S. House of Representatives, p. 399, Table 10-26.
13. See note no. 1, U.S. House of Representatives, p. 1255, Table J-6.
14. Caseloads in many states have fallen since 1994, significantly in some instances, reflecting the effects of the economic recovery and perhaps the impact of state welfare reforms. See R. Pear. Most states find welfare targets well within reach. *New York Times*, September 23, 1996, at A1.
15. The federal government and the states shared the costs of the AFDC program according to a formula that increased federal funds to states with low per capita incomes. The federal share ranged from 80% to 50%.
16. See note no. 1, U.S. House of Representatives, pp. 324–25, Table 10-1.
17. See note no. 1, U.S. House of Representatives, p. 378, Table 10-15.
18. Ritchie, S. *Welfare spending in state budgets*. Albany, NY: Center for the Study of the States, Rockefeller Institute of Government, April 1995, p. 24.
19. Hernandez, R. For states, complications only begin when the welfare bill is signed. *New York Times*, August 22, 1996, at B1.
20. Super, D.A., Parrott, S., Steinmetz, S., and Mann, C. *The new welfare law*. Washington, DC: Center on Budget and Policy Priorities, August 14, 1996.
21. Center for Law and Social Policy. *A summary of key child care provisions of H.R. 3734: The Personal Responsibility and Work Opportunity Reconciliation Act of 1996*. Washington, DC: Center for Law and Social Policy, August 1996.

A Brief History of Work Expectations for Welfare Mothers

Susan W. Blank
Barbara B. Blum

Abstract

The best known of the nation's welfare programs, Aid to Families with Dependent Children (AFDC), has from its inception reflected a tension between the desire to support children in poor, lone-parent families and the belief that parents should be held responsible for providing for themselves and their children. Against that backdrop, this article reviews the history of the AFDC program and traces the emergence of policies and programs intended to encourage employment of the parents (almost exclusively mothers) who receive benefits. The article examines in detail the Work Incentive Program (WIN) launched in 1967 and the Family Support Act of 1988, comparing these to each other and to the outlines of welfare reform signed into law in 1996. The article emphasizes the importance of sustained attention to the implementation of policy goals in concrete programs and shows that the merits of those early programs have not been fully tested because they were never funded or implemented at the scale intended. The article also outlines ways in which welfare-to-work programs can be used to assist children as well as parents, and urges that children's well-being remain the core purpose of welfare policy.

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The main purpose of this country's public assistance system is to ensure basic income support for poor children. Debate about the system has been long-lasting and contentious, in part because provision of this support for children has often seemed impossible without also affecting the lives of their parents. Throughout much of the time the system has operated, strong doubts have been raised about whether its benefits to children work at cross-purposes with society's expectations of how parents should behave. One set of questions has centered on whether the system encourages family dissolution and out-of-wedlock births (which themselves can pose risks to children). A second set of questions, more central to the topic of this paper, asks whether the support undermines parents' work ethic.

This article traces the history of efforts to reconcile the desire to provide basic assistance to children with the perception that cash welfare discour-

ages parents from working. That history has seen a program that was designed to help widows and abandoned wives stay home with their children subsequently transformed by policies mandating that parents take part in job training and employment programs in exchange for their benefits. The article examines the translation of these mandates into practice, questioning whether adequate attention has been paid to the funding, operation, and management of welfare-to-work programs.

Maintaining a focus on children, the article also touches on another theme. Welfare-to-work programs are intended to resolve the tension between helping children and demanding parental responsibility. By requiring mothers to work or attend training, these programs also necessitate decisions about whether and how children will be cared for outside the home. These programs face the challenge of encouraging parents to work in a way that will not expose children to harm (in poor-quality child care, for instance). A few innovative welfare agencies, briefly mentioned here, have turned this challenge into an opportunity to meet family needs by both promoting employment and supporting children's health and development, but they are the minority.

The article opens with an overview of the early history of the Aid to Families with Dependent Children (AFDC) program. The next section considers how that basic cash assistance program was supplemented with efforts to establish welfare-to-work programs for recipients. Following is a brief discussion of programs that emphasize not employment but income transfers to poor families. The fourth section focuses on the Family Support Act of 1988, which until the welfare reform legislation signed in 1996 was the most recent federal law designed to engage welfare recipients in work-related activities. The article concludes with a discussion of the directions welfare-to-work policies appear likely to take as the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 replaces the Family Support Act with a new set of policies and assumptions about how to structure the welfare system.

Early History of AFDC

When future historians review the evolution of U.S. income-support policies, they may well treat the 60 years between 1935 and 1995 as one discrete era. The year 1995 was marked by a major challenge to the federal government's role in guaranteeing income support for low-income families. That role began in 1935 when AFDC—then called ADC (Aid to Dependent Children)—was

enacted into law. A modest initiative under the new Social Security Act, ADC provided a subsidy to families with fathers who were deceased, absent, or unable to work. While the law was not limited to families headed by widows, it was viewed as a means of extending help to these families, who had had the misfortune to lose a breadwinner and who, it was widely believed, should not be forced to rely on the paid work of a mother,

who belonged at home.^{1,2} ADC was to give children “assistance at least great enough to provide, when added to the income of the family, a reasonable subsistence compatible with decency and health.”³ The original legislation set ceilings on assistance levels: In contrast to the \$30 monthly then provided to elderly individuals, the maximums were \$18 a month for the first child and \$12 for the second.⁴

The 1935 Social Security Act, however, was not the first government income support provided to poor children in the United States. In most cases, ADC added federal aid to state mothers’ pension programs, which were already assisting “deserving” poor lone mothers. Several features of the new ADC program kept states from

of mothers—and left the ADC program to serve a caseload of apparently less deserving single mothers.⁶

The impact of this policy shift on the image of the ADC program was reinforced by changes in the nation’s marriage patterns, as rates of divorce and unwed childbearing began to rise. As early as 1942, the proportion of ADC families in which the mother was divorced, separated, or not married was roughly equal to that headed by widows. To limit the program’s support of this politically unpopular group, at least 19 states moved in the 1950s to exclude children from the program on the basis of their birth status, typically denying eligibility to any child born to an unwed mother after she began receiving the subsidy.²

The ADC subsidy was originally intended to allow mothers to stay at home to care for their children.

abandoning their efforts following the passage of the Social Security Act. Federal ADC aid was contingent on state contributions, and states were given considerable discretion to determine ADC eligibility and grant levels. For example, a state could continue to require that only children living in so-called “suitable homes” could receive assistance.^{2,4} Until they were struck down in 1960, these requirements were used to exclude “undesirable” families from aid, particularly children of never-married or African-American mothers.⁵

Although the ADC subsidy was originally intended to allow mothers to stay at home to care for their children, a series of cultural, demographic, and policy shifts related to marriage, poverty, and women’s employment began to undermine public support for that goal. Concerns about whether the ADC subsidy inadvertently encouraged unwed motherhood arose early on in some states.⁴ From a federal perspective, these concerns were short-circuited by the perception that ADC was a program for families headed by widows. In 1939, however, Survivors Benefits were added to the mainstream Social Security program that separately aided widows—the most “deserving”

Another demographic change focused attention on the dilemma concerning mothers’ work and child care that has also attracted recent attention (see the article by Kisker and Ross in this journal issue).^{4,7} Large numbers of U.S. mothers began to enter the paid workforce during World War II, and many placed their children in child care programs.⁸ As this trend escalated through the 1950s and 1960s, it began to alter public assumptions about women’s work, child care, and the merits of helping poor mothers stay home with their children.

In the 1960s simmering concerns about ADC began to boil over into national public policy debates. Intensified criticisms of the program coincided with a sharp increase in its size: Between 1960 and 1970, its caseload almost doubled. This growth partly stemmed from the effects of a 20-year migration from the rural South to northern cities that brought millions of Americans (especially African Americans) to cities to seek work just as the urban need for unskilled labor began to decline.⁹ These migrants and others were helped to gain access to ADC benefits by the court-ordered cessation of discriminatory state regulations like the “suitable homes” rules,^{7,9,10} by the influence of a growing welfare rights movement, and by welfare officials and social workers who encouraged the poor to take advantage of public assistance.^{9,11} Together with the changes in divorce and out-of-wedlock childbearing, these factors expanded the size of the welfare population.

In response to these growing caseloads and cultural and demographic changes, the ADC program was modified in the 1960s. Partly reflecting concern that the program's benefits and eligibility rules discouraged marriage, the program was renamed AFDC—Aid to *Families* with Dependent Children—in 1962.¹² By 1967, federal law required state efforts to establish paternity for AFDC children¹³ and allowed aid to go to unemployed male parents with a work history.¹ Although small, these changes were the first in a series of federal realignments of the program aimed at better resolution of the dilemma of assisting children while stressing parental responsibility. Nevertheless, until the late 1960s, mothers were not expected to work outside the home in order to “deserve” benefits.

The Work Incentive Program and OBRA Demonstrations (1967–1986)

Propelled by the demographic and cultural changes discussed above, Congress moved away from the principle of providing support to enable mothers to stay at home, toward the theory that adults who received welfare benefits should make good-faith efforts to become economically self-sufficient. The Work Incentive Program (WIN), created in 1967, for the first time required states to establish employment and training programs for welfare recipients. These programs provided a mix of services, including job training, education, and structured job search—in which recipients carry out and report back on efforts to find work. Some WIN programs also used so-called work experience components, putting participants to work at public service agencies.¹⁴

Originally WIN was voluntary, but in 1971 the federal government mandated participation for welfare recipients with no special responsibilities at home or no preschool-age children (this latter provision meant that mothers were allowed to remain at home until their children entered elementary school). However, as would often be the case for federal welfare-to-work programs, limited resources permitted only partial translation of the mandate into practice. With a peak funding level of \$395 million in FY 1980, WIN provided on average about

\$250 to serve each potential registrant. Operating the WIN employment and training programs cost welfare agencies more than issuing monthly benefit checks, so WIN became little more than a registration requirement for many recipients.^{14,15} The fact that mandating employment and training activities in exchange for benefits—and actually providing these activities—demands more resources than simply providing benefits has frustrated proponents of mandatory approaches ever since.

Administratively, WIN's combination of employment preparation with welfare created uncertainty about whether management responsibility for welfare-to-work programs should rest with the welfare system or the employment system. At both the federal and state levels, authority over WIN was divided between employment services departments that focused on work-related activities for wel-

Congress moved toward the theory that adults who received welfare benefits should make good-faith efforts to become economically self-sufficient.

fare recipients, and social service departments that brokered support services such as child care to the same individuals. These cumbersome arrangements made WIN difficult to administer and awkward for families.^{2,14,16}

Between 1979 and 1986, federal funding for WIN declined by a precipitous 41%,¹⁴ but state welfare-to-work programs gained new prominence. The heightening of visibility began with the passage of the Omnibus Budget Reconciliation Act (OBRA) of 1981. The legislation handed states some authority to reshape their individual WIN programs. For example, OBRA sharpened the definition of WIN work experience, under which recipients performed unpaid work in public agencies. Under the new rules, the number of hours participants were required to work was calculated by dividing the welfare grant amount by the minimum wage, arguably establishing a closer link between the welfare grant and the work obligation. OBRA also allowed states to use the recipient's grant funds to subsidize on-the-job training with a public or private employer.

States were also permitted to centralize program management under the sole authority of either their welfare or employment services agency. By 1986, at least half of the states had adopted single-agency management.¹⁴ Vesting responsibility for welfare-to-work initiatives clearly in one agency gave managers an impetus to pay attention to the structure and operation of welfare-to-work programs, which also became more visible to the public. Some programs became signature initiatives for welfare commissioners or governors, and some such as Greater Avenues for Independence (GAIN) in California and Employment and Training Choices (ET) in Massachusetts attracted national media attention.²

The visibility of these programs was further heightened when the private non-profit Manpower Demonstration Research Corporation (MDRC) undertook a research demonstration to study eight programs that had been reorganized under OBRA. The

Keeping a focus on children in welfare reform discussions has proved to be an ongoing challenge.

demonstration relied heavily on experimental design, marking the first major effort to bring state welfare-to-work programs under this kind of scrutiny. The eight states studied varied in the mixture and sequencing of their welfare-to-work services, although most emphasized low-cost structured job search. Early results reported in 1986 indicated that although the gains were not dramatic, work-focused programs for welfare recipients could increase employment and be cost-effective (see the article by Nightingale and Holcomb in this journal issue).¹⁵ Wide dissemination of these research findings further helped to publicize new state activism on welfare-to-work issues.

Despite the increased interest in welfare-to-work programs during the early and mid-1980s, welfare reform was not a major topic on the national policy agenda. The main national change in this area was a benefit reduction enacted shortly after President Reagan took office.¹⁴ Thus, it was somewhat unexpected when President

Reagan's 1986 State of the Union address called for a study of how the welfare system could be changed. The administration's specific proposals attracted little support,² but the President's endorsement of reform prompted the creation of influential welfare reform task forces at the American Public Welfare Association (APWA) and the National Governors' Association. These initiatives, in turn, fed a new wave of reform that culminated in the Family Support Act of 1988.

The APWA recommendations, published as a report called *One Child in Four*, were noteworthy for insisting on the centrality of children's well-being to welfare reform.¹⁷ In the 1970s and early 1980s, welfare reform discussions had focused mainly on parents' work efforts. By linking recommendations on welfare-to-work policies back to concerns about children, APWA was able to make something of a breakthrough in the way the topic was framed in national debates, at least at the time. Keeping a focus on children in welfare reform discussions has proved to be an ongoing challenge.

Efforts to Supplement Family Income

Running parallel with efforts to increase the work effort of welfare recipients, federal policymakers have, since the 1960s, attempted to alleviate family poverty by supplementing income through less restrictive methods than the AFDC program. Examples include the negative income tax, the Earned Income Tax Credit (EITC), child support assurance, and the Food Stamp Program. The tension discussed earlier between support for the poor and an emphasis on self-reliance affected the political fates of these initiatives, as well.

For example, Presidents Nixon and Carter unsuccessfully put forward negative income tax proposals that would have replaced the welfare system with small income guarantees that did not depend on family structure. Liberals criticized the proposals for providing too little income to families, while conservatives were concerned that any guaranteed income proposal would weaken the work ethic by widening the pool of families eligible for the subsidy.^{2,10,18} A tax-based program that proved to be far more popular among liberals and conservatives was



the Earned Income Tax Credit.¹⁹ First enacted in 1975 and significantly expanded in the 1980s and 1990s, the EITC provides refundable offsets to income taxes for low-income workers with dependents, operating alongside AFDC as a response to family poverty. Along with initiatives promoting employment, these and related efforts to identify less stigmatizing ways of delivering on the AFDC promise to support poor children have shaped the recent history of welfare reform.²⁰

The Family Support Act

By 1987, Congress was ready to take up the issue of welfare reform, passing in the next year the Family Support Act (FSA). The law called upon states to operate programs that would be successors to WIN. These were generically known as Job Opportunities and Basic Skills (JOBS) Training Programs and were to provide education and training services and at least two of four additional activities—job search, on-the-job training, work supplementation, and community work experience. If services (including child care) could be made available to them, all AFDC recipients who were not specifically exempted were obliged to participate in welfare-to-work activities or face financial sanctions. In practice, however, states have lacked the resources to offer services to all who are eligible for them.

Federal funding for JOBS programs was available under a “capped entitlement” sys-

tem; from 1991 to 1993, states could claim up to a total of \$1 billion annually as reimbursement for the costs of JOBS operations.²¹ These resources were considerably more generous than what had been available through WIN, but FSA also called on states to step up their own commitment to welfare-to-work programs: While the federal government had paid 90% of the cost of WIN programs, its contribution dropped to between 60% and 80% of JOBS costs.

The FSA legislation reflected both an impulse to engage more mothers in welfare-to-work programs and an interest in expanding support services to facilitate their participation. States were to require participation for a recipient when her youngest child turned three (or earlier, at state option). To help defray child care costs, Congress for the first time agreed to match state contributions for child care, substantially increasing the availability of child care subsidies (see also the article by Kisker and Ross in this journal issue). FSA also allowed most participants to continue to receive child care and Medicaid subsidies for a year following a transition from welfare to work.

While political considerations dominated many decisions about FSA, to a far greater degree than usual, the legislative process behind the law was shaped by research. The MDRC’s findings that the impacts of state demonstrations were generally positive,

if small, helped to persuade lawmakers to expand welfare-to-work programs (see the article by Nightingale and Holcomb in this journal issue). Studies showing that subgroups of the AFDC population use the program for very different lengths of time influenced decisions about how the new program should define eligibility and target resources.²²⁻²⁵ Consistent with MDRC's findings that different state welfare-to-work models were feasible to operate and yielded positive results, FSA gave states a fair amount of discretion in determining, for instance, the proportion of resources devoted to different activities and their sequencing.²³

FSA established targets for states to meet in enrolling JOBS participants, which over a four-year period rose from 7% to 20% of all eligible AFDC recipients. Evaluations of earlier programs had shown there to be less

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payoff to society when programs focused on the most employable recipients—that is, those most likely to leave the rolls without extra help. As a result, the FSA funding formula encouraged states to target hard-to-serve groups like teen parents and women who had been on welfare for many years.^{2,15,23}

When enacted in 1988, FSA was hailed by many as landmark legislation. Proponents of the new law cited its emphasis on engaging mothers of preschoolers in JOBS, its targeting of teen parents, its requirements that states provide education and training in their mix of services, and its provisions for transitional child care and Medicaid benefits. Even at the time, however, some were less enthusiastic. Policy analyst Robert Reischauer wrote in 1989 that, while the changes wrought by FSA “represented important shifts of policy and direction,” they were modest in relation to the nation’s problems of poverty and dependency. According to Reischauer, “Future administrations and Congresses will thus be compelled to revisit the same policy battleground.”²⁶

Reischauer’s prediction that FSA would not settle the welfare reform debate was accurate. When political leaders engaged in a new round of welfare reform seven years later, they made minimal reference to FSA. Clearly, the law did not mark a decisive turning point in U.S. responses to welfare policies. While it changed the structure of welfare-to-work programs, the law left AFDC eligibility rules and benefit levels undisturbed. But FSA’s low profile in the mid-1990s should not obscure its place in the evolution of U.S. welfare-to-work policy. The shifts that FSA brought about were not seismic: The principle of balancing mandates and supports established under WIN remained intact, but the law stimulated state welfare departments to expand and invigorate their employability services.

The Implementation of the JOBS Program

A number of criteria can be applied to the JOBS experience to assess the extent to which the law measured up to expectations for effective welfare reform. In addition to ongoing studies of the impacts of the JOBS program on participants,^{27,28} one can examine such program implementation questions as whether FSA expanded the availability of welfare-to-work services and education and training programs, whether the legislation changed the culture of welfare offices, and whether FSA benefitted AFDC children.

Regarding the first implementation question, clearly, FSA expanded welfare-to-work activities. Total JOBS and child care expenditures for 1992 were almost triple the WIN expenditures for 1981, the peak year of WIN spending. Findings from a 10-state study of JOBS implementation show that state programs, which devoted from 18% to 45% of their JOBS funds to education, also reflected the FSA emphasis on education.²⁹

At the same time, it should be noted that JOBS was never implemented at the scale intended by federal legislation. JOBS funding depended on states’ willingness and capacity to allocate their own resources to the program in order to draw down the matching dollars from the federal government. In part due to the national recession of 1990, which followed closely on the heels of the JOBS start-up period, states tended not to claim their full federal entitlement. In 1992,

for example, they failed to draw down about one-third of the \$1 billion in federal funds to which they were entitled,²⁹ and in 1993, only 16 states completely claimed their match.³⁰

Besides examining funding patterns, another way to assess state JOBS programs is to consider rates of participation by eligible recipients. FSA required states to engage increasing numbers of recipients each year in JOBS (7% to 20% were to be active for an average of 20 hours per week). The General Accounting Office (GAO) reported that in 1992 about one-fourth of nonexempt recipients—those not excused from JOBS for such reasons as illness, advanced age, or residency in an area where JOBS is unavailable—engaged in some JOBS activity each month, though not necessarily 20 hours per week. Citing those figures, GAO concluded that “JOBS reaches a relatively small percentage of all AFDC households.”²¹

While this conclusion has not been disputed, it is best considered in the context of realistic expectations for welfare-to-work programs. In two mandatory demonstration programs studied by MDRC, at most 50% to 60% of nonexempt clients participated in a typical month. A number of the reasons that clients failed to participate are built into the structure of welfare-to-work initiatives and include waits to begin the program, exemptions due to temporary illness, and sanctions imposed for noncooperation.³¹ Such findings suggest limits for the participation rates welfare-to-work programs like JOBS can hope to achieve: While it seems many states could reach the 50% to 60% range achieved by the most vigorous programs studied, near-universal participation is unlikely.

FSA’s legacy may extend beyond the nature and extent of JOBS participation. Did the law succeed in changing the culture of the welfare system from eligibility determination to helping families become economically self-sufficient?^{32,33} The researchers who studied 10 JOBS programs between 1990 and 1992 concluded that “few local administrators appeared to exert sufficient leadership to change the culture within their welfare office so that the JOBS program, and the expectation for employment, became the highest priorities for both workers and recipients.”²⁹ Still, there is evidence that such changes are feasible. For instance, evaluators

observed that in the successful Riverside County site, California’s GAIN program succeeded in conveying an upbeat “message of high expectations” and in making welfare feel “more temporary.”³⁴

As noted earlier, another important aspect of FSA was its focus on reforming the welfare system to better meet the needs of children. On the whole, a family-oriented approach was not a major theme in the implementation of JOBS. But efforts were made to promote the concept of JOBS as a “two-generation intervention” that links families simultaneously to two sets of services: (1) employment and training help for parents and (2) developmental supports for children, like high-quality child care and preventive health care. Although JOBS was focused on employment and training services for adults, proponents of

By the early 1990s, JOBS implementation had been overshadowed by new actions designed to increase the work effort of welfare mothers.

the two-generation approach argued that it could simultaneously facilitate access to benefits for AFDC children. For instance, the program’s child care subsidies could help JOBS participants to choose quality child care, and JOBS case management services could address the family needs of participants, not just their employment needs. A report issued during the early implementation stages of JOBS cited examples from around the country of innovations that capitalized on features of FSA to benefit children. (See Box 1.) These innovations were embraced locally as a means of reducing the fragmentation of services for low-income families³⁵ even if national evaluations have not yet shown two-generation programs to have clear positive effects on children’s development.³⁶

New Directions

By the early 1990s, JOBS implementation had been overshadowed in many states by new actions designed to increase the work effort of welfare mothers and to decrease rates of out-of-wedlock births. States began to request waivers from the federal government

Box 1

Examples of Two-Generation Program Strategies Used in Connection with JOBS Programs

Efforts to link services that encourage parents' employment with services supporting children's healthy development include the following:

- the decision of the Baltimore JOBS program to contract with a local child care resource and referral agency, rather than relying on welfare workers, to give participants information about the elements of high-quality child care and help them find it;
- efforts in Philadelphia, Kentucky, and Denver to cross-enroll families in JOBS and other programs like Head Start and the Even Start family literacy program that are explicitly designed to promote children's development;
- use of a full family assessment instead of a more narrowly focused employment and training assessment in the Hawaii JOBS program;
- the Denver JOBS program's offer of free health screenings, conducted under the auspices of the local Junior League, to children of JOBS participants at the time their parents enrolled in the program; and
- outreach by the state office in charge of JOBS child care subsidies in Illinois to encourage former JOBS participants to take advantage of the transitional child care subsidy available to welfare recipients for up to a year after they leave welfare for work.

Source: Smith, S., Blank, S., and Collins, R. *Pathways to self-sufficiency for two generations: Designing welfare-to-work programs that benefit children and strengthen families*. New York: Foundation for Child Development in partnership with the National Center for Children in Poverty, 1992.

to deny increased AFDC benefits to recipients who bear additional children or to increase work incentives by allowing employed recipients to keep more of their earnings and benefits. (See the Appendix to this journal issue for examples.) These proposals bypassed the JOBS welfare-to-work strategy, focusing instead on the rules of the mainstream AFDC system.

Coming close on the heels of the waiver requests was a new round of debate over national welfare reform. In combination with strong interest in deficit reduction, critiques of AFDC by political conservatives and a Democratic President stimulated proposals before the 104th Congress to place lifetime limits on the amount of time a family can receive benefits and to return major responsibility for income support to the states. Very little imprint of the JOBS welfare-to-work strategy can be detected in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. In fact, the new law eliminates a separate allocation for JOBS, requiring that high proportions of families receiving benefits be engaged in work-related programs, but not obliging states to expend funds to provide those programs.

The welfare reform legislation makes it clear that only nine years after the passage of FSA, the government is rethinking the balances struck in 1988 between the desire to assure income support for children, on the one hand, and fears that benefits undermine parents' work effort and encourage out-of-wedlock births, on the other. Capped funding for child care subsidies suggests a retreat from the principle of ensuring good care for children. Reductions in state expenditures for welfare-to-work programs will likely derail efforts to rely on long-term education strategies to reduce welfare dependency. Welfare recipients will face more stringent demands for work, but they will receive far less assistance in securing employment.

From one perspective, movement away from welfare-to-work programs is understandable. Research thus far has indicated that these programs have made only modest differences in employment and earnings outcomes.³⁷ Yet some argue that it is our society's failure to follow through on welfare-to-work *legislation* by seriously implementing welfare-to-work *programs* that has limited the contribution these programs have made.¹⁸ As discussed here, JOBS was tried only for a

short period of time, was seldom fully funded by states, and was quickly eclipsed by the movement to change core AFDC eligibility rules. In recent congressional testimony, MDRC's president argued that, "The history of reform in the nation's employment and training system is one in which the structure is changed but the real action—the interaction between welfare recipients and the quality of employment services—is neglected."³⁸

The same testimony cautioned, however, that welfare-to-work programs are not "miracle cures" for family poverty.³⁹ Many economists observe that former welfare recipients face great difficulties in finding employment at wages that adequately support their children (see the article by Burtless in this journal issue). Such conclusions, combined with our knowledge of the risks that poverty poses to the development of children, argue for income supplementation strategies that "make work pay."²⁰ Similarly, research showing that the quality of child care matters for children's healthy

development and school readiness^{40,41} suggests that if welfare families are pressed to use low-cost, substandard child care arrangements in order to work, the harm to children may outweigh benefits of mothers entering the paid workforce (see the article by Kisker and Ross in this journal issue).

Almost all of the policy changes described in this article were undertaken in hopes of solving the problem of welfare dependency. But the very length and complexity of the story of successive waves of reform suggest that the hope for a single "solution" is unfounded. A more realistic goal may be to achieve a steadier balance between the opposing values and concerns that complicate welfare reform. While Americans want to protect and nurture poor children, they have a sterner message for the parents of those children. In the view of these authors, one prerequisite of a credible and stable welfare reform policy is that it remain true to the original AFDC goal of protecting children.

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Welfare Recipients' Job Skills and Employment Prospects

Gary T. Burtless

Abstract

The welfare reform goal of moving mothers who rely on welfare into private-sector employment cannot be achieved only by changes in public policy. Employment rates reflect the job qualifications of individuals, obstacles to work outside the home, the attractiveness of available jobs, and the capacity of the labor market to absorb new workers at particular skill levels. This article examines how each of these factors is likely to influence current welfare recipients' success in finding employment and the wages they are likely to earn. The author concludes that the skill deficiencies of recipients of Aid to Families with Dependent Children do not represent an insurmountable barrier to employment, although these deficiencies do restrict the wages recipients can earn. Without continued public assistance in the form of wage subsidies, child care payments, or help securing health insurance, most families that move from welfare to work will remain below the poverty level.

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Any plausible strategy to reform American welfare must face up to a central fact of economic life: Long-term welfare recipients suffer extreme disadvantages in the job market. As this article will show, typical adult recipients are young women who have few job skills, limited schooling, and low scores on standardized tests of ability and achievement. Health disabilities and child care responsibilities make their employment problems even more difficult.

When the modern welfare system was established in the Great Depression, the low level of job skills among recipients was a minor concern, because a mother was then expected to act as a caregiver and homemaker, not as a breadwinner (see the article by Blank and Blum in this journal issue). When job holding became increasingly common among married mothers in the 1970s and 1980s, voters saw less reason to excuse single mothers from the obligation to work. The reforms proposed and recently enacted by states and the federal government are based on the premise that paid work by single mothers is not only feasible but desirable.

Most welfare reform plans aim to reduce the number of single mothers who collect public aid and to boost the number who support themselves through work. Liberals hope to achieve these ends by improving the job qualifications of poor single mothers, by supplementing the earned incomes of low-wage breadwinners, or by increasing the support services available to low-income workers. Conservatives believe the goals can be accomplished by limiting single parents' access to welfare, trimming monthly benefits, or forcing welfare recipients to participate in work and job search programs.

This article examines whether these goals are realistic by considering the obstacles faced by welfare recipients in their search for employment; the employment rates, job types, and wage levels typical among this population; and the changing nature of the market in which they must find work. The article argues that despite obstacles, it will be possible to increase the percentage of recipients who hold jobs, with most holding unsubsidized jobs in the private labor market. The American economy has an enormous capacity to produce additional private-sector jobs, even for unskilled workers, if an adequate supply of workers is available to fill these jobs.

Unfortunately, the evidence presented here also suggests that a majority of welfare recipients would earn only six to seven dollars per hour or less. Moreover, if welfare reform forced millions of recipients to find jobs, the added supply of unskilled workers would accelerate the current trend toward lower wages. Thus, while it is realistic to expect that most adult recipients could find and hold jobs, at least eventually, it is unrealistic to believe that their earnings would lift them much above poverty.

Hurdles to Employment

The poor labor market prospects of welfare recipients, especially those most dependent on cash assistance, are obvious when one considers their child-rearing responsibilities, low educational attainment and standardized test scores, health limitations, problems with transportation, and lack of work experience. Evidence in each of these areas suggests that many recipients would face serious problems in finding and holding steady jobs.

Family Composition

Data about the characteristics of welfare recipients concern those who have received Aid to Families with Dependent Children (AFDC)—the cash assistance program that will be replaced, starting in 1997, by block grants to the states. Government surveys indicate that the typical AFDC family is made up of a mother with two children. In 1992, some 43% of AFDC households included one child, 30% included two, and 26% included three or more children.¹ Close to half the children supported by AFDC are

under age six—25% are under age three, and 22% are between three and five.

Women who rear very young children find it hard to work, whether they are married or unmarried, and child care responsibilities can represent a significant obstacle to employment. One research review notes that one-third of unemployed welfare recipients say that the lack of child care is why they are not working.² Although there is little agreement on the percentage of single mothers who must rely on expensive market-provided child care, there is no question that they cannot work without some form of child care. (See the article by Kisker and Ross in this journal issue for further discussion of child care issues.)

Education and Basic Skills

The educational attainment of AFDC mothers, though improving, remains well below average. Government data indicate that less than 56% of the mothers who received AFDC in 1992 had completed high school.¹ In comparison, more than 85% of all

Table 1

Educational Attainment and Ability Scores of 25-Year-Old Women, by AFDC Status			
Characteristics	Number of Months Received AFDC		
	12 Months	1 to 11 Months	None
Percentage of Women in Group	5 %	3 %	92 %
Educational Attainment by Age 25			
Less than four years of high school	52 %	44 %	14 %
Four years of high school	35	48	40
One to three years of college	12	8	24
Four or more years of college	0	0	22
Total ^a	100 %	100 %	100 %
Composite Score on 1980 Armed Forces Qualification Test (AFQT)			
Bottom quartile	72 %	52 %	22 %
Second quartile	17	33	26
Third quartile	9	14	26
Top quartile	3	2	25
Total ^a	100 %	100 %	100 %

^a Percentages may not total 100% due to rounding.

Source: Author's tabulations based on data from the *National Longitudinal Survey of Youth* (CD-ROM) Ohio State University, 1979-92. Available from NLS User Services, 921 Chatham Lane, Suite 200, Columbus, OH 43221.

American women 25 to 34 years of age had completed high school in that year. Only 14% of AFDC mothers report one or more years of college, compared with slightly more than half of all U.S. women 25 to 34 years of age. These discrepancies in educational attainment partly reflect the relative youth of AFDC mothers. Nearly a third are under age 24. Even so, low levels of education limit the job opportunities available to these mothers.

Another source of information about the job qualifications of welfare recipients is the National Longitudinal Survey of Youth (NLSY). The NLSY is an annual survey of young people who were first interviewed in 1979, when respondents were between 14 and 22 years of age. Each year, the survey collects information on educational attainment, employment, and reliance on welfare. About a year after they entered the sample, most respondents completed a cognitive test known as the Armed Forces Qualification Test, which is used to determine which applicants are eligible to enlist in the military. The composite score on this test is considered a reliable indicator of a test taker's general problem-solving ability.

Information about young women's educational attainment and aptitude scores derived from the annual NLSY survey confirms that women collecting AFDC have serious educational deficiencies. Table 1 shows the educational attainments and aptitude scores of three groups of women, defined by their use of AFDC in the 12 months before their interview at age 25. The least dependent group of 25-year-olds, constituting 92% of the sample, received no AFDC during those 12 months. Three percent received benefits during at least 1 but fewer than 12 months of the previous year. The most dependent 5% received benefits in all 12 months.

Whereas only 14% of the women who did not rely on AFDC had failed to complete high school by age 25, among those who were most dependent on AFDC, the comparable figure was 52%. AFDC recipients also performed poorly on standardized tests of ability and achievement. In the most-dependent category, 72% of the women obtained a score on the Armed Forces Qualification Test placing them in the bottom quarter of all test takers. Only 12% placed in the top

half of test takers. Women who are moderately dependent on AFDC achieved better test scores, but their performance on the test was well below the national norm. Only 16% obtained a score that placed them in the top half of test takers. Limited education and poor performance on standardized tests greatly restrict the kinds of jobs that most AFDC recipients can obtain.

Health Limitations

Health problems impede as many as 15% to 20% of AFDC recipients from joining the labor force. One study estimates that about 10% of AFDC recipients have health conditions that prevent them from working, while another 4% may have serious psychological problems.³ These problems include depression and drug dependency.

A more recent study documents self-reported health limitations of AFDC recipients interviewed in the Census Bureau's Survey of Income and Program Participation. About one AFDC recipient in five reports a health condition that limits her capacity to work. Women with self-described health limits are significantly less likely than other women to leave the welfare rolls for work. In a typical four-month period, about 7% of women without any health problems leave AFDC for work, compared with just 3.8% of

The low educational attainment and limited skills of AFDC recipients restrict the types of jobs they can hold.

women who have reported a health limitation.⁴ The more serious the reported disability, the less likely an exit from the welfare rolls to a job. This research suggests it is unrealistic to expect single mothers with serious physical or psychological problems to be good candidates for full-time or even part-time jobs.

Surprisingly, the long-term health problems of dependent children represent a less serious obstacle to work. About 1 AFDC mother in 10 has a child with some type of continuing health problem, yet the mothers with chronically sick children are about as likely as other mothers to exit the AFDC rolls for jobs.⁵ Evidently, it is the health of the

mother rather than that of the child that is the most important determinant of a mother's work capacity.

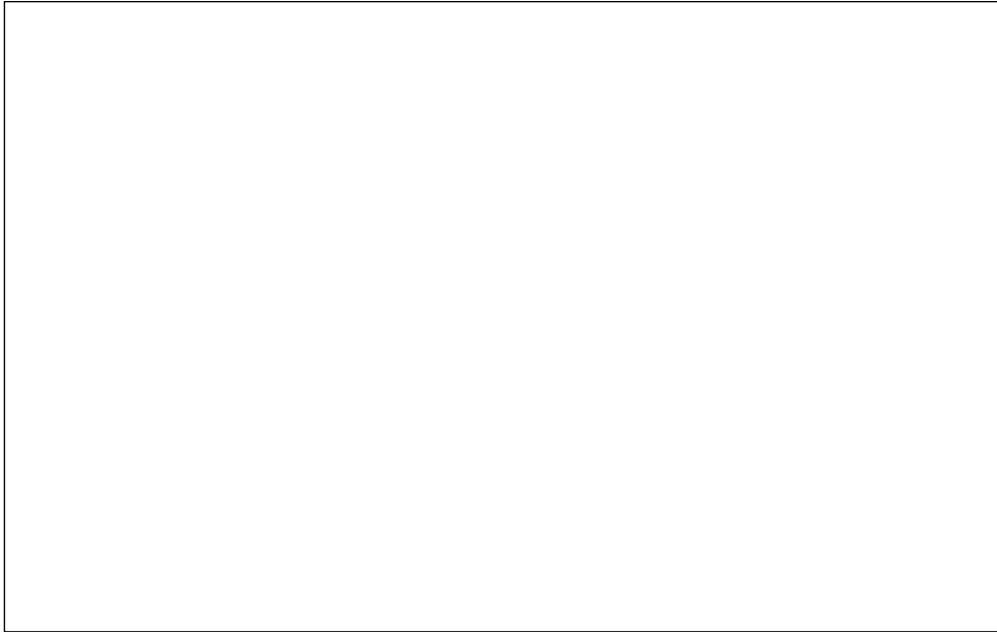
Transportation

Transportation can represent a serious hurdle to employment for single mothers who live in isolated areas, such as the countryside or small towns. Even in these areas, however, many poor families have access to a car. Three-quarters of welfare recipients live in metropolitan areas, where transportation is a less serious obstacle to work. Job seekers can use public transportation, and mothers who find jobs can often afford to buy an inexpensive car if public transportation turns out to be inconvenient. Of course, time and money spent on transportation reduce the time and net income that working mothers have left over to care for their children.

In sum, welfare recipients face a variety of obstacles to finding and holding jobs, especially well-paying jobs. In a few cases the obstacles may be insurmountable. Recipients with serious disabilities or with very young children may find it difficult or impossible to hold a job. In most cases, however, AFDC recipients are capable of holding jobs, even if the jobs are not particularly well paid. The skill limitations of most recipients suggest that the wages most of them can earn will be low.

Work Experience and Earnings

Previous work experience is an important qualification for future employment, but many welfare recipients, especially young ones and those with long spells on welfare, have only limited work experience. Until very recently, only a small percentage of AFDC recipients reported any current wage income at all. Less than 8% of the cases included in a 1992 government survey reported current earnings.¹ Some mothers who report no earnings to AFDC may nonetheless earn wages or irregular labor income that goes unreported.⁶ In addition, many AFDC applicants have earned wages in the recent past. More than 60% of first-time claimants for welfare report work experience within the year prior to filing for AFDC.⁷ In the mid-1980s, almost three-quarters of the adult welfare caseload



reported *some* employment experience within the previous five years, even if only a limited amount.²

The long-term recipients of AFDC, who are of special concern to policymakers, are unlikely to work or have recent work experience. Often, experimental welfare-to-work programs are specially aimed at these long-term recipients. In welfare-to-work experiments conducted in the California counties of Alameda and Los Angeles, for example, only 17% to 24% of the long-term AFDC recipients enrolled in the experiments reported any work experience within two years prior to their entry into the experimental program.⁸

A substantial minority of AFDC mothers, including the long-term recipients mentioned above, spend lengthy periods without work even if they are enrolled in a special training or job placement program. Researchers recently examined the long-term effects of welfare-to-work experiments conducted during the 1980s in Baltimore, San Diego, Virginia, and Arkansas. AFDC recipients enrolled in these experiments were divided at random into two groups. Recipients enrolled in the treatment group were required to participate in job preparation programs intended to lead to unsubsidized employment; recipients enrolled in the control group were not obliged to participate in these job programs. In the fifth year after women were enrolled in these

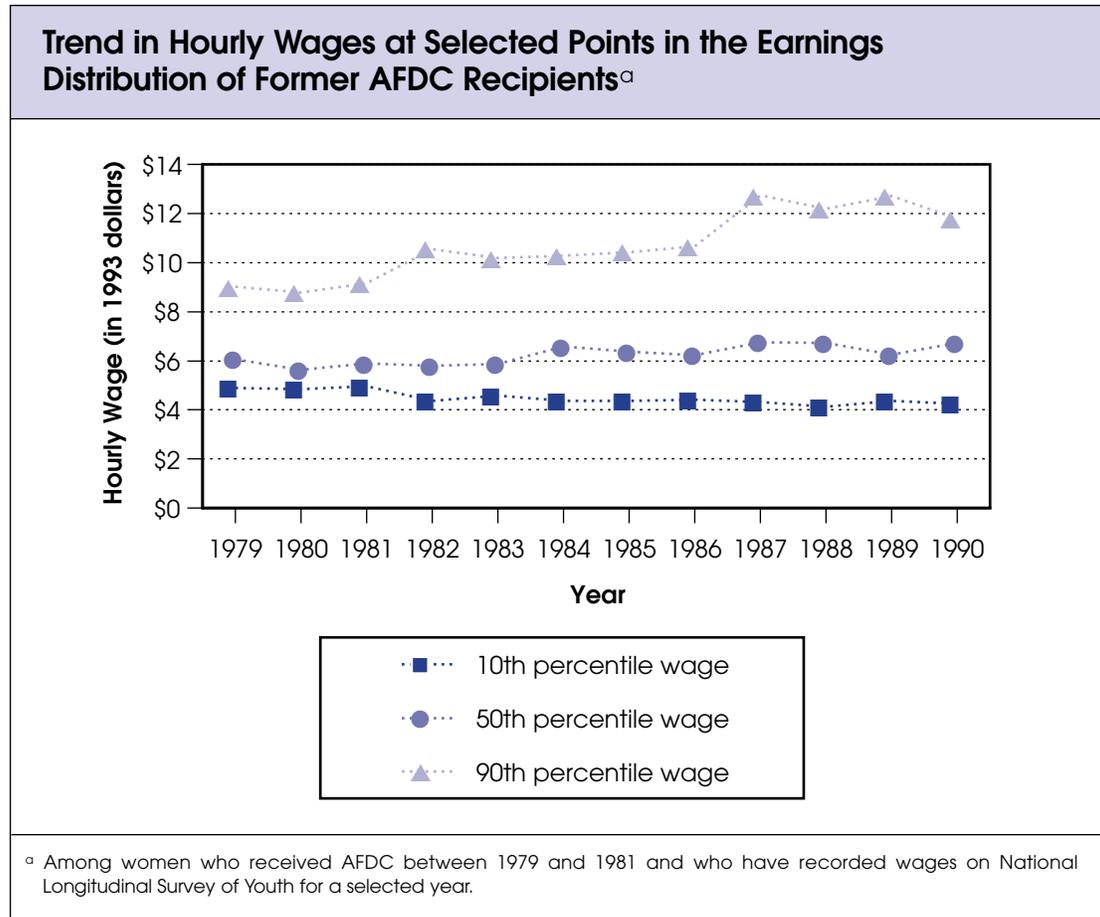
experiments, the employment rate averaged 38% among women who had been enrolled in the welfare-to-work programs and 36% among women in the control group.⁹ In California, only 40% of the women enrolled in a six-county welfare-to-work experiment held jobs at any time during the third year after enrollment, compared with 34% of women in the control group.¹⁰ Employment rates were even more dismal in Alameda and Los Angeles counties, where the experimental work and training programs were offered mainly to women who had collected AFDC steadily for several years.

The findings from these experiments suggest extraordinary efforts will be needed to boost the employment rates of single AFDC mothers to rates that are typical among American mothers more generally. For purposes of comparison, about 63% of American women who have children under age 18 are employed.

Wage Levels and Jobs

The low educational attainment and limited skills of AFDC recipients restrict the types of jobs they can hold. Recipients who find employment often end up in jobs that pay very meager wages, a fact illustrated in Figure 1. The chart shows trends over an 11-year period in hourly wages received by a sample of one-time AFDC recipients interviewed in the National Longitudinal Survey of Youth. To be included in the sample,

Figure 1



Source: Author's tabulations based on data from the *National Longitudinal Survey of Youth* (CD-ROM) Ohio State University, 1979-92. Available from NLS User Services, 921 Chatham Lane, Suite 200, Columbus, OH 43221.

women had to have been between 18 and 22 years old in 1979 and have received AFDC benefits sometime between 1979 and 1981. In many years between 1979 and 1990, fewer than half of the women in this population worked. Figure 1 shows the real hourly wages of working women in the sample whose earnings placed them at three points in the wage distribution—at the 10th, 50th, and 90th percentiles. (Note that the calculations include only those women who held a job and had a reported wage.) The top line, for example, shows wages received by women who earned more than 90% of the sample of working one-time AFDC recipients but earned less than the top 10% among these former recipients. The lowest line traces wage movements among women who earned more than the bottom 10% of working one-time AFDC recipients but less than 90% of working former AFDC recipients. The middle line shows the median wage received by working women who once received AFDC benefits.

From 1979 to 1990, the median real wage of women who once received AFDC rose from \$6.07 to \$6.72 an hour—an annual wage gain of six cents per hour, or a bit less than 1% a year.¹¹ Near the top of the wage distribution, at the 90th percentile, wages climbed to a respectable level, reaching almost \$12 an hour by 1990. However, the great majority of young women who received AFDC in the period from 1979 to 1981 did not fare as well. The women whose wages placed them at the 10th percentile of working former recipients saw their wages fall to \$4.26.

The hourly wage figures may be more understandable if they are converted into flows of annual earnings. In 1979, the median wage of \$6.07 received by women who were once dependent on AFDC would yield slightly more than \$12,000 a year for a person working on a full-time, year-round schedule (2,000 hours per year). By 1990, a woman earning the median wage in this

sample could expect to earn \$13,400 if she worked on a full-time, year-round schedule—just 15% above the poverty line for a family of three. This means that, even in the unlikely event that welfare recipients could all find and retain full-time, year-round jobs, many would struggle with annual incomes that remain depressingly low.

As bleak as this scenario sounds, it probably overstates the income most AFDC recipients can expect to earn. The median wage received by former AFDC recipients who actually work is greater than the wage that nonworking women could earn if they found jobs. As noted earlier, only about 50% of the women who had collected AFDC between 1979 and 1981 reported working in a given year, and only the wages of working mothers are reflected in Figure 1. On average, nonworking women had fewer qualifications than those who worked, so if they found jobs, most currently nonworking women would earn wages that fall below the median wages displayed in Figure 1.

When estimating potential earnings, it is also unrealistic to expect that all single women with young children will be able to work full time on a year-round basis. Many will choose to work part time in order to make child rearing more feasible. Others will spend part of the year without jobs as a result of involuntary unemployment, illness, or difficulty in arranging child care. Unemployment is a particular hazard for these women because many of them will land jobs in which turnover is high.¹²

A close examination of the jobs held by current and former welfare recipients makes it clear why their earnings are so low. A recent study analyzed the employment patterns of AFDC recipients who combined welfare benefits with significant earnings.¹³ The researchers focused on single women interviewed in the Survey of Income and Program Participation who received AFDC in no fewer than 2 of the 24 months covered by the survey, and who reported at least 300 hours of paid employment over the two-year period. This restriction limits the sample to AFDC recipients who are relatively committed to market work. (Less than half of the single women who received AFDC met the criterion of 300 or more hours of employment.)

As the occupational mix in Figure 2 shows, AFDC recipients' principal jobs were overwhelmingly concentrated in poorly paid occupations. More than 40% of the jobs were in low-wage service occupations, for example. The typical wage received by AFDC recipients in these occupations was not much more than \$4 an hour (measured in 1993 dollars).¹⁴ Wages were substantially higher in the managerial, professional, and operator and handler occupations, but fewer than a third of AFDC recipients managed to find jobs in these better-paid occupations. In addition, recipients' jobs were heavily concentrated in low-wage industries, primarily retail trade and the service sector. A trademark of jobs in these industries is that tenure tends to be brief, job promotion rare, and fringe benefits meager.¹⁵

Broader Labor Market Trends

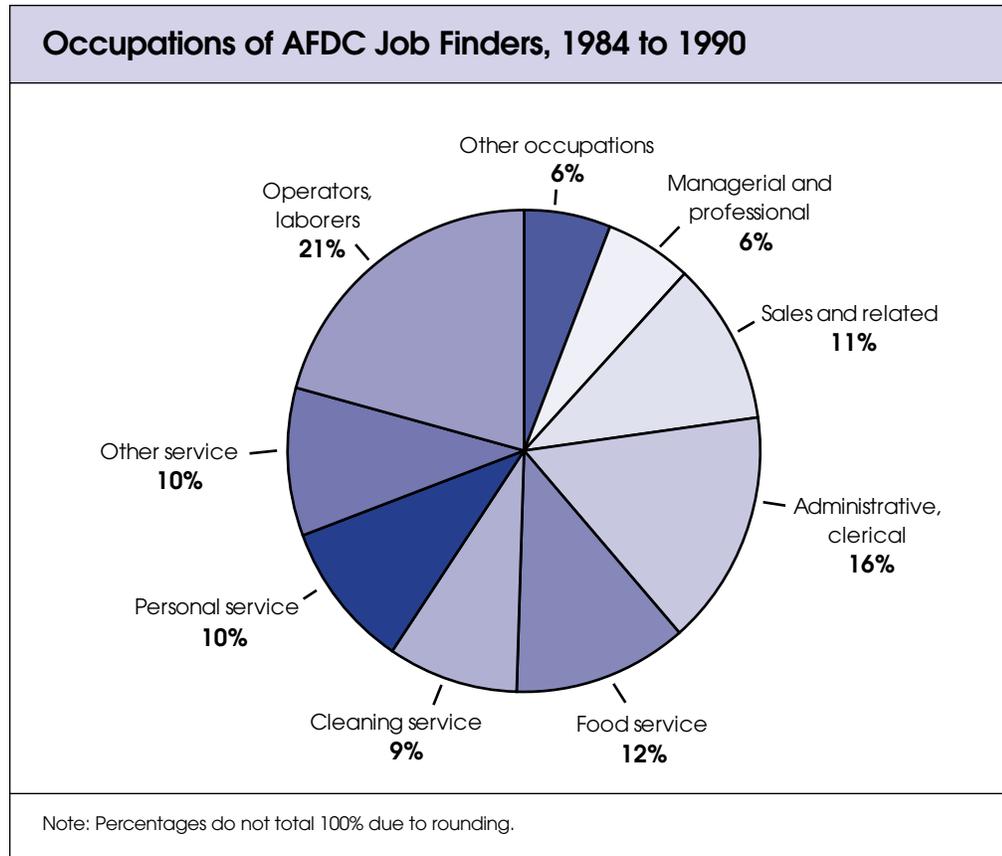
The U.S. labor market in many respects appears quite healthy. Unlike Canada and Western Europe, the United States has seen only a small long-term trend toward higher unemployment. The number of employed Americans has grown by more than 26 million since 1980, while the number of payroll jobs has climbed more than 30%. On balance, the number of jobs grew faster than

From 1979 to 1990, the median real wage of women who once received AFDC rose from \$6.07 to \$6.72 an hour.

the working-age population, indicating that the United States economy has little problem generating enough jobs to keep potential new workers employed. The economy's success in generating new jobs has not been matched by a capacity to generate middle-income jobs. Although there has been a substantial increase in the number of jobs that pay \$80,000 per year or more, there has also been a rapid growth in the number of jobs paying \$15,000 per year or less.

The latter trend is particularly relevant to AFDC recipients, since only a handful of recipients can expect to find jobs that pay extremely high wages. The employment prospects of AFDC recipients were bleak in

Figure 2



Source: Hartmann, H., and Spalter-Roth, R. *The real employment opportunities of women participating in AFDC: What the market can provide*. Washington, DC: Institute for Women's Policy Research, October 1993, tabulations of the 1984-1988 Survey of Income and Program Participation (SIPP) panels.

the 1980s, as has been shown, but their prospects deteriorated after 1989. Overall wage inequality in the United States has increased since the mid-1970s for both men and women. For men, the rise in inequality meant a significant drop in earnings among workers with limited skills. Until the 1990s, rising inequality among women involved wage stagnation or slow wage growth among the least skilled and sharply increasing wages for the highly skilled. Until recently, women with limited occupational skills did not suffer sizable losses in real hourly or annual earnings. Since 1989, however, less skilled women have also experienced significant earnings losses.

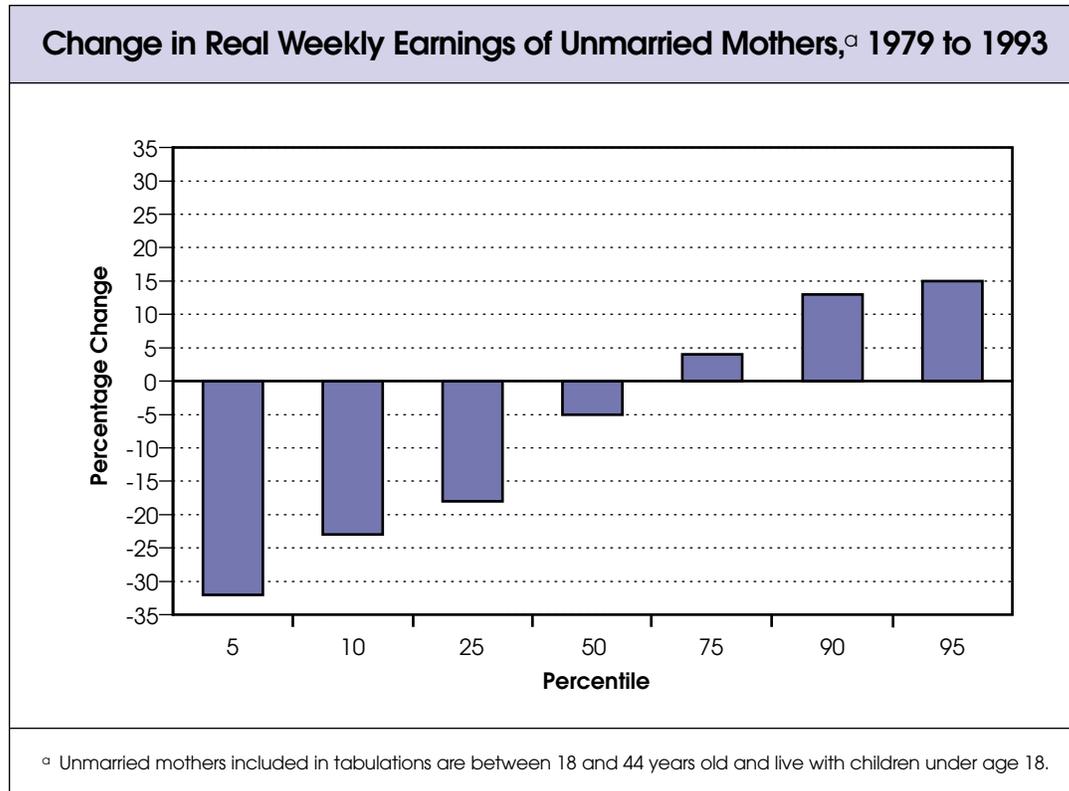
The effects of rising wage inequality are evident in Figure 3, which shows trends in weekly wages among unmarried mothers who are between 18 and 44 years old.¹⁶ Each bar represents the 1979-1993 change in real weekly earnings at a selected point in the earnings distribution of working unmarried mothers. The chart shows a remarkable pat-

tern of wage divergence over the 14-year period. Real wages sank at the bottom of the distribution, fell slightly in the middle, and grew at the top. Unmarried mothers in the bottom 25% of earners saw their wages tumble by between 23% and 32%, with the largest declines occurring at the very bottom of the distribution.

The jump in earnings inequality has been the focus of much research by economists, who have tried to discover why earnings shrank at the bottom while continuing to grow at the top.¹⁷ Part of the growth in inequality is due to the increased willingness of employers to reward workers who have more education, skill, and work experience. The flip side, of course, is that the earnings penalty for limited skill is now much harsher. Substantial declines in earnings have occurred among young workers and workers with little education.

By way of illustration, Table 2 shows how education and age affected real weekly

Figure 3



Source: Author's tabulations based on data from March 1980 and March 1993 Current Population Surveys. See *Current Population Survey* (CD-ROM) U.S. Bureau of the Census, 1980-94. Available from U.S. Department of Commerce, Bureau of the Census, P.O. Box 277943, Atlanta, GA 30384-7943.

earnings in 1979 and 1993 for unmarried mothers. The top half of the table shows earnings changes among three age groups of unmarried mothers who failed to complete high school. The bottom half shows trends among mothers who completed high school but received no further education.

Unmarried mothers with the least schooling have experienced the largest earnings losses. For example, high school dropouts 25 to 34 years of age saw their real earnings fall by about 25% between 1979 and 1993. Even women of that age who completed high school experienced some loss in earnings, as their wages shrank by 10% to 16%. In contrast, women who were older (35 to 44 years of age) and were high school graduates enjoyed modest earnings gains.

The wage developments shown in Figure 3 and Table 2 have important implications for welfare reform. The great majority of adult AFDC recipients are young unmarried mothers who have no schooling beyond high school. Their skills typically prepare them for poorly paid jobs. The wages for

these jobs are not only low, they are declining at a rate of about 1-1.5% a year. If welfare is reformed in a way that forces more unmarried mothers into the labor market, the added supply of unskilled workers can be expected to push down wages further.

In 1993, the full-time gross wage paid to an unmarried mother 25 to 34 years of age who was a high school dropout averaged slightly more than \$230 a week, close to the poverty threshold for a family of three. Even with income supplementation provided by the Earned Income Tax Credit and food stamps, most single mothers who are forced to live on earnings this low will be tempted, at least occasionally, to consider applying for cash public assistance. In states offering relatively generous welfare benefits, the combination of cash assistance, food stamps, and Medicaid may provide welfare recipients with a higher standard of living than the standard of living that unskilled single mothers can afford through work alone. If eligibility for cash assistance is sharply curtailed, the living standards of many unskilled recipients will almost certainly decline.

Table 2

Average Weekly Earnings^a of Unmarried Mothers by Age and Educational Attainment, 1979–1993 (in 1993 Dollars)			
Characteristics	1979	1993	Percentage Change, 1979–1993^b
Mothers Who Failed to Complete High School			
18- to 24-year-olds			
Full-time workers	\$236	\$192	-18
All workers	\$168	\$135	-19
25- to 34-year-olds			
Full-time workers	\$307	\$231	-25
All workers	\$269	\$209	-22
35- to 44-year-olds			
Full-time workers	\$309	\$255	-18
All workers	\$270	\$216	-20
Mothers with Four Years of High School			
18- to 24-year-olds			
Full-time workers	\$276	\$237	-14
All workers	\$240	\$189	-21
25- to 34-year-olds			
Full-time workers	\$352	\$317	-10
All workers	\$327	\$275	-16
35- to 44-year-olds			
Full-time workers	\$380	\$395	+ 4
All workers	\$359	\$349	- 3

^a Average weekly earnings are estimated by dividing annual labor earnings in a calendar year by weeks worked in the year for women who have earnings. Nominal earnings are deflated using the Consumer Price Index for All Urban Consumers (CPI-U-XI) deflator.

^b Disparities in calculations due to rounding.

Source: Author's tabulations based on data from March 1980 and March 1994 Current Population Surveys. See *Current Population Survey* (CD-ROM) U.S. Bureau of the Census, 1980–94. Available from U.S. Department of Commerce, Bureau of the Census, P.O. Box 277943, Atlanta, GA 30384-7943.

Realistic Expectations About Employment

Though the job prospects of most welfare recipients are poor, it is reasonable to expect that the percentage of recipients who hold jobs can be boosted. Employment rates among current and former AFDC recipients are quite low. Among NLSY respondents who collected AFDC benefits between 1979 and 1981, only 50% held jobs in 1984. The employment rate was 84% among respondents the same age who did *not* collect AFDC.¹⁸ In spite of the obstacles they face in finding jobs, some welfare recipients permanently leave the AFDC rolls within a few months, frequently to take jobs. Women who remain dependent on welfare for longer

periods face more severe obstacles to finding and holding a job. But many of them would be forced into employment if cash benefits were slashed or might be persuaded to take jobs if the attractions of employment were improved.

People who are sympathetic to the plight of poor single mothers sometimes view the work obstacles they face as insurmountable “barriers” to work. This viewpoint is unrealistic. Only a minority—probably a small minority—of single mothers are flatly prevented from holding a job as a result of a supposed “barrier” to employment. It is more helpful to think about the different kinds of costs faced by single mothers when they enter employment. These costs include

the monetary expense of transportation and child care as well as the psychological costs of seeking work in a hostile labor market and hanging onto jobs that may be unpleasant or demeaning. If society as a whole or single mothers themselves are willing to bear the costs of employment, work should be considered a practical option for the great majority of mothers receiving cash assistance. The problem, of course, is that mothers may be unwilling to accept the burden of finding and holding a job if the rewards from work are small. Since most welfare recipients do not have skills that equip them to hold well-paid jobs, even a relatively small expense of employment—such as a three-dollar round-trip bus fare—may represent a formidable obstacle to work.

The educational and skill deficiencies of welfare recipients restrict their access to well-paying jobs, but they do not preclude employment altogether. An unskilled welfare recipient, if she is able-bodied and moderately resourceful, can almost certainly find an employer willing to offer her a job if she is willing to accept a low enough wage and an inexpensive package of fringe benefits.¹⁹ In many urban labor markets, jobless workers with few qualifications apply to temporary employment agencies for short-term work. Although the employment is uncertain and irregular, a worker who is diligent and persistent can usually obtain temporary work assignments, at least occasionally, and can often find permanent employment if her job performance impresses the manager who offered the short-term assignment. Other job opportunities for less qualified workers can be found in low-wage retailing, cleaning services, agriculture, manual labor, and informal child care. With relatively little training, less educated women can find work as home health aides.

While these job opportunities do not offer outstanding prospects for a fat paycheck, a secure career, or a big promotion, it is important to recognize that job opportunities exist for applicants who are willing to accept them, a fact confirmed by the job-finding success of unskilled immigrants. Many immigrants enter the United States suffering even worse disadvantages than those of long-term welfare recipients. Immigrants often have less schooling and lower English-language proficiency than welfare recipients. Illegal immigrants are not

eligible to collect income transfers, except emergency medical aid, so they must rely on their own earnings to survive. The great majority find jobs, and even the least skilled immigrants sometimes prosper.²⁰

It is less certain that unskilled welfare recipients could find jobs if hundreds of thousands or even millions of them were forced to find work within a one- or two-year period. Many observers doubt that the U.S. labor market can provide enough jobs

Job opportunities exist for applicants who are willing to accept them, a fact confirmed by the job-finding success of unskilled immigrants.

to absorb the able-bodied recipients who would be forced to seek jobs under a system of time-limited welfare. With roughly seven million jobless workers, even at full employment, is it plausible to expect employers could offer an additional two million jobs for AFDC recipients forced from the rolls?

In the long run, most labor economists would probably agree that the answer to this question is "Yes." In the short run, however, many unskilled job seekers would face serious problems. Though employers could eventually create enough unskilled positions to employ most of the job applicants, it is unrealistic to expect that the new jobs will be created overnight. Many aid recipients will face a lengthy wait before finding a job. In the long run, however, the skill deficiencies of those who now depend on welfare do not represent an insurmountable barrier to employment. Skill deficiencies restrict the wages recipients can earn, but they do not bar employment altogether.

Conclusion

The evidence in this article has several implications for practical welfare reform. First, it is clear that the current employment rate of welfare recipients can be substantially increased. Only a relatively small percentage of long-term recipients hold jobs, even though for most of them the actual obstacles to work are not overwhelming. Most long-term recipients fail to work because the attractiveness of available jobs is low in comparison

with the cost of finding and keeping a job. If the employment rate of able-bodied recipients were increased to the level that prevails among mothers who do not receive cash assistance, the employment rate of long-term recipients would increase severalfold.

Second, few long-term welfare recipients would enjoy a comfortable standard of living on the wages they can earn in the private labor market. Recipients can typically expect to earn \$6 to \$7 an hour or less in private-sector jobs. Even if they could earn this wage steadily in a full-time job, a large minority of recipients would have gross incomes below the poverty level. After subtracting the costs of transportation and child care, a majority would probably fall below the poverty line.

Third, any reform that forces a large number of recipients to leave the welfare rolls and seek work will accelerate the decline in wages among unskilled workers. If one or two million additional unskilled workers were thrown into the job market, employers would eventually create enough jobs to employ most of them, but they would be induced to do so only if the prevailing wage for unskilled workers falls.

The evidence on one basic point is fairly plain. Many single mothers who collect welfare cannot earn enough money to escape poverty. Recent labor market developments continue to push down the potential earnings of most aid recipients, since the demand for workers with limited skills is shrinking. A large percentage of long-term recipients, if forced to rely on their own wages, would almost certainly remain poor even if they worked full time on a year-round basis. Nonetheless, the actual earnings of welfare recipients could be substantially increased if they devoted their best efforts to finding and keeping a job.

A program that forces aid recipients to seek private-sector jobs could substantially raise the employment rate of poor single mothers, thus boosting their earnings. However, unless the program supplements private-sector earnings with a generous wage subsidy, most new workers would remain poor, and a majority would be worse off than they are under the present system. The earnings capacity of most women who collect welfare is limited. Any effective and humane reform plan must take this unpleasant reality into account.

To make employment an acceptable alternative to welfare, voters and policymakers must face up to the fact that the living standards of low-wage working single mothers will have to be improved. This could be achieved by publicly financing part of the cost of child care, by offering public subsidies for health insurance for children in low- and moderate-income families, and by directly subsidizing the wage earnings of low- and moderate-income families. The dramatic liberalization of the Earned Income Tax Credit since 1986 has gone partway toward lifting the net earnings of low-income wage earners, but the net incomes of low-wage single mothers (and their children) remain unacceptably low.

The potential wages of long-term welfare recipients are extremely low. Training programs to lift the potential earnings of recipients have sometimes produced moderate earnings gains, but these gains are almost never large enough to lift single mothers out of poverty. This fact does not mean that a work-oriented welfare strategy is doomed to fail. It does mean that measures intended to force potential breadwinners from the rolls must be combined with an assistance package that improves the living standards of recipients who find private-sector jobs.

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Alternative Strategies for Increasing Employment

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Abstract

As states reform their welfare systems to emphasize work and self-sufficiency, they can draw on significant past experience with efforts to promote employment. Work and training programs for welfare recipients and other disadvantaged individuals have been operating in every state for nearly 30 years. This article summarizes findings from key evaluations of strategies to increase the employment and earnings of individuals. The article also reviews lessons about program design and management drawn from studies of program outcomes and implementation. Evaluations of net impact typically measure outcomes for randomly selected individuals who participated in programs, and compare those with outcomes for individuals who did not receive the treatment. Studies of program outcome and implementation analyze the effectiveness of entire programs in real-world operational settings.

The evidence from net-impact evaluations shows that programs that encourage, help, or require welfare recipients to find jobs or participate in training or work-related activities can increase employment and earnings and in some cases reduce welfare costs. Even the most successful programs, however, yield only small gains in earnings that do not move most former welfare recipients out of poverty. The article also discusses critical policy and implementation issues that influence the effectiveness of welfare-to-work programs overall. It focuses on strategies for increasing rates of participation in the programs, for improving implementation, and for strengthening links with the local labor market, which ultimately determines the success or failure of any welfare-to-work program.

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Welfare reform is a high-priority political issue today. In fact, however, the nation has been reforming welfare almost continuously since 1968, although the extent of reform activity and the level of interest have ebbed and flowed. In the 1960s and 1970s, welfare reform centered first on providing adequate income and alleviating poverty and second on improving employability. In contrast, current political rhetoric and public opinion concerning welfare reform clearly center on work. It is now generally accepted that work, not public financial assistance, should be the main component of a family's income, even in single-parent families.¹

A variety of federal, state, and local programs have been charged with the responsibility of increasing the employment of disadvantaged individ-

uals, including programs funded under the Job Training Partnership Act (JTPA) and the Job Opportunities and Basic Skills Training Program (JOBS) that served recipients of Aid to Families with Dependent Children (AFDC) through 1996. In 1996, Congress replaced both AFDC and the JOBS program with a new federal block grant for Temporary Assistance for Needy Families (TANF). The block grant gives states more authority to design welfare programs, and it may dramatically change the types of work programs operating in states. Nevertheless, the lessons from past programs intended to increase employment of welfare recipients remain very relevant.

During the 1980s, a number of states experimented with programs designed to help welfare recipients to become self-sufficient, and many of those efforts have been carefully studied. (See also the article by Blank and Blum in this journal issue.) Accumulated experience with these and earlier work-welfare programs yields important insights about welfare reform approaches, including service delivery strategies, program impacts, program management, and program performance. This article examines what can be learned from research and operational experience to inform those who will choose and implement alternative strategies for promoting employment among welfare recipients.

Welfare Reform Objectives and Priorities

Despite the salience of welfare reform in national debates, it has not been a high priority everywhere. As states and localities approach the opportunities and challenges presented by the new TANF block grant that replaces the federally guided AFDC program, each will focus on different priorities and objectives, creating work-welfare programs that reflect prevailing priorities in that jurisdiction.

Welfare Reform Versus Other Issues

For decades, states have varied in the emphasis they place on welfare and welfare reform relative to other social policy areas such as economic development, health care reform, and workforce development. For example, states that have low welfare grants,

low state expenditures on welfare, or a declining welfare caseload may not see any urgent need to reform their welfare system. Other states have implemented several different welfare reform initiatives over the years and probably will continue to experiment with different strategies and policies in the future.

Employment Within the Welfare System

Even within the welfare system, states vary in the importance they give to employment issues relative to other welfare concerns. The primary objective of the welfare system has long been income maintenance—determining eligibility for assistance and issuing benefits. An important issue in the current discussions about welfare reform has to do with whether, or how, welfare offices can be converted from income maintenance centers to employment centers. That is, how

can the traditional culture of welfare offices be changed?

Immediate Employment Versus Long-Term Self-Sufficiency

While every state has had some type of work-welfare system for several decades, states vary in the importance they place on different welfare objectives. States often have a long list of priorities for welfare reform, of which some, but not all, relate directly to work. Policymakers may seek to decrease welfare caseloads and expenditures, to improve administrative efficiency, to discourage out-of-wedlock childbearing, to increase rates of employment, or to protect the well-being of poor children and families. It is not unusual to see many, or even all, of these objectives put forward for welfare reform and welfare employment policy, although they may seem contradictory.

Different priorities, then, influence the decisions states make regarding strategies for moving welfare recipients into jobs. There is no one ideal work-welfare program

States often have a long list of priorities for welfare reform, of which some, but not all, relate directly to work.

model, given the diversity of the welfare population in terms of family situation, employability skills, and barriers to employment and given the multiple and even conflicting objectives for welfare reform. Administrators and policymakers must weigh the tradeoffs of implementing particular strategies and emphasizing particular objectives in relation to the unique set of political, bureaucratic, economic, and social circumstances that influence welfare policy in their state or jurisdiction.

Strategies for Increasing Employment and Earnings

As the emphasis on education, training, and employment activities aimed at welfare recipients and other disadvantaged individuals has gradually increased over the past three decades, a repertoire of approaches for promoting employment and increasing earnings has developed.

The Most Common Approaches

The most common strategies used across the country are briefly described in Box 1. These include job training, education, subsidized employment, and efforts to move individuals directly into unsubsidized employment.

The different strategies for encouraging employment listed in Box 1 emphasize specific welfare reform objectives to varying degrees. Three of these objectives are most important for welfare policy: (1) to assist recipients of public assistance in obtaining regular employment, (2) to assure that recipients participate in some work-related activities as a condition for receiving welfare, and (3) to invest in skill development to improve the chances that an individual or family can become economically self-sufficient. Short-term strategies such as job-search assistance emphasize the first aim by moving people into the regular labor market as quickly as possible, regardless of the wages at which they might be hired. The second aim is stressed by public employment strategies, such as “workfare,” in which individuals must work in a public job assignment for a certain number of hours in order to receive a welfare check. Longer-term strategies such as education and training focus more on the third aim of increasing individuals’ employability and wage-earning potential.

Probably no single program uses any one strategy in a pure sense. Instead, many operational variations exist, and mixed models combine strategies. For instance, some programs combine vocational training with basic skills education, either in the workplace or in instructional centers or classes. Others offer what is called “supported work experience,” linking preemployment preparation with assignment to public jobs that have gradually increasing hours and work responsibility and with ongoing counseling, education, and peer support. In many states and localities, all of these strategies may be operating at once.

Evidence of Effects

Choices among strategies for increasing the employment of welfare recipients can be guided by evidence of the effects of these strategies. Such evidence comes from formal evaluations of large-scale programs and demonstrations using strong research designs.² As the description of selected

Box 1

Common Strategies for Promoting Employment

Direct Employment Strategies

Job search assistance, either in a group setting or through one-on-one counseling or coaching, sometimes through “job clubs” with workshops, access to phone banks, and peer support.

Self-directed job search, where individuals search and apply for jobs on their own. Sometimes individuals must submit a log of their job contacts to the welfare agency.

Job development and placement, where program staff members identify or develop job openings for participants. Counselors refer individuals to openings, often using computerized job banks. In more intensive models, staff members develop relationships with specific firms, gaining knowledge of potential job openings or commitments to hire through the program.

Job Training Strategies

Classroom occupational training, by training or educational institutions such as community colleges or vocational schools, community-based organizations, or nonprofit or for-profit training centers. Training may include formal postsecondary programs leading to certification or licensing in a particular occupation.

On-the-job training (OJT), with public or private sector employers, who usually receive a subsidy to cover a portion of the wages paid during the training period. The employer subsidy may be drawn from welfare or food stamp payments that otherwise would have been paid to the individual recipient.

Education Strategies

Remedial education, such as preparation for the GED, basic skills instruction in reading and mathematics, or English-language classes for persons whose primary language is not English.

Postsecondary degree programs (for example, associate or bachelor degrees), generally financed by grants, federal loans, or scholarships.

Subsidized Public Employment Strategies

Work experience, which can include unpaid workfare assignments, where recipients work in exchange for welfare benefits, or short-term unpaid work experience designed as basic exposure to the work environment. Stipends are sometimes provided to the workers.

Community or public service jobs, where individuals receive wages, typically minimum wage or slightly below, for the hours they work.

Mixed Strategies

Vocational training plus basic skills, either in the workplace or in instructional centers/classes.

Supported work experience, with preemployment preparation, assignment to public jobs, and gradually increasing hours and work responsibility combined with ongoing counseling, education, and peer support.

Table 1

Characteristics and Outcomes of Selected Employment and Training Programs for Disadvantaged Individuals and Welfare Recipients		
Program Name, Start Date, and Related Endnote Number	Program Components	Evaluation Setting
ET Choices (MA) 1986 ³	Voluntary job search, training, education, supported work	State work-welfare program, in 58 local AFDC offices
Family Independence Program (WA) 1992 to 1993 ⁴	Voluntary job search, training, education	State welfare reform program, in 10 local sites
GAIN (CA) 1988 ⁵	Mandatory job search, education, training, unpaid work	In welfare offices and community organizations, in six counties
Job Start 1985 ⁶	Education, vocational training, job placement	13 community organizations, vocational schools, Job Corps Centers
Job Training Partnership Act 1982 ^{7,8} (study began in 1987)	Voluntary job search, classroom and on-the-job training	In JTPA-funded job training programs at 16 sites
Minority Female Single Parent Demo 1984 ⁹	Remedial education, job training, support services	In community organizations in four cities
New Chance 1989 ¹⁰	Comprehensive education, parenting, employment services	16 community organizations, Private Industry Councils, schools
Supported Work Demonstration 1975 ¹¹	Paid work experience, counseling, support services	In community organizations in 10 cities
SWIM (San Diego) 1985 ¹²	Mandatory job search, education, job training, unpaid work	In welfare offices in San Diego County
Teen Parent Welfare Demonstration 1987 ^{13,14}	Mandatory education, job preparation, case management services	Welfare offices in three cities
WIN 1982 ¹⁵	Mandatory job search, unpaid work (in Maryland, also education and job training)	In county welfare offices in Virginia, Arkansas, and Baltimore, Maryland

Table 1 (continued)

Cost per Person (in 1995 Dollars)	Study Design and Sample Size	Time from Enrollment to Last Follow-up	Employment-Related Outcomes for Participants ^{a,b}
\$1,922 per year	Matched comparison groups 17,000	1 year	Employment rate = 45% P>C Monthly earnings = \$290 P>C ^c Monthly AFDC = \$293 P<C ^c
Not available	Comparison sites 17,800 ^d (ongoing cases)	3 years	Employment rate = 31% P=C Monthly earnings = \$129 P=C Monthly AFDC = \$391 P>C ^c
\$3,610 per year (net)	Random assignment 33,000 (adult women)	3 years	Employment rate = 57% P>C ^e Monthly earnings = \$228 P>C ^c Monthly AFDC = \$424 P<C ^c
\$1,072 per month	Random assignment 508 teen parents	4 years	Employment rate = 49% P=C Monthly earnings = \$260 P=C Monthly AFDC = \$271 P=C
\$3,063 per year	Random assignment 6,102 (adult women)	18 months for employ- ment rate; 30 months for earnings and AFDC	Employment rate = 80% P>C ^e Monthly earnings = \$500 P>C ^c Monthly AFDC = \$74 P=C
Range = \$576 to \$1,079 per year	Random assignment 3,352	12-15 months	Employment rate = 48% P=C Monthly earnings = \$446 P=C Monthly AFDC = \$307 P=C
\$1,706 per month	Random assignment 2,088 young mothers	18 months	Employment rate = 43% P=C Monthly earnings = \$85 P=C Monthly AFDC = n/a ^f
\$8,281 per year	Random assignment 1,620 (AFDC recipients)	19-27 months for AFDC 25-27 months for employment rate and earnings	Employment rate = 42% P>C ^g Monthly earnings = \$664 P>C ^e Monthly AFDC = \$632 P<C ^e
\$1,251 per year	Random assignment 3,210	5 years	Employment rate = 34% P>C ^c Monthly earnings = \$329 P>C ^e Monthly AFDC = \$327 P<C ^c
\$300 per month	Random assignment 5,297 teen parents	2 years	Employment rate = 48% P>C ^e Monthly earnings = \$160 P>C ^e Monthly AFDC = \$282 P<C ^e
Arkansas: \$198 per year Baltimore: \$418 per year Virginia: \$609 per year	Random assignment Arkansas: 1,127 Baltimore: 2,757 Virginia: 3,150	5 years	Arkansas Employment rate = 50% P=C Monthly earnings = \$176 P=C Monthly AFDC = \$95 P=C Baltimore Employment rate = 78% P=C Monthly earnings = \$391 P>C ^c Monthly AFDC = \$251 P=C Virginia Employment rate = 76% P>C ^e Monthly earnings = \$326 P>C ^g Monthly AFDC = \$149 P=C

^a P=participant group, C=control or comparison group. P=C indicates that the outcomes for the two groups did not differ to a degree considered significant in a statistical sense.

^b Earnings have not been adjusted to reflect different costs of living in different locations.

^c Indicates a difference that would occur by chance one time in 100.

^d The "outcomes" column reflects only the fraction of the sample that were ongoing AFDC cases when the program began, not new recipients.

^e Indicates a difference that would occur by chance one time in 20.

^f n/a = data not available in this form.

^g Indicates that a difference exists which would occur by chance only one time in 10.

evaluations provided in Table 1 indicates, most of the evaluations use experimental design methodologies that compare outcomes for individuals randomly assigned to a treatment group to outcomes for those who were randomly assigned to a control group. Such evaluations measure net impact—that is, the additional gains resulting from the treatment or program over and above what would have happened without the treatment. For example, outcomes such as the earnings of participants in a training program might be compared to those of control group members, who received no training. The results from such net-impact evaluations help to establish appropriate expectations for the magnitude of program effects and to tease out the relative effects of different types of services.

In general, studies such as those in Table 1 have shown that programs with activities directly related to employment, specifically job-search assistance and short-term work experience, can increase employment and earnings and, in some cases, reduce welfare costs.^{3–15} More intensive training and service strategies, such as sup-

Typically, participants in low-intensity services earn about \$250 to \$700 a year more than those in the control group.

ported work experience, can produce greater impacts on employment and earnings than can less intensive strategies, but the more intensive options cost more and can therefore serve relatively fewer participants. However, even the most successful interventions produce only small gains and have not generally been able to move individuals, children, and families out of poverty and permanently off welfare.^{2,16–18}

Employment

Most welfare reform demonstrations that have provided job-search assistance, work experience, training, or a combination of services have had positive, yet modest, effects on rates of employment, ranging from about 2 to about 10 percentage points. The employment rates, however, often remain low. For instance, the San Diego Saturation Work Initiative Model (SWIM) program had

an 8-point impact on employment rates after one year; just 35% of the welfare recipients in the demonstration program were employed, compared to 27% of the recipients in the control group.¹⁹ After five years, participants were still more likely to be employed, as Table 1 shows. A number of other programs, such as the demonstrations of the Work Incentive Program (WIN) undertaken in the 1980s, had virtually no impact on rates of employment, although some programs increased the wages of those who worked, and reduced welfare costs.

Earnings and Welfare Costs

The welfare reform programs have had more consistent effects on earnings than they have had on rates of employment. Typically, participants in low-intensity services like job search and unpaid work earn about \$250 to \$700 a year more than those in the control group.¹⁷ Some recent studies suggest that comprehensive mixed strategies that integrate basic education with vocational training can have much greater impact. An evaluation of the Center for Employment Training (CET) in San Jose, California, for example, found that five years after participating in the program, teen parents were earning about \$3,000 a year more than teen parents in a control group, who did not participate in the program.²⁰

Even when programs have positive effects on earnings, however, few consistent effects on welfare emerge, either in terms of time spent on welfare or grant levels.¹⁷ In large part this is because few welfare recipients are able to remain continuously employed at jobs that pay enough to assure economic self-sufficiency. Before the recent welfare reform legislation, about half of all individuals who left welfare for a job returned to the public assistance rolls within a year. (See the article by Hershey and Pavetti in this journal issue.) The new TANF block grant rules impose a five-year lifetime limit on receipt of federal cash assistance. Many recipients will eventually reach that limit and not have the option of returning to welfare when they lose a job. An important issue for states, then, will be to determine the appropriate balance between emphasizing immediate job placement for welfare recipients versus investing in the skills training needed for better jobs.

Job Placement or Training?

State and local welfare-to-work programs have always differed in the relative emphasis they place on training and education, public jobs, and immediate job entry. Currently, the trend is away from long-term training, education, and paid community-service jobs and toward more emphasis on direct job entry and job-search requirements. There is a growing consensus that welfare recipients should not be on public assistance for long periods of time but should be expected to work. The currently strong economy, and high demand for workers, further encourages requirements for immediate work.

Evaluation findings also support “work first” strategies, since many studies indicate that more intensive training strategies have had only modest impacts on employment and earnings. A major evaluation currently under way in three sites is comparing the effects of “labor force attachment” and “human-capital development” approaches by applying both strategies in the same community contexts. Early results suggest that, in the short term at least, the labor force attachment strategies of immediate job search yield larger overall effects than do strategies that build human capital through education and training.²¹ Proponents of the human-capital approach, though, point out that investments in training and education have been minimal, and measurable positive effects may be lacking because the quality of the training was not high enough and the length of the training was too short.

Improving Program Performance and Outcomes

The promising findings of these demonstration welfare-to-work programs have played a

key role in shaping welfare reform policy, yet, to justify their efforts, public agencies cannot always use research showing net effects for individuals. Rather, public administrators are held accountable for achieving aggregate program results, which are measured by the number of cases closed or the number of welfare recipients who enter employment. Despite limited funding,²² work-welfare programs have been criticized for not serving enough people, not placing enough people in jobs, not helping people move out of poverty, and not reducing welfare dependency.¹ What, then, can be done to improve overall program performance? Three important ways in which the performance and outcomes of work-welfare programs can be improved are: by increasing participation rates, by strengthening implementation, and by building ties to the labor market.

Increasing Participation

While several work-welfare demonstrations increased the earnings of those in the

programs, most programs have not engaged substantial portions of the welfare caseload. In many of the programs included in Table 1, participation mandates extended only to women with no children under age six, including less than 40% of the families who received AFDC (typically, women with younger children could volunteer for the programs, but were not required to participate).²³ Most of the work-welfare programs and demonstrations of the 1980s served no more than 5% to 15% of all AFDC adults in the sites where they operated.¹⁷

A number of work-welfare programs in the 1990s have served substantially higher proportions of the AFDC caseload. For example, in Iowa about 50% of the AFDC adults now participate in JOBS activities, and about 90% of Utah's AFDC adults are in activities designed to increase self-sufficiency.²⁴ Most of these programs include specific efforts to increase participation, initiating clear policies that obligate welfare recipients to cooperate and participate in activities to promote employment. Among other strategies, states have expanded participation

Most of the work-welfare programs of the 1980s served no more than 5% to 15% of all AFDC adults in the sites where they operated.

mandates to a larger fraction of the AFDC caseload, have introduced stronger sanctions for nonparticipation and imposed time limits on benefits, and have redefined the meaning of participation to include a range of "desirable activities" in addition to work. Some states have also increased child care, case management, and other services to remove barriers to participation.

Participation Mandates

The 1988 Family Support Act emphasized participation by setting goals for the proportion of nonexempt welfare recipients states should serve in work-welfare programs funded by JOBS. By 1995, states were to serve 20% of clients who had children older than three.²⁵ Several states have gone further to increase participation by reducing exemptions from participation mandates for women with even young children and involv-

ing a larger fraction of mandatory participants than is required by the JOBS program. For instance, the San Diego SWIM program, begun in the mid-1980s, engaged 64% of the recipients who were mandated to participate or suffer financial sanctions (those with no children less than six years old).¹⁹ More recently, Florida's Project Independence achieved a similar participation rate of 64% over a two-year period, even though women with children aged three to six were also included in the mandatory population.²⁶ The Teenage Parent Demonstration Program required teenage mothers assigned to the program group to participate in school, training, or employment as a condition of receiving welfare, and 60% participated in at least one major activity.¹³

Sanctions

States have also strengthened the sanctions imposed on clients for not participating. Since 1968, states have had the authority to reduce a family's welfare payment if the adult who was required to participate in a work program did not comply. Before the 1990s, though, fewer than 5% of welfare households nationwide had their grants reduced. Local welfare workers faced with many volunteers but limited funds for work-welfare activities may have thought it was not worthwhile to spend much time on those who were not interested in participating.

Policies that impose sanctions can actually serve many purposes for welfare program staff. Participation requirements backed up by reasonable but tough sanctions can purge the caseload of recipients who have alternative means of support or who are not interested in receiving welfare if it means they must work. Sanctions also provide a concrete message that the welfare system has changed—that the agency will reduce or eliminate grants when new expectations imposed on recipients are not met. A credible threat of sanctions also gives case managers a valuable tool for motivating clients who might not otherwise participate in activities to promote self-sufficiency.^{13,27}

A related policy is that of limiting the amount of time a family can receive benefits without working. A five-year time limit on the receipt of federal cash assistance is included in the new federal welfare law, but several states, including Virginia, Massa-

chusetts, Florida, and Iowa, have begun experimenting with limits of two years or less. While it is still too soon to know what effect time limits will have on employment, earnings, and family well-being, welfare staff in some states have said that they believe that time limits, serious participation requirements, and sanctions increase participation in work-related activities.²⁴ The new message of welfare is, “We will help you, but only if you are serious about getting a job, and only for a short period of time.”

Facilitating Participation

Taking a different approach, some states have redefined the meaning of participation to include productive activities other than job search, training, or education. In Utah, for instance, involvement in needed substance-abuse treatment, mental health counseling, and parent training classes can satisfy participation requirements. However, the new federal welfare law narrowly defines the activities that can count as participation for the purpose of meeting federal requirements, and this restriction may dissuade states from following in Utah’s footsteps.

Some welfare agencies seek to address barriers to participation in welfare-to-work activities. Often, these are the same difficulties that will also impede the ability of welfare recipients to work and become self-sufficient. In order to work, many recipients need child care, case management, job counseling, job training, and remedial education, all of which require staff time and additional resources. Some states such as Wisconsin and Iowa, for instance, have stated a commitment that they will make needed help available to enable welfare recipients to work. Other states may find that they, too, must increase services if they are to raise the levels of participation in welfare-to-work activities as well as the levels of successful transition to employment.

Voluntary work-welfare programs have proved able to attract large numbers of participants without imposing mandatory participation requirements. For example, intensive private-sector job training programs such as Project Quest in the San Antonio area and the CET program in San Jose, mentioned earlier, have found that more welfare recipients and disadvantaged individuals are interested in participating in their programs

than they have resources to serve.²⁰ In 1987, the voluntary Massachusetts Employment and Training Choices Program (ET) for AFDC recipients, which operated during very good economic times, achieved participation rates of 50% through aggressive marketing and public information campaigns aimed at both clients and employers.³

These experiences suggest, then, that the keys to successful mandatory programs are to make the expectations clear and to carry through on both the services that the agency says it can provide and the penalties that will be imposed. Successful voluntary programs must assure that there are real jobs or training opportunities available, then actively market the program to employers and clients, and publicize the availability of those opportunities.

Strengthening Implementation

Achieving a high rate of participation is just the first challenge of effective service delivery; attention to program implementation is equally important to a successful program. Evaluations of work-welfare demonstrations of the past 20 years clearly show that employment, training, education, and work requirement programs can be cost-effective, as long as they are well executed.²⁸ But not all evalu-

The new message of welfare is, “We will help you, but only if you are serious about getting a job, and only for a short period of time.”

ated demonstrations and programs have been found to have positive effects, and the effects of programs using similar strategies vary across sites and over time. One study compared high- and low-performing WIN programs in the late 1970s in order to understand why some programs succeed and others do not.²⁷ The high-performing programs shared certain characteristics not found in the low-performing programs.

First, in successful programs a consensus among administrators, managers, and staff about the program’s goals and priorities focuses the program’s efforts on key objectives. In a poorly managed program, staff members often have different perceptions

of the program's goals and little understanding of their responsibilities in relation to the overall objectives. For instance, if official welfare reform policy makes work and employment the top priority, but local welfare offices emphasize procedures for documenting eligibility for cash assistance, little progress will be made toward employment. Changing the culture of public welfare offices to serve as employment centers will be a major managerial and organizational challenge in many cases.

Second, in high-performing programs a broad range of employment, training, counseling, and other supportive services is available to enable recipients to be placed in jobs of adequate quality (in terms of wages and prospects for job stability). Simply instituting job-search requirements may yield a large number of job placements, but they will not necessarily be jobs offering the stability or wages required for self-sufficiency.

Third, in the most effective programs the staff's attitudes and the delivery of services are client-oriented, even when the program includes strong mandatory obligations. Not all clients need individualized services and counseling, but some do. Analysts and program administrators informally suggest that as many as 10% to 15% of new applicants for welfare may be diverted by

The weakest part of the current programs administered by welfare agencies may be their poor understanding of the labor market.

strong participation requirements, and another third may obtain jobs through a required job search. The remaining 50% or more of clients will most likely need the help of staff who can serve as job brokers or case managers, not just enforcers of welfare rules. Welfare workers who document eligibility for welfare assistance, often called "income maintenance workers," now have caseloads of 200 or more. They cannot be expected to serve as employment coaches unless their caseloads are reduced. Policymakers must be realistic about what programs can achieve without significant funding increases.

Building Ties to the Labor Market

A final challenge for successful welfare-to-work programs is to understand and work with the labor market. The labor market is the dimension through which work-welfare programs expect to achieve success. Yet, the weakest part of the current programs administered by welfare agencies may be their poor understanding of the labor market. Few, if any, resources are devoted to cultivating relationships with firms and industries, to developing jobs for particular individuals, or to staying informed about occupational or technological changes that may dictate the skills required in the workplace. In contrast, some small-scale nonprofit training programs and institutions (such as Project Quest and CET, the voluntary programs with strong effects on earnings that were mentioned earlier) use detailed knowledge of the labor market to prepare participants for jobs that are in demand. These programs succeed in part because they are not responsible for the full welfare population and can select the few recipients who they can serve effectively, but their success also suggests that stronger ties to the labor market can be of benefit to a wide range of programs. To date, public welfare programs have focused on benefits, services, and—most recently—job search and participation requirements. There is now an urgent need to integrate into these public programs the knowledge of the labor market and business that strengthens successful private programs.

The labor market also defines the limits of the success welfare-to-work programs can achieve. If the objective is to move welfare recipients into jobs, common sense suggests that this transition will be more likely to occur when unemployment rates are low and employer demand for workers is high. In the study of high- and low-performing WIN programs mentioned earlier, between 30% and 50% of the variation in program performance was explained by labor market and demographic conditions, such as employment growth in the area, the proportion of local jobs requiring limited skills, the local poverty and unemployment rates, and the prevailing hourly wages.²⁷

There is growing recognition that poor labor market conditions, especially when combined with the low skills of the welfare population, place serious constraints on

local programs that are trying to move families out of poverty and welfare. Recent analyses of the current and future labor market indicate that the nation is undergoing major structural changes in the economy,²⁹⁻³⁰ and earnings prospects for individuals with low education and skills are bleak. (See the article by Burtless in this journal issue.) Concerns about the ability of the labor market to serve as the economic vehicle to move people out of poverty has spurred development of a variety of other approaches for welfare recipients in addition to traditional employment and training programs.

One example is the New Hope Project, currently being tested in two very-low-income neighborhoods in Milwaukee. New Hope is an alternative to welfare, not a work-welfare program, designed to help individuals work in the regular (but increasingly insecure) job market. New Hope participants are guaranteed that their income will be above poverty as long as they work, and the program provides subsidized community service jobs to workers who cannot find a full-time job in the regular labor market. Workers receive wage supplements in addition to their paid wages and can buy into a health care plan and child care, for fees based on their income.

It is still too soon to determine the effect of New Hope on work, poverty, and welfare, but the model is promising in that it does not simply assume that the regular labor market can provide a full answer to welfare dependency and family poverty, and it

attempts to compensate for the weaknesses in the labor market. Welfare reform strategies that increase the amount of earned income that is “disregarded” when the welfare grant is calculated also represent efforts to make it worthwhile for welfare recipients to work in the regular job market, even in low-paying jobs. In New Hope, low wages are directly supplemented; in the welfare projects, low wages are indirectly supplemented by allowing workers to continue to receive some welfare payment.

Conclusion

While the nation is surely embarking on a new phase in the history of its social policy, program administrators should not forget the several decades of past experience that can help guide welfare reform decisions in the coming years. The main message from the accumulated years of experience is that there is no single answer to the problems of poverty and welfare dependency. Simply requiring individuals to work is not enough to make them permanently self-sufficient if they do not possess adequate skills, if jobs are not available, or if their wages are too low. States should make available a broad range of services and encourage a variety of employment-related strategies to meet the needs of a very diverse population. But in the end, the success of state and local programs may heavily depend on how well program leaders understand the local labor market and its cyclical fluctuations, and how well they incorporate that understanding into their work-welfare strategies.

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The Partners of Welfare Mothers: Potential Earnings and Child Support

Michael J. Brien
Robert J. Willis

Abstract

Public interest in promoting the self-sufficiency of families that depend on welfare concerns the ability of fathers, as well as mothers, to support their children through employment. Many welfare recipients are never-married women, and their children seldom receive child support payments. This article estimates the financial resources that go untapped when child support is not collected from the men who father children who later receive AFDC benefits. While these men may earn little at the time the child is born, their incomes are likely to escalate over time. The child support payments they would make over the child's first 18 years equal almost half of the welfare benefit received by the mother and child. Based on these probable long-term earnings, the authors urge policymakers to invest in efforts to establish paternity and collect child support.

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In confronting high rates of poverty for children living in mother-only households, policymakers have begun to turn their attention to an often neglected component of the problem: the fathers of these children. The policy focus falls on the resources that could be made available to children through child support paid by the father. If tapped, these resources could reduce the likelihood of poverty for children by supplementing welfare payments and easing the mother's burden of support. Alternatively, the father's contributions could be used to reduce public expenditures on the children. It is generally believed that the resources of absent fathers (especially the partners of young mothers) are quite limited. The fact that a young father may be unemployed or poorly paid when his child is born need not imply, however, that he will never be able to provide significant support. The potential benefits of paternity establishment and child support enforcement depend on the father's eventual earnings, in addition to his current situation.

This article attempts to measure the resources that could be provided by fathers who do not live with their children, focusing on children whose

mothers participate in welfare programs. Since information about absent fathers is very rarely available, either to researchers or to state officials, this article combines data from several sources to make a statistical match between parents and to characterize the men who live apart from their children, and then to estimate the potential financial support these men could provide over the child's first 18 years of life. The results of this study suggest that the partners of women who participate in welfare programs do, or will eventually, have resources to provide financial support to their children. While not always large, this potential support could offset a large portion of the welfare payments received by the mother or could help raise the children out of poverty.

The Prevalence of Single-Parent Households

The significance of child support as a policy issue reflects the rapid increase in the proportion of families that are headed by single mothers. In 1991, fully 19% of white families with children and 58% of black families were maintained by mothers.¹ As recently as 1970, those proportions were only 9% and 33%, respectively.

This dramatic change results from a combination of factors: rising divorce rates, the increase in births that occur out of wedlock, and declining numbers of "shotgun marriages." Since 1960, when more than 90% of all births were to married couples,² the proportion of children born out of wedlock has grown steadily. By 1990, about 20% of white births, 40% of Hispanic births, and more than 65% of black births were to unmarried mothers. The likelihood that women will marry at the start of a pregnancy or shortly after the birth of a child has also declined substantially. One study of shotgun marriages found that, for white women, the likelihood that first births conceived out of wedlock would be quickly followed by marriage hovered between 50% and 60% through most of the 1950s and 1960s,³ but fell to 30% in 1989. A similar trend occurred among black unwed pregnant women, less than 10% of whom had a shotgun marriage in 1989.

These trends away from marriage have provoked alarm about the demise of the traditional family and concern that single parenthood might harm the well-being of children. Poverty is a key concern, since 67% of children residing with never-married mothers lived in poverty in 1989.⁴ Many absent fathers pay little or no child support, leaving

the mother to pay household and child-rearing expenses with whatever assistance she can secure from formal and informal sources. To address this problem, legislation has been enacted to target more aggressively the resources of the noncustodial parent, usually the father of the child.

For instance, the Family Support Act of 1988 has strong and interesting implications for the costs of absent fatherhood and their distribution between the father, the mother and child, and the rest of society. Specifically, the act mandates that each state develop a child support formula to determine the minimum amount of support that a father must pay as a function of his own income and, in some states, the income of the custodial mother. These formulas apply to the fathers of children born outside of marriage as well as to divorced fathers. The act also emphasizes the importance of establishing paternity for all children, regardless of the marital status of the parents at the time of the child's birth, and it requires extensive (and potentially expensive) enforcement machinery to ensure that the father pays child support until the child reaches age 18. Beginning in 1994, the enforcement provisions mandated wage withholding for all fathers who are under child support orders. It is still too early to tell how much effect these new policies concerning child support will have on the resources available to benefit children, or how they may change as the states assume more control over welfare policy.

Securing Child Support

The securing of child support is in many cases very complicated. For some women it might involve legal proceedings to establish paternity or to determine the size of the child support award. The award process

itself has changed dramatically over the years, with states now being required to have specific formulas to determine the level of the financial obligation for the noncustodial parent.⁵ While it has been estimated that 58% of all families with an absentee father had been awarded child support in 1989, only half as many never-married women had support awards.⁶ Though this figure is low, it represents an improvement from the previous decade. Researchers report that in 1979 only 8% of never-married mothers had a child support order. By 1986, this figure had grown to 15%, and it reached 24% in 1989.⁷

The disparity in support awards between divorced and never-married mothers reflects the tenuous relationship of the never-married father to the child and mother. While the obligations of divorced fathers are a matter of public record, paternity must be explicitly established in the case of nonmarital childbearing. By one estimate, paternity was established for fewer than one-fourth of all nonmarital births in 1986.^{8,9} Researchers have also found substantial variation over time and across states and localities in rates of paternity adjudication.^{10,11} While the levels have been increasing, paternity is not established for most nonmarital births, and that lack of established paternity obviously prevents the courts from making a child support award.^{12,13}

But being awarded support is only part of the battle. The question of how much money is actually transferred to the custodial parent after support is awarded is a separate matter that concerns both the efficacy of child support enforcement and the father's ability to pay.¹⁴ Only about 75% of mothers with child support awards in 1989 actually received support from the child's father. The levels of support received varied substantially by the marital status of the mother, as well: Never-married women received on average \$1,888 in support per year, while divorced women received \$3,322.⁶

Can Fathers Pay?

The relatively low level of support going to unmarried households may reflect the characteristics of men who father children out of wedlock, as well as the vigor of child support enforcement. Perhaps unwed fathers simply lack resources. Studies using national data sets have generally shown that men who

become fathers when young and unmarried have less education and lower earnings later in life than do men who delay fatherhood.¹⁵⁻¹⁸ A study of births in Baltimore in 1983 found that the partners of urban, teenage mothers (who were predominately unmarried) had lower levels of education when their child was born than did the partners of women who had a birth after their teen years.¹⁹

On the other hand, there is also evidence that many absent fathers are significantly older than their female partners and do, or will eventually, have resources to provide child support. Studies indicate that about 60% of new unmarried teen mothers have partners who are beyond their teen years.^{15,20} Moreover, even young fathers will

Never-married women received on average \$1,888 in support per year, while divorced women received \$3,322.

mature, and most will find work and secure a steady income. One study of noncustodial parents in all types of families found that current child support formulas would require fathers to pay three times what they owed in child support in 1983.²¹

Another study focused on recipients of Aid to Families with Dependent Children (AFDC) who had not been awarded child support, using administrative records in 11 states to determine the financial resources of the absent fathers.²² The case files of women who had received welfare for a minimum of two years and lacked support orders were reviewed to find cases that included the father's Social Security number in the file. The earnings data kept by the Social Security Administration revealed that many of the men had substantial incomes and should have been able to pay a meaningful portion of the AFDC benefit received by the family. This study had several limitations, however. Its sample was restricted to men with known Social Security numbers, so it could capture fathers' incomes for fewer than half of the cases without support orders. Moreover, the study included only earnings reported to the Social Security Administration during a single year, missing

any change that might take place over the father's lifetime.

The longitudinal data needed to examine earnings growth were available to researchers who used court records from Wisconsin to consider the earnings of a sample of men over the first seven years after their divorce or paternity suit.²³ Demonstrating the importance of paternity establishment and child support enforcement, the researchers found that absent fathers, even those whose children were born outside of marriage, experienced substantial income growth over this seven-year

Wisconsin's child support statute requires that a father with one child pay 17% of his income as child support.

period. Of course, these are men whose paternity was established and whose partners apparently believed there was some chance of obtaining meaningful amounts of support, judging from their willingness to file the suit in court. It may be that men in this category have more income growth than, say, men who did not acknowledge their children and whose partners believed they had no chance of obtaining support.

Estimating Available Resources

These studies together make it clear that to assess fully the benefits of additional paternity establishment and child support enforcement efforts, it is essential to determine the size of the untapped parental resources. The next section of this article describes an effort to estimate the resources available to absent fathers by developing profiles of men who do not reside with their children, and then using longitudinal data to document their earnings over the first 18 years of the child's life. Based on those earnings trajectories, one can estimate the child support payments such fathers would be expected to make.

It should be noted that this article focuses on child support obligations and the potential pool of untapped financial resources held by fathers and does not con-

sider several related issues. The research does not address the issue of compliance, although fathers may refuse to comply with child support orders, and locating the father and ensuring compliance may be prohibitively expensive. Second, the study considers only the potential financial contributions of fathers, although men may of course make other contributions to the life of their children, through in-kind transfers or through emotional or psychological support. These avenues are not explored in this study.

Predicting Potential Support

Large national surveys of women and men can be creatively manipulated to estimate the resources that absent fathers could provide to their children, and thus predict potential support, although several obstacles make this a difficult challenge. The most fundamental problem is that information linking fathers and mothers who do not live together is seldom available, especially if the couple was never married. Many longitudinal data sets collect detailed information from respondents (male and female) about their parenthood, but if the father and mother live separately, little information is collected from one about the other.

Exploiting Two Data Sets

One source of data that provides information on both the mother and father is the National Maternal and Infant Health Survey (NMIHS). This data set focuses on a random sample of 9,953 women between 15 and 49 years of age who had a live birth in 1988, and it includes a limited set of characteristics of both the mother and father, such as age, marital status, education, race, receipt of government assistance after the birth, and the father's employment status and residence with the mother. That information makes it possible to characterize the partners of women who receive government assistance, and to ask whether these men are able to provide reasonable amounts of child support.

One can calculate using these data, for a woman of a given age, race, and AFDC status, the probability that her partner was in a given age, education, and marital status group.²⁴ These probabilities allow one to know something about the men with whom women are having children. To calculate potential child support payments, informa-



tion is needed on both the earnings and the number of children these men will have over the first 18 years of the child's life, the years in which the fathers would be obligated to pay support. For this information, the study uses a sample of men who participated in another survey—the National Longitudinal Survey of Youth (NLSY), which includes extensive demographic and financial data gathered yearly. Because the NLSY documents any child a man has had outside of marriage, and records his annual earnings and the births of additional children, it can be used to construct fatherhood, marriage, income, and education histories for this sample of 4,231 men.

Of course, any survey on fatherhood is limited by the likelihood that some men will fail to report at least some of the children they father, especially men who are unwed and have little contact with the child. One study²⁵ suggests that the men in their early twenties underreport births to the NLSY interviewers by 15% to 23%. This issue is significant because the men who do not report the birth to survey researchers may be those who also walk away from parenting responsibility. When such fathers cannot be included in research samples, study findings may overestimate the involvement of absent fathers with their children.

The information from these two data sets (the NMIHS and the NLSY) can be com-

bined to link mothers with different characteristics to estimates of the financial resources available from the absent fathers of their children. For instance, consider the case of an 18-year-old mother who participates in a welfare program. The NMIHS establishes the probability that her partner has particular characteristics, and the NLSY indicates the likely earnings of that type of man. One can then apply a formula for calculating child support obligations to determine the child support obligation that would confront such a man (based on his income and the number of children he has fathered). Here, child support obligations were computed using Wisconsin's child support statute. This relatively straightforward standard requires that a father with one child pay 17% of his income as child support. If the man has a second child, his obligation toward each child is 12.5% of his income. With three children, this obligation is 9.7%, and with four children it becomes 7.75% per child.²⁶ Finally, to calculate the support available to the 18-year-old mother, one simply multiplies the probability that the partner was in a particular category by the associated potential child support, and sums these products across all types of men.

Mothers and Fathers, On and Off Welfare

The data from the NMIHS present a picture not only of the mothers who gave birth in 1988, but also of the men who fathered their

Table 1

Background Characteristics of Fathers of Children Born in 1988			
Characteristics	Percentage of All Who Had Births in 1988	Percentage of Nonblacks Who Received AFDC	Percentage of Blacks Who Received AFDC
Mother's Cohabitation			
Married at birth	75	36	12
Living with father at birth	81	52	24
Living with father at survey	78	36	15
Father's Age^a			
17 or less	1	2	5
18 to 19 years	4	8	10
20 to 21 years	7	12	13
22 to 25 years	20	29	29
26 or more	69	50	43
Father's Education^a			
Less than high school	17	45	27
High school	42	46	58
Some college	18	7	11
College and more	23	2	3
Father's Work Status (During Mother's Pregnancy)			
Worked	93	75	70
Average hours worked ^b	44.5 hours	40.4 hours	38.9 hours
^a Detail may not total 100% due to rounding. ^b This average is computed only for those who worked at least one hour.			

Source: Calculated by the authors based on data from the Centers for Disease Control and Prevention. *National Maternal Infant Health Survey* (1988). Available from National Center for Health Statistics, 6525 Belcrest Rd., Rm. 840, Hyattsville, MD 20782. Sample includes only valid responses, and sample weights are used so information above represents the partners of all women between the ages of 15 and 49 who had a birth in 1988.

children. The mothers who reported receiving AFDC were younger, had lower levels of education, came from households with less income, and had more children than the total group of women who gave birth that year. Given the eligibility rules for AFDC, women who receive welfare are unlikely to be married. Nevertheless, as Table 1 shows, a surprising proportion of welfare recipients report living with the father during the pregnancy and afterwards (36% of non-black women and 15% of black women coresided with the father of their child when the survey was conducted an average of 16 months after the birth).²⁷ Table 1 also shows that the male partners of AFDC recipients are younger and have less education than the total group of men who became fathers in 1988.²⁸ A much smaller percentage were working, and they worked fewer hours. It must be noted that many women, particularly unmarried women, are unable or reluctant to provide information about

their partners: More than 7% of AFDC mothers did not report the work status of their partners.

Men's Earnings and Potential Child Support

When the earnings of a sample of men who match the characteristics of absent fathers are examined using the NLSY, it becomes clear that the incomes even of absent fathers vary with the mother's age and race.²⁹ Fathers' earnings are higher for women who delay childbearing to later ages, and the incomes of nonblack women's partners exceed those of black women's partners. Table 2 shows the incomes of the mother's predicted partner over the first 18 years of a child's life, comparing mothers who received AFDC after the birth with those who did not. The table shows the discounted present value of the man's projected 18-year earnings, in 1994 dollars.

Table 2

Fathers' Estimated Earnings and Child Support Obligations by Mother's Age, Race, and AFDC Status					
Characteristics	Age of the Mother at Child's Birth				
	17 or less	18 to 19	20 to 21	22 to 25	26 or more
Mothers Who Do Not Receive AFDC					
Nonblack mothers					
Estimated earnings over 18 years	\$239,536	\$278,147	\$314,193	\$354,760	\$436,622
Average monthly income	1,708	1,983	2,240	2,529	3,113
Child support over 18 years	32,534	38,321	44,850	52,153	64,958
Average monthly payment	232	274	320	372	463
Black mothers					
Estimated earnings over 18 years	\$227,607	\$270,765	\$292,487	\$325,309	\$352,080
Average monthly income	1,622	1,931	2,085	2,320	2,510
Child support over 18 years	30,893	37,614	41,568	48,070	53,613
Average monthly payment	220	268	296	343	382
Mothers Who Do Receive AFDC					
Nonblack mothers					
Estimated earnings over 18 years	\$192,393	\$260,900	\$274,000	\$288,423	\$275,710
Average monthly income	1,371	1,860	1,953	2,057	1,965
Child support over 18 years	26,667	37,440	39,828	43,046	42,826
Average monthly payment	190	266	284	307	306
Black mothers					
Estimated earnings over 18 years	\$226,436	\$246,621	\$263,471	\$281,575	\$350,627
Average monthly income	1,614	1,758	1,878	2,008	2,499
Child support over 18 years	30,633	34,410	38,146	42,338	54,408
Average monthly payment	219	245	272	302	388
<p>Note: These estimates were constructed by the authors using data from the National Longitudinal Survey of Youth, as discussed in the text. The child support obligation is based on the formula used in Wisconsin. The earnings and child support figures are the discounted present value of estimated earnings over the first 18 years of a child's life. All values are in 1994 dollars and assume a 5% interest rate.</p>					

Source: National Longitudinal Survey of Youth (CD-ROM) Ohio State University, 1979-92. Available from NLS User Services, 921 Chatham Lane, Suite 200, Columbus, OH 43221.

Focusing first on women who did not collect AFDC, Table 2 indicates that the likely partner of a nonblack woman who had a child when she was under 18 would earn \$239,536 over 18 years, or \$1,708 per month. The partner of a woman with similar characteristics who had her child after age 25 would earn \$436,622 over those 18 years, or \$3,113 per month. Partners of black women who did not receive AFDC earned from \$1,622 to \$2,510 per month.

Still considering only the women who did not receive AFDC, one finds that if a nonblack woman under 18 was awarded and collected child support under the Wisconsin statutes, she could look forward to \$232 per month in child support. Her black counterpart would be owed \$220 per

month in child support. In general, the value of the expected support increases with the age of the woman and is higher for nonblack women.

Less support is available from partners to women who received AFDC after the child's birth. This is not surprising, given the evidence shown in Table 1 that the partners of AFDC mothers work less and have less education than the typical father. Moreover, the potential child support available to AFDC mothers is less affected by the age of the mother at childbirth. For nonblack women who did not depend on AFDC, the potential monthly child support estimates doubled when comparing the youngest and the oldest mothers. Among nonblack AFDC recipients, the older women could tap only 61%

more potential support than was available to the younger women.

Implications for Child Support Policy

The child support estimates presented in Table 2 can be compared to the welfare payments the government makes to mothers who fit in each category studied. As an illustration, consider a single nonblack 17-year-old with one child, living in Wisconsin, a state with relatively generous welfare benefits. In 1994, the maximum AFDC benefit provided to this mother would be \$440 per month. The predicted child support obligation of that mother's partner (\$190 per month) represents 43% of the value of the welfare benefit she receives. Federal law requires that additional payments by the father can increase the income of the welfare recipient mother by only \$50 per month. The remaining payments by the father must be used to reduce the AFDC payments to the mother. It is important to note that this rule may affect the mother's incentive to establish paternity and subsequently pursue a child support award. In states with less generous welfare payments than Wisconsin, child support collection would offset an even greater proportion of public welfare expenditures.

Of course, the payments described here presume perfect enforcement of the child support law. In reality, that is not possible, since enforcement is costly and fraught with difficulties. Nevertheless, when policymakers determine the degree to which child support laws should be enforced, they should consider the resources that might be raised through child support and evaluate the effect those resources might have on the cost to taxpayers of assisting poor children. Policymakers commonly underestimate the contributions fathers can make to AFDC mothers by failing to anticipate how the earning power of these fathers will change as they mature during the first 18 years of the child's life.

This article has examined the potential child support available to women who collect public assistance. The evidence presented here suggests that absent fathers are able to provide a substantial level of support, even as much as 40% to 50% of AFDC benefits. This support could help alleviate the high level of poverty among these families and defer public expenditures on their behalf. Recognizing that absent fathers will experience income growth over the life of their child, policymakers should reassess the benefits of rigorous paternity establishment and child support enforcement.

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29. Given the large differences in marriage and fertility behavior between whites and blacks, the subsequent analysis is done separately by race.

Turning Job Finders into Job Keepers

Alan M. Hershey
LaDonna A. Pavetti

Abstract

Most welfare-to-work programs designed to help single mothers leave welfare for employment focus on the challenge of finding a job. This article looks beyond the point of employment to consider the difficulty many former welfare recipients have keeping their jobs. The authors review evidence showing that many families cycle back and forth between welfare and work, losing jobs and returning to public assistance while they seek work again. Factors contributing to high rates of job loss include characteristics of the job and of the worker: Temporary jobs, frequent layoffs, low pay in relation to work expenses, lack of experience meeting employer expectations, and personal or family problems all lead to dismissals and resignations. Drawing from the experience of innovative programs, the authors recommend policy changes and program approaches that can help families overcome setbacks and stabilize their lives as they move from welfare into increasingly stable employment.

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Political rhetoric, its translation by the press, and the design of some welfare-to-work programs can give the impression that the challenge facing welfare policymakers is how to “put welfare recipients to work.” Public discontent over welfare expenditures is stoked by perceptions of welfare recipients as idle beneficiaries of taxpayer support who lack the motivation that keeps most Americans working. The major interventions to move single mothers with children off the welfare rolls have focused on the challenge of “getting a job,” but continuing program experience and research have brought to light the importance of helping welfare recipients to stay employed.

This article reviews what is known about the “job-keeping” challenge. Both research and program experience suggest that work is actually a common experience for women who received Aid to Families with Dependent Children (AFDC), but their hold on employment is tenuous. Job loss occurs frequently because of the nature of the jobs welfare recipients find, the technical and personal skills they bring to jobs, and the pressures and disruptions they face in their personal lives as they juggle responsibilities to their children and their employers. The article also points out that current wel-

fare policy provides only a limited framework for addressing the factors that contribute to job loss and for helping former recipients find new jobs.

A few novel programs suggest promising approaches that can promote sustained employment. Ongoing evaluations of these pioneering programs suggest that it is crucial to understand that leaving welfare is a long-term process that may involve many setbacks. Programs can help participants succeed by facilitating access to Medicaid and child care benefits, by offering individualized assistance in a nonbureaucratic manner, and by making reemployment resources accessible to former recipients before they return to the welfare rolls. While current efforts to promote job retention are promising, they are in their infancy, and continued effort is needed to develop effective program strategies, especially options that are not tied directly to the welfare office.

Employment and Job Stability Among AFDC Recipients

A look at employment patterns among AFDC recipients shows, first of all, that contrary to the impression conveyed by the term “welfare dependency,” relatively few welfare recipients depend totally on AFDC. A 1995 study by the Institute for Women’s Policy Research found that, during a two-year period, 43% of a sample of single mothers who received AFDC at some point combined welfare with earnings, either receiving both simultaneously or cycling back and forth between work and welfare.¹ Making ends meet on welfare and food stamps is extremely difficult for families. In one study, more than one-third of welfare mothers interviewed said their total benefits did not cover their basic housing and food costs.² On average, their benefits were reportedly a startling \$311 less than their monthly household expenses—a shortfall of 35%. The women filled this gap partly by working and partly by contributions from family, friends, male partners, and absent fathers.

The fact that employment is a common experience for many single mothers who receive AFDC benefits is not revealed by

administrative data describing the welfare caseload at any given time. In 1992, for example, administrative data showed that only 7% of mothers on AFDC were working, in contrast to the estimated 43% reported above.³ Several factors contribute to the extreme difference between these estimates. First, administrative records capture a single point in time, identifying only those who simultaneously work and receive welfare. Current welfare rules make this very difficult: In an average state, working just 20 hours a week for \$5 per hour makes a recipient ineligible for AFDC benefits after just four months. Most employment occurs before women begin receiving benefits or after they leave the welfare rolls, and it is discovered only in studies that follow women over the course of a year or more. Second, longer-term AFDC recipients dominate the welfare rolls at any given time; cross-sectional estimates thus largely reflect the experiences of recipients with the most limited employment prospects.⁴ Finally, not all employment is reported to the welfare department, especially if the employment is intermittent or occurs in the underground economy.²

Many women who leave welfare do so to work, and they often leave rather quickly. Current estimates of the fraction of welfare

Table 1

Successive Job Starts and Losses in the Portland, Oregon, JOBS Employment Retention Initiative
119 AFDC recipients find first job
72 of 119 (61%) lose first job
56 of 72 (78%) find second job
32 of 56 (57%) lose second job
22 of 32 (69%) find third job
10 of 22 (45%) lose third job
<p>Note: Because these work status changes occurred during a period of 6 to 12 months, reflecting the staggered entry of participants into the program, the extent of cycling in and out of jobs may be underestimated. Moreover, all in the sample were participating in an intensive postemployment program that probably held down rates of job loss.</p>

Source: Herr, T., Halpern, R., and Wagner, S.L. *Something old, something new: A case study of the Post-Employment Services Demonstration in Oregon*. Chicago, IL: Project Match, Erikson Institute, 1995.

exits that result from employment (rather than from marriage, for instance) vary from about half^{5,6} to two-thirds,⁷ depending on the sample and definitions used. The National Longitudinal Survey of Youth showed that 25% of young women on welfare left the AFDC rolls for employment within a year,⁵ and 41% by the end of five years. Relying solely on agency records can yield a very different estimate of employment exits; in one case, agency records indicated that 4% of welfare exits were due to employment, but surveys estimated the rate at 54%.^{8,9} Recipients often fail to report that they are working when they request termination of their benefits, and agency staff sometimes do not properly record the reason that is given. As a result, the frequency with which AFDC recipients leave welfare for work can be substantially underestimated.

The jobs welfare recipients find, however, generally do not last very long, and returns to welfare are common. Studies have found that between 25% and 40% of the women who left welfare for work were back on AFDC within a year.^{5,10-12} Studies that examine job loss among former welfare recipients, regardless of whether they return to the welfare system or not, find even higher rates of job loss. Researchers at Project Match, a program that provides long-term, individualized employment services to AFDC recipients from the Cabrini-Green community in Chicago, found that 57% of

employed participants lost their first job within six months.¹³ A study of the Massachusetts Employment and Training (ET) Choices Program in the 1980s found that, 12 to 16 months after leaving welfare for a job, 62% of participants had lost their first job, and almost half of those who had lost jobs remained unemployed.¹⁴

The pattern of rapid job acquisition and rapid job loss often repeats as low-income women return to welfare and then search for another job. This pattern is vividly portrayed in Table 1, which shows the employment patterns of a sample of AFDC recipients who found jobs in Portland, Oregon, in 1994-1995 and who were followed for a minimum of six months.¹⁵ There, 57% of those who found a second job also lost that one, but 69% of those women then went on to find a third job within the 6 to 12 months studied.

Job instability appears to be more common among women who turn to the welfare system for support than among those who never do. Information from the National Longitudinal Survey of Youth indicates that between ages 18 and 28, welfare recipients were almost as likely as nonrecipients to work. On the other hand, as Table 2 shows, they kept jobs for shorter periods, had longer periods between jobs, and spent only half as much time in the labor force over a 10-year period.

Table 2

Labor Force Participation and Job Instability Among Women Ages 18 to 28, by Welfare Receipt		
Characteristics	Women Who Never Received AFDC	Women Who Received AFDC
Percentage who ever worked in 10-year period	95.5%	95.0%
Average number of jobs held	7.5 jobs	6.5 jobs
Average length of each job	60 weeks	37 weeks
Average time between jobs	20 weeks	39 weeks
Total time in labor market in 10-year period	366 weeks	189 weeks

Source: Calculations by the authors based on data from the *National Longitudinal Survey of Youth* (CD-ROM) Ohio State University, 1979–92. Available from NLS User Services, 921 Chatham Lane, Suite 200, Columbus, OH 43221.

Factors Contributing to Job Loss

For poor American mothers—as well as those who are well-off—successful employment involves (1) finding a job with rewards that make working worthwhile, (2) meeting the employer’s expectations, (3) maintaining the physical and emotional health to handle responsibilities on and off the job, and (4) marshaling the resources such as transportation and child care that are required to integrate family and employment responsibilities. Doing this is especially difficult for poor women, who, as one observer noted, “face great uncertainty and complexity in their lives along with a very weak set of choices.”¹⁶

Welfare recipients who lose jobs attribute job loss to both job-related and personal factors. In a study of New Jersey mothers who had left welfare for a job and then left or lost their job, 57% said the main reason was job-related, such as being laid off or fired, receiving low wages or inadequate fringe benefits, disliking the job or its hours or location, or switching to another job (see Table 3). The remaining 43% cited personal reasons such as pregnancy, health or family problems, difficulties with child care, inadequate transportation, change of residence, termination of Medicaid coverage, or incarceration.¹⁰ These self-reported reasons suggest four broad problem areas relating to the low rewards of working, the high

cost of working, layoffs and firing by employer, and personal health or family problems.

Low Rewards of Working

Single mothers who leave welfare for work often find themselves marginally employed and economically insecure. One study of a nationally representative group of 450 women who had left welfare for a job found the women worked, on average, just 20 hours per week and earned from \$203 to \$387 monthly.¹⁷ Almost one-third worked at two jobs simultaneously in an effort to earn enough to support their families.

The jobs recipients find rarely offer fringe benefits, and they give little assurance of steady income. In the New Jersey study cited earlier, 78% of the women leaving welfare took jobs that at least initially offered no health insurance benefits, and two-thirds of them still lacked employer-provided coverage 18 months later.¹⁰ (See the article by Moffitt and Slade in this journal issue.) An evaluation of the California Greater Avenues for Independence (GAIN) program produced similar findings: Some 75% of working former recipients received no health benefits, and similar percentages lacked sick leave and paid vacation.¹⁸ Moreover, these jobs seldom lead to higher wages and better conditions in subsequent jobs,¹⁹ as is reflected in this example given by a researcher who interviewed welfare mothers:

Table 3

Reasons Given for Job Loss by Former Welfare Recipients	
Job-Related Reason	Personal Reason
39% laid off or fired	13% health problem
6% wages too low	11% child care problem
4% didn't like the job	9% pregnancy
3% changed jobs	5% family problems
5% other	5% other

Source: Thornton, C., and Hershey, A. *After REACH: Experience of AFDC recipients who leave welfare with a job*. Princeton, NJ: Mathematica Policy Research, October 1990.

“One Chicago mother, with 12 years of low-wage work experience, had worked as head housekeeper at a large hotel. Although this job provided her with benefits and a two-week paid vacation, in seven years her wages had risen only from \$4.90 to \$5.15 per hour. Two years prior to our interviews, she had left this job for welfare with the hope that she could use the time off to find a better job. After months of persistent job hunting, she had concluded that better jobs were simply not available for someone with her skills and experience.”²⁰

High Cost of Working

In addition to low rewards, working can also have a high cost. Although even relatively low gross earnings can exceed maximum welfare payments in most states, reductions in other benefits can leave welfare recipients who go to work worse off financially. For example, recipients whose income goes up face reductions in food stamp benefits and possible rent increases in subsidized housing. Working imposes transportation costs that can be burdensome in money and time, especially for mothers whose commute involves dropping off a child at a child care location.²¹ Acceptable child care, if not available from a family member, can be inordinately expensive relative to earnings, particularly when there is more than one child in the family (see also the article by Kisker and Ross in this journal issue). Researchers evaluating a program for young welfare mothers found that some women accepted only evening- or night-shift work so that friends or relatives could watch their children at little or no cost.²²

In many cases, women fall behind financially while they are working (carrying an aver-

age of \$1,000 in debt, in one study²), rather than solidifying their financial circumstances.

When the additional strains of working outweigh marginal financial advantages, many low-income mothers leave jobs of their own accord. One late 1980s study of low-income minority single mothers in four cities—most of whom had a history of recent welfare receipt—found that 46% of those who had lost a job had left voluntarily. The women gave three main reasons for leaving: 27% disliked the job, 11% felt they were paid too little, and 8% had problems with child care or transportation.²³ An evaluation of the California GAIN program found almost identical results.¹⁸

Layoffs and Firing by Employer

Job loss results from both the short-term nature of many of the jobs in question and also from workplace problems. Welfare recipients themselves are more likely to attribute job loss to employer actions (layoff or firing) than to their own shortcomings, although in the low-wage, low-skill labor market, the distinction between being fired for cause or laid off for lack of work is often blurred. Layoffs are clearly common. Economists have pointed out that, in the mid-1980s, women in low-wage jobs were three times more prone to layoffs than other workers.²⁴ Employers often view new hires as probationary and are quick to dismiss them for early mistakes, knowing that there is a ready supply of applicants with the minimal skills needed for the job. Some jobs are explicitly defined as seasonal or temporary, lasting only as long as the brief upswings in demand the employer is experiencing. Three studies found that employer actions to



lay off or fire employees accounted for 36% to 55% of all job terminations experienced by former welfare recipients, and employees described more than 80% of these terminations as layoffs for lack of work.^{10,18,23}

Aside from the larger economic forces affecting employers' demand for labor, many new employees lose jobs because of workplace problems. Difficulty in performing job tasks is a problem for some. In one in-depth study of the job histories of low-wage workers, employers cited trouble in operating a cash register or slowness in filling counter orders as examples of problems that their low-wage employees sometimes exhibited in mastering skills.²⁵ However, this study also suggested that job-skill problems contributed less to job loss than did the employees' poor social skills and knowledge of workplace expectations.

Employers expect employees to adhere to work schedules, to be punctual, to notify supervisors of absence because of illness, to accept authority gracefully, and to be accommodating toward customers. Failure to meet these norms can limit job tenure. Because some new employees are unaccustomed to such demands, and some employers enforce them rigidly, dismissals resulting from unacceptable behavior can be attributed to shortcomings in both parties. Interviews with young mothers in a comprehensive welfare-to-work program revealed that many lacked understanding of the values and principles by which employers operate.²² Individuals

with limited exposure to the world of work may have problems accepting criticism or may have such a rigid conception of what they should be expected to do that they fail as employees.²⁵

Interpersonal conflicts with supervisors, coworkers, and customers can also erupt, increasing new employees' frustration, heightening their dissatisfaction with what are often inherently unpleasant jobs, and aggravating their performance problems.²¹ These workplace problems may lead an employer to dismiss an employee, but they can also lead the employee to quit out of anger or a sense of failure. Problems like these can often be attributed to "conflicts of cultures and ethics"²⁶ between employers and inexperienced workers.

Health and Family Problems

Studies indicate that between 5% and 13% of job losses by former welfare recipients are due to health problems.^{10,18,23} Illness is a particular threat to employment for a single mother who has no health insurance coverage for herself or her children. Even relatively mild illnesses can make a return to welfare and the accompanying Medicaid coverage essential to avoid overwhelming expenses.²⁷ (See the article by Moffitt and Slade in this journal issue.)

Physical abuse and family crises may also precipitate job loss, although these factors are difficult to document.^{21,28,29} According to women who have left welfare for work,

boyfriends and ex-husbands sometimes become abusive in reaction to a woman's entry into the job market and the independence it represents. For example, one focus group participant from a job retention program recounted, "There was nothing I could do except return to public assistance, unless I just stayed back there and let us be abused. I've always wanted to work. My ex-husband just wouldn't let me."³⁰

Child care breakdowns also cause quick returns to welfare.^{15,22} Focus group participants described having to make wrenching choices between their children and the demands of work.²¹ One mother lost her job because she repeatedly had to leave

Leaving welfare is a long, unpredictable, back-and-forth process marked by job loss and other setbacks.

the workplace and go to her children's child care center when her ex-husband appeared and pressured staff to let him take the children. Another reported being fired for missing work a single day to care for a sick child.

Welfare Policies Affecting Job Retention

Strategies to help welfare recipients acquire jobs and strategies designed to help them keep jobs must address many of the same issues. From the political right and left, at the federal and state levels, policymakers have variously supported efforts to promote employment and combat dependency by (1) making work pay more through the Earned Income Tax Credit (EITC), the minimum wage, and "disregards" of earnings in AFDC benefit computations; (2) investing in job skills through education and training; (3) stimulating work through requirements or limits on the period of income support; and (4) helping newly employed recipients deal with the costs and pressures of work through access to medical coverage and child care subsidies, counseling, and occasional financial help in crises. Some aspects of these approaches are incorporated in the federal welfare reform legislation passed in 1996 and in states' approaches to imple-

menting it, but many of the issues raised by welfare policy up to 1996 will still be relevant in the future.

The effectiveness of approaches like these in promoting employment is discussed in the article by Nightingale and Holcomb in this journal issue. Here, it is worth calling attention to four aspects of federal welfare policy as of 1995–96 that make it difficult for welfare recipients to stay employed once they find a job: (1) the abrupt termination of AFDC benefits for newly employed recipients, (2) the difficulty of obtaining transitional child care or Medicaid benefits in some states, (3) the limited case management services available to the newly employed who leave welfare, and (4) the incentive to return to welfare if a job is lost. In many ways, the system is designed to help people leave welfare, but not to sustain them in employment.

Abrupt Termination of AFDC Benefits

The modest earnings of newly employed recipients often make them ineligible for AFDC benefits, although going to work brings new expenses that are often hard to anticipate, and staying employed requires reserve resources to use in coping with crises that can interfere with job stability. Under federal AFDC policy as of 1995–96, newly employed welfare recipients have difficulty accumulating a cushion of savings to deal with expenses such as clothes needed for a job, car insurance and repairs, and emergency child care when a regular subsidized or no-cost arrangement fails. At the low wages most welfare recipients can command, saving is often impossible.

When calculating eligibility for AFDC benefits for those who work, states have "disregarded" \$90 per month in standard work expenses, and an additional amount (\$30 plus one-third of remaining earnings) during the first four months of employment. After four months, however, the AFDC benefit has been reduced by the amount of earnings, almost dollar for dollar. In low-benefit states, almost any job a welfare recipient takes will end her AFDC benefits immediately, giving her no time at all to build the financial reserve she will need to keep working. A recently employed Texas woman described this concern suc-

cinctly: “The way I look at it, when you try to get a job they want to whack you off everything just like that. They don’t give you no chance to make a step to get ahead to get on your feet.”³¹

Difficult Access to Transitional Benefits

The Family Support Act of 1988 required states to provide “transitional” Medicaid coverage and child care subsidies to welfare recipients for 12 months after leaving AFDC because of earnings. However, experience shows that establishing and maintaining eligibility for these transitional benefits can be difficult.²¹ First, a newly employed welfare recipient receives these benefits only if the eligibility worker records employment as the reason for AFDC termination. Recipients do not always clearly state that they are employed when they ask that their case be closed, and overworked agency staff may be disinclined to record the data to show that employment earnings reduce benefits to zero. Second, recipients who do not make ongoing reports of their earnings (wanting to end their obligations to the welfare agency) lose their eligibility for transitional benefits. Third, even those who received child care and Medicaid benefits while on AFDC must apply separately for transitional benefits, returning unfamiliar forms to unfamiliar agency units. Fourth, state agencies finance part of transitional benefits; faced with severe budgetary constraints, some states have not publicized the availability or promoted the use of these benefits.^{32,33} Thus, although these benefits have been instituted by policy, in practice many individuals who would be eligible for them have failed to receive them.

Limited Services

Through the Job Opportunities and Basic Skills Training Program (JOBS), states have been able to use federal funds to provide case management (ongoing monitoring of participant progress, counseling, financial planning, and assistance locating needed resources) and related services for 90 days after an AFDC recipient finds a job and leaves welfare. But these services are limited. Large caseloads lead JOBS staff to focus on job placement activities for newly enrolled participants,³⁴ and generally case managers contact former recipients only to confirm continued employment each month to meet

federal reporting requirements. States could help pay for initial employment expenses (such as tools, car repairs, or work clothing or uniforms), but these payments have been limited in amount, timing, or both. For example, as of 1996, Illinois provides up to \$400 in initial employment expense payments, but only for needs that emerge within the first 30 days on the job. In Riverside, California, newly employed participants can receive only a single work expense payment in the first week of employment, and Texas limits its single payment to \$65. Emergency expenses that crop up beyond these time or dollar limits must be borne entirely by the former recipient.

Repetition of the Welfare Cycle

When a former welfare recipient loses employment and wants help finding another job, policies amount to an incentive to return to welfare. She has had to reapply for AFDC to gain renewed access to JOBS case management or job search services. In most states, former recipients may face delays

Too often, getting help in finding another job requires returning to welfare—an outcome no one would call a success.

after reenrolling in AFDC before being referred for employment-related services. A few states require AFDC applicants to look for work immediately, and there a former recipient who loses a job may be placed quickly in a supervised job search activity, but she will probably deal with new agency staff, not a familiar case manager. These procedures are clearly inefficient in minimizing returns to welfare and reducing AFDC costs. They reflect the assumption that recipients can leave welfare simply through pre-employment services and a single job placement, when in fact leaving welfare is a long, unpredictable, back-and-forth process marked by job loss and other setbacks.^{15,35} Too often, getting help in finding another job requires returning to welfare—an outcome no one would call a success.

Promising Approaches

Although most resources under the federally funded JOBS program focus on placing current recipients in jobs, a few current

programs are making sustained efforts to help low-income mothers remain employed once they find a job. Initiatives undertaken by public agencies, a private nonprofit organization, and two for-profit entities are described briefly here, and common themes and lessons from their experience are summarized to reveal some promising approaches.

Project Match

Since 1985, Project Match has provided employment services to about 850 residents of the low-income Cabrini-Green community in Chicago, while studying the process of leaving welfare. Project staff noted that, for many participants, keeping a job was harder than preparing for and finding one, and it

For some participants, program services are job-focused; others receive more personal assistance to deal with domestic abuse, drug addiction, or troubled children.

became evident that most jobs did not provide enough income to pull participants out of poverty. Thus, in addition to its school and job placement services, the program developed postemployment services—retention, reemployment, and advancement assistance. In keeping with the program's goal of helping participants stay off welfare, people can receive services on an as-needed basis for as long as necessary, irrespective of their welfare status; many do so for three to five years. For some participants, program services are job-focused (assistance to revise a resume, prepare for job interviews, find a child care provider); others receive more personal assistance to deal with domestic abuse, drug addiction, or troubled children. Each participant works with a single counselor while enrolled in the program.³⁵

Post-Employment Services Demonstration

In four cities, the U.S. Department of Health and Human Services has sponsored a three-year demonstration program of extended services to working former AFDC recipients that was modeled, in part, on Project Match. Operating as an extension of the JOBS program, the Post-Employment Services Demonstration (PESD) began in the spring

of 1994 in San Antonio; Chicago; Portland, Oregon; and Riverside County, California.²¹ Case managers in a special PESD staff unit are assigned to participants as soon as their employment is reported. The program's design calls for seven types of assistance, available for up to three years (not the standard 90 days allowed under the regular JOBS program). These services are the following:

1. *Ongoing monitoring and support* by the case manager to build rapport, identify problems that might threaten employment, and detect job loss rapidly.
2. *Counseling and advice* on matters such as workplace behavior, money management, contingency planning for child care and other emergencies, housing and transportation problems, and substance abuse.
3. *Mediation* with employers, landlords, and others to defuse or solve conflicts and misunderstandings that can undermine job stability.
4. *Help finding and gaining access to services* such as child care providers, job training or education programs, and specialized counseling.
5. *Help securing financial benefits* such as transitional Medicaid and child care, AFDC, food stamps, and the Earned Income Tax Credit.
6. *Reemployment assistance* for participants who lose jobs or want better ones, through job leads and job search guidance.
7. *Enhanced work expense payments*, offering higher payments at any point during the three-year demonstration, with staff discretion to determine allowable expenses.

The effects of this demonstration are being examined in a random-assignment evaluation that will yield final results in 1998.³⁶

Private-Sector Initiatives

A few current private-sector efforts illustrate how profit incentives can spur initiatives to place welfare recipients in jobs and to help them overcome problems that might threaten their continued employment. America Works, a private for-profit firm operating in Albany, New York City, and Indianapolis, contracts with welfare agencies to provide five weeks of job-readiness training, job placement, and follow-up during a six-

month period. The firm receives partial payment as participants move through training and into a job, but collects most of its revenue only after participants complete four months of trial employment and two additional months of work on an employer's regular payroll. To ensure high levels of job retention, America Works tries to place participants in jobs that pay relatively high wages and provide health insurance, and prior to job placement, staff try to ensure that mothers have a stable child care arrangement.³⁷

Marriott International is attempting to reduce absenteeism and high job turnover among its low-paid hotel workers through a telephone resource service available to all Marriott employees (some of whom are former welfare recipients). The service is staffed by social workers who are trained to help workers find solutions to problems that often lead to job loss. Although there has been no formal evaluation, Marriott employers surveyed in Florida credited the service with reducing tardiness, absenteeism, and turnover.³⁸

Program Design Lessons

Although programs to address job loss are relatively new (excepting Project Match), they suggest important lessons concerning both broad systemic issues and specific program elements, and they indicate the value of providing job retention or reemployment services outside the welfare system.^{15,21,35} Six of those program design lessons are discussed here.

■ *Simplifying access to transitional Medicaid and child care services would ease the transition from welfare to work.* In the PESD, counselors often had to help participants understand how to gain access to child care subsidies and Medicaid when they left welfare because the application procedures for transitional benefits differ from those used by women on AFDC. Even if different funding sources must be tapped when recipients leave AFDC, simplifying the “user interface” to avoid disruptions in these critical benefits just as recipients are facing the difficult adjustment to work would ease the transition from welfare to work.

■ *The personal attention of counselors is a critical ingredient.* Building trust and rapport is essential to helping participants, according

to Project Match and PESD staff. In focus groups, PESD participants said they valued having someone they could trust for supportive, sympathetic advice. However, building such rapport is not easy. PESD counselors had to make repeated attempts to contact many participants before establishing any communication. To make their relationship personal and supportive rather than merely bureaucratic, PESD counselors had relatively low caseloads of 60 to 100, rather than the higher levels (200–250) common among regular JOBS case man-

Most PESD participants were not interested in having program staff mediate with employers.

agers. One of the most valued services the PESD counselors rendered was helping to straighten out agency errors in calculations of AFDC and food stamp benefits when participants started or lost a job. Whether they are employed by the welfare office or another organization, job retention counselors must know the welfare bureaucracy and how to get action from it.

■ *Program flexibility and creative staff are important.* Newly employed recipients may be reluctant to stay in touch with job retention staff, particularly if their job makes them ineligible for public benefits. Early PESD experiences underscored the importance of avoiding the bureaucratic tone that often marks interactions between welfare agencies and their clients. To stay in touch and encourage intermittent contact, PESD counselors sent birthday and holiday cards, distributed newsletters about employment-related issues, held informal meetings over coffee in neighborhood restaurants, and used beepers so they could respond to participants' calls promptly.

Service providers may design services that participants do not consider important. For example, most PESD participants were not interested in having program staff mediate with employers, fearing this intervention would stigmatize them in the employers' eyes or undermine their progress in taking charge of their own lives. At one site, “advancement services” to help participants

move into better jobs were also difficult to deliver. By the time participants established a record of steady employment, they were likely to be out searching for new opportunities on their own and to have distanced themselves from program staff.

■ *“Leaving welfare is a process, not an event.”*³⁹ As the Project Match experience documents, getting a job is only one in a long sequence of steps: building confidence, developing personal skills, acquiring job readiness skills, and triumphing over set-

Efforts to promote job retention or reemployment among mothers who have left welfare are in their infancy.

backs. Participants who appear to have found stable employment and mastered their personal circumstances often encounter reversals. Even in a very supportive program, such as Project Match, high rates of job loss still occur and force participants to find new employment.

■ *Reemployment help provided outside the welfare system may reduce returns to welfare.* Many mothers who leave AFDC for a job and then lose it may need help finding a new job, but they may prefer not to return to AFDC. Although it is clearly in the public interest to promote reemployment without a return to welfare, if possible, current procedures that reserve access to job search resources for JOBS participants force individuals to reapply for AFDC in order to receive such assistance. Researchers familiar with these programs have suggested that retention services should be structured as *available resources* rather than as a standard case management program.¹⁵ For instance, people who leave AFDC for employment could be given an identification card granting time-limited access to job search resources (job listings, help preparing resumes and applications, telephones, word processors and fax machines, and access to staff), independent of counseling and cash assistance, which fewer individuals need. The services could be provided by human services agencies, linked to state services for the unemployed, or operated by profit-making or nonprofit organizations under contract. They could

also be offered to low-income individuals who have not yet received welfare.

■ *Programs that help recipients keep as well as find jobs can be provided in a variety of settings.* The programs described here are housed in very different settings: The PESD operates within the welfare system; America Works receives welfare funds but operates outside of the bureaucracy; Project Match is located within the community it serves without direct ties to the welfare office; Marriott International provides services within its own corporate structure. Each of these programs responds to particular needs and offers different advantages. For example, Project Match offers its participants continuity over the long term, while staff from the PESD are more readily able to resolve problems related to the receipt of transitional benefits. One way to address job loss may be to provide services through a range of settings and allow former recipients to use the setting that best meets their individual needs.

Conclusion

Contrary to popular perceptions, many mothers leave welfare for work and do so quickly after they first receive assistance. However, as this article has shown, they face a broad range of labor market, personal, and family challenges as they make the transition from welfare to work, and many recipients lose jobs quickly. Low pay, few fringe benefits, high work expenses, instability in the low-wage labor market, low skills, lack of knowledge of workplace norms, limited problem-solving skills, and physical and emotional health problems all contribute to the job loss experienced by welfare recipients. Typical welfare programs do little to help recipients stay employed—cash assistance is terminated almost immediately, procedures for obtaining transitional child care and medical assistance are complicated, and case management services are reserved for those on the welfare rolls. Consequently, a substantial fraction of former welfare recipients end up back on the welfare rolls, where they have to wait some time before receiving the assistance they need to reenter the labor market.

Efforts to promote job retention or reemployment among mothers who have left welfare are in their infancy. This article has described two types of changes that

can help former welfare recipients stay employed. First, policy changes in the way benefits are provided can ease the financial challenge of supporting a family on a low-wage job, and, second, multifaceted programs like those described can help working mothers keep jobs or find new ones. Welfare-to-work programs will have to broaden their scope to help families *successfully* make the transition to self-sufficiency. Community-based and workplace alternatives for assisting poor working families to manage the dual roles of provider and parent are also needed.

As the shift to time-limited, employment-focused welfare programs forces more recipients into the labor market, it will be critical to implement promising job retention strategies like these on a much larger scale and to evaluate their effects. Just as varied approaches can help welfare recipients enter the labor market, so there are likely to be multiple options for helping them stabilize their lives and family circumstances once they find employment. Successful reform of the welfare system depends not just on helping recipients find jobs, but on helping them keep the jobs they find.

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Health Care Coverage for Children Who Are On and Off Welfare

Robert A. Moffitt
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Abstract

Access to adequate health insurance is a key concern of families with children at all income levels. Since 1965, mothers and children on welfare have had health care coverage through the Medicaid program, which has provided a health care safety net for welfare recipients. Although most Americans are insured through their employers, families who leave welfare for employment often find themselves in jobs that do not offer health care coverage, adding to the ranks of the uninsured. This article examines the extent to which poor children and their mothers have private insurance, Medicaid, or no health insurance at all. It documents how recent expansions of Medicaid eligibility to low-income children who do not receive welfare have improved the insurance status of children, though these changes have not helped the mothers who leave welfare for work. Citing evidence that health insurance options influence the welfare and employment decisions of women whose families face health problems, the article suggests that implementing welfare reform at a time when rates of private insurance coverage are declining will be challenging and may expose some families to health risks.

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Over the past 15 years, U.S. welfare policy has increasingly focused on attempts to move welfare recipients off the welfare rolls and into work and self-sufficiency. Beginning with the 1981 Omnibus Budget Reconciliation Act, continuing both with the 1988 Family Support Act and with the 1996 Personal Responsibility and Work Opportunity Reconciliation Act, the employment component of the welfare system has been strengthened, particularly through requirements that welfare recipients participate in work and employment programs and time limits that cut families from the rolls whether they find private-sector employment or not.

The feasibility and desirability of moving women off welfare and into work depends, in part, on the effect such a move may have on health insurance coverage for the mother and her children. Will women who move off welfare be able to obtain private health insurance coverage? Of those who do not, how many will not work at all and how many will end up in jobs

without insurance? Of those without private coverage, how many will be covered by public programs and how many will remain uninsured?

These questions about the links between health insurance, employment, and welfare dependence have long been asked by welfare analysts, but they are acquiring new urgency as welfare reform discussions continue. Welfare reform and health care reform are closely related. In fact, the Clinton administration intentionally introduced its health care reform proposal in the summer of 1994 before its welfare reform proposal, in the hope that universal health care coverage would solve the problem of health insurance and make it unnecessary for welfare reform legislation to grapple with that obstacle to low-wage employment.

The answers to these questions are not yet complete, although study of the problem has recently accelerated. As this article points out, the main government program providing medical benefits to the poor—the Medicaid program—covers about half of the poor population and is a large source of assistance to them. At the same time, only 40% of the poor families not helped by Medicaid are covered by private insurance, leaving 29% of the poor uninsured. Children are more likely to be covered than adults, primarily because recent expansions have made more poor children eligible for Medicaid.

Evidence presented in this article indicates that fewer than half the mothers who leave welfare can replace their welfare-based health coverage with private insurance for themselves and their children three years after leaving welfare. Some are still covered by public programs, but about 45% of mothers and 12% of children are completely uninsured. Families contemplating the move from welfare into employment are aware of these gaps in the U.S. health insurance safety net. Although the Medicaid program may not weigh heavily in the decisions of the typical welfare recipient, it plays a strong role in the decisions made by families facing health problems who depend on the access Medicaid provides to needed health care. These families decide whether to work or remain on welfare, in part based on the health insurance coverage they can obtain through Medicaid or on their own. Consequently, reforms to increase the generosity of private health insurance or to make it universally available—although costly—could reduce welfare dependency and increase employment.

Health Care Coverage for Poor Families

Private health care coverage in the United States for those who are not elderly or disabled is predominantly provided through employers. This employment-based system leaves fairly large numbers of individuals and families without insurance because they do not work or have a family member who does. A large fraction of these are covered by government programs for the poor, largely by the Medicaid program. Remaining uninsured families and individuals rely on their own resources

and also on charity care, which has historically been substantial but is now declining.

Government Programs

Those who are chronically unemployed because of poor skills or health problems began receiving significant federal government assistance in 1965, when the Medicaid program was introduced.¹ The Medicaid program pays the cost of medical care for low-income individuals who are aged, blind, disabled, and—most important for the present discussion—women and dependent children. Families who receive benefits through

Box 1

Medicaid Availability Under Welfare Reform

Until 1996, children and families receiving cash assistance through Aid to Families with Dependent Children (AFDC) have been automatically eligible for Medicaid, the government program providing health insurance to the poor. The welfare reform legislation passed in 1996 as the Personal Responsibility and Work Opportunity Reconciliation Act replaces AFDC with the Temporary Assistance for Needy Families (TANF) block grant. Under the new law, Medicaid eligibility will not be tied to receipt of block grant assistance. Instead, states are required to provide Medicaid coverage to all families who meet the income and family structure guidelines that applied to the state's AFDC program on July 16, 1996. However, states have the option of lowering the income limits on eligibility to the level that applied on May 1, 1988. They may also deny Medicaid benefits to legal immigrants.

For the most part, therefore, Medicaid eligibility will not be affected by changes the states introduce into their welfare programs, although adults may lose Medicaid coverage if their cash aid through the block grant is terminated because of a refusal to work. Coverage for children and pregnant women will not be so affected. The availability of up to 12 months of transitional Medicaid coverage to those whose incomes rise above the eligibility guidelines will be maintained, as under current law.

Source: Greenberg, M., and Savner, S. *A detailed summary of key provisions of the Temporary Assistance for Needy Families block grant*. Washington, DC: Center for Budget and Policy Priorities, 1996, pp. 51–54.

Aid to Families with Dependent Children (AFDC) have automatically qualified for Medicaid. (See Box 1 for a discussion of the changes introduced by the welfare reform law passed in 1996). Thus, from its beginning, government medical assistance to the poor has been strongly tied to receipt of welfare benefits. Since 1965, reform efforts have attempted to weaken the link between Medicaid and AFDC eligibility and to provide more universal health care coverage.

One attempt to weaken that link gave rise to the Medically Needy program that allows states to provide Medicaid assistance to families who meet most of the requirements of the AFDC program but have income and assets too high to qualify for AFDC. To be eligible for Medically Needy benefits, the family must “spend down” its assets and, effectively, become poor in order to qualify. About one-fifth of the states do not choose to have such a program. Relatively few families have qualified for or availed themselves of the Medically Needy program, and its caseload is only one-tenth that of the regular Medicaid program.²

Another attempt to extend eligibility came through a requirement in the 1988 Family Support Act that states provide up

to 12 months of added Medicaid eligibility to families after they leave AFDC because of employment or increased income. This “transitional” coverage was intended to bridge the short-term gap in coverage after recipients leave the welfare rolls and before they find private coverage.³ However, the impact of this legislation is generally thought to be limited at best. States are required to provide full Medicaid benefits free of charge for only six months; they may charge premiums or restrict benefits in the second six months. Moreover, available evidence (discussed below) suggests that the problem of finding health care coverage is *not* transitional in the sense that the legislation envisaged. Instead, transitional assistance may merely postpone the problem without solving it.

The most important change in the Medicaid program's coverage was a gradual extension of eligibility over the late 1980s and early 1990s to pregnant women and children in low-income families who are not on welfare.² Beginning in 1986, states were required to provide Medicaid coverage to all pregnant women and children under age six in families with incomes below 133% of the poverty line. Since 1991, states have been required to cover older children, eventually up to age 18, in families with incomes below

Table 1

Health Insurance Coverage of the Nonelderly U.S. Population, 1989 to 1992^a				
Categories	Employer	Medicaid	Other	Uninsured
Percentage of Adults Ages 18–64^b	65	7	11	18
Percentage of Children Under 18	62	21	6	11
Percentage of Persons in Single-Parent Families	38	44	6	12
Percentage of Individuals Under 64 by Poverty Status				
Below poverty line	12	49	10	29
100% to 199% of poverty line	48	10	12	30
Percentage of Families Off AFDC, Mothers Ages 24–34^b				
Mothers				
Married	83	1	6	10
Unmarried	62	7	9	23
Children				
Married mother	80	3	8	10
Unmarried mother	49	17	16	19

^a Medicaid coverage is simulated in the first four categories, but is directly reported by respondents in the last.

^b Percentages may not total 100% due to rounding.

Sources: For the first four categories the information was derived from Winterbottom, C., Liska, D., and Obermaier, K. *State-level databook on health care access and financing*. Washington, DC: Urban Institute Press, 1995, based on adjusted data from a combined sample of three waves of the Current Population Survey (CPS) in 1990, 1991, and 1992. For the last category, the authors relied on information from the *National Longitudinal Survey of Youth* (CD-ROM) Ohio State University, 1979–92. Available from NLS User Services, 921 Chatham Lane, Suite 200, Columbus, OH 43221.

100% of the poverty line. States have the option of extending coverage to children in families earning up to 185% of the poverty line. As of January 1993, some 33 states had exercised this option, and 24 of them had set their income limits at the 185% level.² Under the Medicaid expansions, children's eligibility for coverage depends on income alone and is not restricted by parental marital status or receipt of any other government benefit. This significant change greatly expanded the extent of health care coverage off welfare and, for the first time, decoupled medical assistance for the poor from receipt of welfare benefits.

Sources of Health Care Coverage

To compare the use of Medicaid with private insurance, Table 1 describes the sources of current health care coverage of the nonelderly U.S. population and of several

subgroups relevant to welfare policy. The table shows that among all adults ages 18 to 64, about two-thirds are covered by employer-provided health insurance (either their own or through a spouse), 7% are covered by the Medicaid program, and 11% are covered by other forms of insurance (such as CHAMPUS, Civilian Health and Medical Program of the Uniformed Services, which serves the military, or insurance purchased by an individual). The remainder of the adult population—almost one-fifth—are uninsured. Children in the United States are more often covered by Medicaid than adults (21% compared with 7%), reflecting the program expansions just discussed. However, somewhat fewer children are covered by employer-provided and other forms of insurance, in part because employment rates are lower among parents than among childless adults. Overall, 11% of all children are uninsured.

Individuals in single-parent families—the major eligibility group for the AFDC program—are heavily covered by Medicaid, reflecting the historical importance of the link between Medicaid and AFDC, as well as the low incomes of such families. But they are less likely to be covered by private health insurance, leaving 12% uninsured. Similarly, individuals in families below the poverty line or not much above it—including married families as well as single individuals—rely heavily on Medicaid, but they are so much less often covered by private insurance that almost one-third are uninsured.

The last portion of the table shows coverage rates of mothers and children who do not receive AFDC benefits. Mothers off AFDC almost never receive Medicaid but are usually covered by employer plans, especially married mothers who are often covered by their spouse's plan. The pattern for children of married mothers is almost identical. In families with unmarried mothers off AFDC, only 7% of the mothers are covered by Medicaid, compared with 17% of their children, who are helped by the Medicaid expansions. Nevertheless, almost one-fifth of children in such families remain uninsured.⁴

The Medicaid figures in Table 1 describe the fractions of each group who are enrolled in the program, although substantial numbers of families are eligible but not enrolled. Approximately 72% of eligible adults and 75% of eligible children are actually enrolled in Medicaid.³ Although some of the unserved families are covered by private insurance, it has been estimated that 2.4 million currently *uninsured* children are in fact eligible for Medicaid.⁵ Similar patterns of nonparticipation have been found in other welfare programs, as well. For example, about 25% of AFDC-eligible families do not receive benefits, and about 40% of those eligible to receive food stamps do not participate. Nonparticipation may result from lack of knowledge of eligibility, from the costs of enrollment, and from the effects of welfare “stigma”—a desire on the part of families not to receive welfare. In the case of Medicaid, families that are relatively healthy may not feel the need to go to the trouble to enroll in the program.

Table 2 shows more clearly how the Medicaid expansions improved coverage

for children. In families below the poverty line or not much above it, more than 10% of children gained Medicaid coverage over the four-year period from 1989 to 1993. Interestingly, however, over the same period private health insurance coverage has fallen for families at all income levels, offsetting some of the gains from the Medicaid expansions. Indeed, on the whole, there has been little change in the proportion of children who are uninsured. The possibility that the drop in private coverage might be related to the expansion of Medicaid coverage is discussed in more detail below.

These tabulations show clearly that there is still a major problem of inadequate health care provision for poor children in the United States. Despite the expansions of

Twenty percent of poor children remained uncovered in 1993; only 19% of poor children were covered by the private health insurance system.

the Medicaid system, 20% of poor children remained uncovered in 1993. The fact that only 19% of poor children were covered by the private health insurance system does not bode well for the prospects of moving women from welfare to work.

Health Insurance Coverage When Moving Off Welfare

Despite the importance of the question for welfare policy, only a few direct studies have followed women as they move off the welfare rolls to determine whether they and their children have health insurance coverage. Together, these studies show unequivocally that fewer than half of women who leave welfare have health insurance three years later. The exact proportion with insurance appears to depend on the time elapsed since leaving the welfare rolls and on the job skills of the recipient.

For example, a study based on interviews of a sample representing the U.S. population from 1990 to 1992 found that only 8% of women who left welfare and obtained jobs were covered by employer-provided health

Table 2

Recent Trends in Sources of Health Insurance Coverage for Children				
Categories	Employer	Medicaid	Other	Uninsured
Percentage of All Children^a				
1989 ^b	63.2	13.6	9.9	13.3
1993	57.6	19.9	9.0	13.5
Percentage change	-5.6	+6.3	-0.9	+0.2
Percentage of Children in Families Below Federal Poverty Level^a				
1989	17.8	50.7	6.4	25.0
1993	14.0	61.3	4.7	20.1
Percentage change	-3.8	+10.6	-2.7	-5.1
Percentage of Children in Families at 100% to 150% of Federal Poverty Level^a				
1989	46.9	13.7	12.9	26.5
1993	40.6	24.9	10.0	24.5
Percentage change	-6.3	+11.2	-2.9	-2.0

^a Percentages may not total 100% due to rounding.

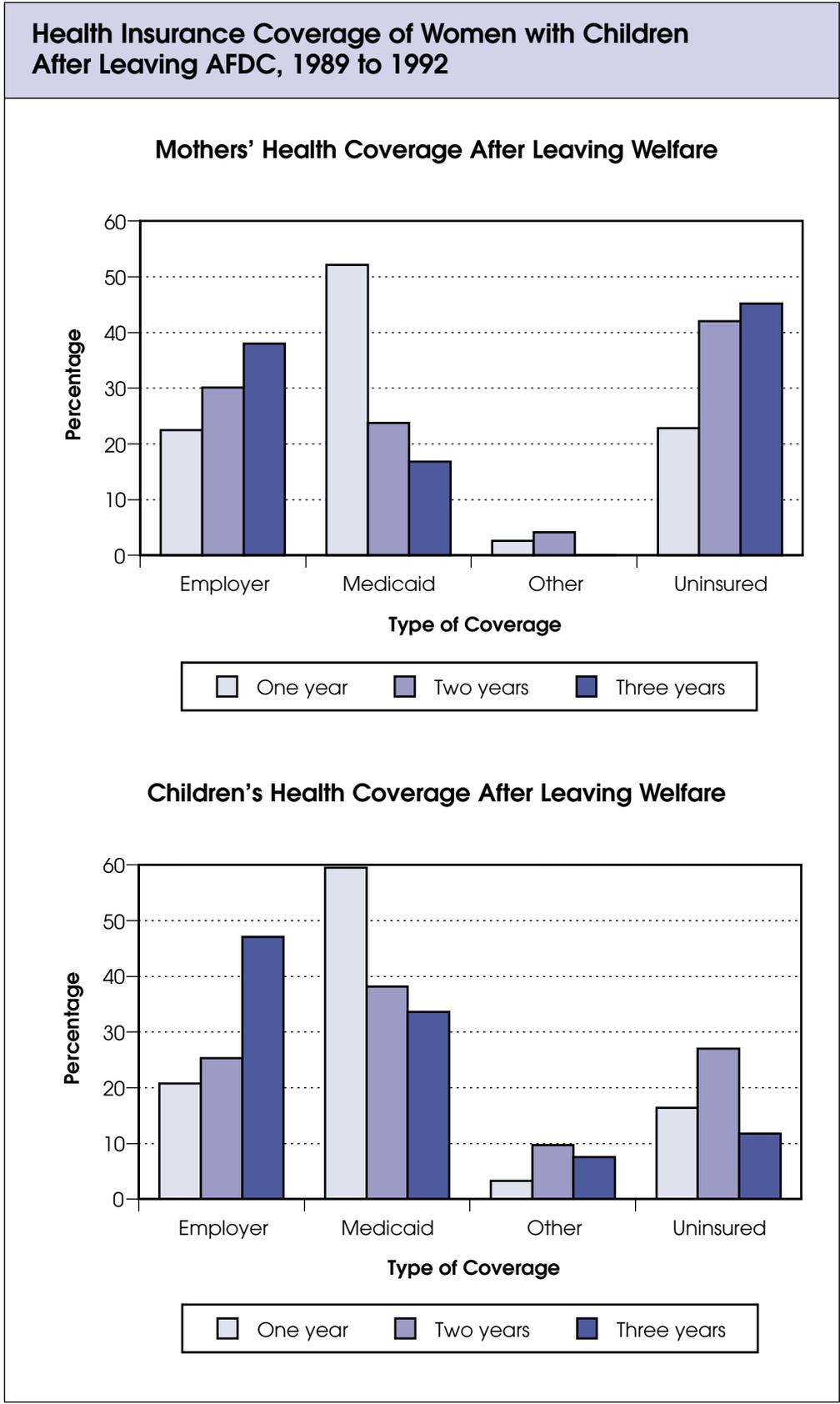
^b In 1989, the federal poverty level for a family of four was \$12,675; in 1993, it was \$14,763.

Sources: U.S. General Accounting Office. *Health insurance for children: Many remain uninsured despite Medicaid expansion*. GAO/HEHS-95-175. Washington, DC: U.S. Government Printing Office, July 1995. Tabulations based on data from the *Current Population Survey* (CD-ROM) U.S. Bureau of the Census, 1980–94. Available from U.S. Department of Commerce, Bureau of the Census, P.O. Box 277943, Atlanta, GA 30384-7943.

insurance in the first month of their new jobs.⁶ This short time frame surely underestimates the fraction who would eventually be insured by their employers, however, and higher coverage rates are found in studies with longer follow-up periods. In a study of AFDC recipients who received employment and training services from the New Jersey Realizing Economic Achievement Program (REACH), almost 47% who left welfare for work had private health insurance 16 to 18 months later.⁷ However, because REACH selected the most skilled and job-ready welfare recipients, the 47% figure may represent a “best-case” scenario.⁸ A study of the California GAIN (Greater Avenues for Independence) employment and training program found that only 25% of those who left welfare for work had private health insurance through their jobs over a period of two to three years.⁹ This lower percentage is probably more representative of the experience for the average recipient, although it is difficult to generalize to the entire United States from state-specific studies.

Better information on this issue can be derived from the National Longitudinal Survey of Youth (NLSY), a representative sample of men and women who were ages 14 to 21 in 1979 and who have been interviewed annually since that time. (See the Appendix to this journal issue for details on the NLSY.) Figure 1 shows the health insurance coverage of women with children in this survey over the years 1989–92, focusing on those who were on AFDC in one interview and off AFDC in subsequent annual interviews. In the first year that the families were off welfare, 23% of the mothers and 21% of the children were covered by employer-provided health insurance. These figures rose to 38% for mothers and 47% for children after three years. Employment rates for these mothers were higher—by the third year, 69% were working. Clearly, then, many of the women were working at jobs without insurance. About one-half of the women covered by employer insurance in the third year were married and covered by their spouse’s health insurance plan. The rate of coverage on their own jobs was apparently quite low.

Figure 1



Source: Authors' tabulations based on data from the *National Longitudinal Survey of Youth* (CD-ROM) Ohio State University, 1979-92. Available from NLS User Services, 921 Chatham Lane, Suite 200, Columbus, OH 43221. Sample is composed of all women and their children in the survey who were on AFDC in 1989 but off welfare in 1990, 1991, and 1992.

As for Medicaid coverage, 52% of mothers and 59% of children were covered in the first year after leaving AFDC, showing the effect of the Medicaid transition rules guaranteeing receipt for 6 to 12 months. However, Medicaid coverage falls steadily the longer the family is off AFDC, especially for the mothers (many children remained eligible because of the Medicaid expansions discussed earlier). After three years, Medicaid covered only 16% of women and 33% of children. For women, these declines outweigh the growth in private coverage, leading to a steadily growing rate of noninsurance. The percentage of children uninsured fluctuates but ends up at 12%.

Clearly, the lack of coverage is a continuing problem for families who leave welfare. While 100% of women on welfare are covered by health insurance (Medicaid), almost half of these mothers have no coverage of any kind three years after leaving the rolls, and about one-third of those who are cov-

lems. They are less likely to find jobs with health insurance—which tend to be higher-wage jobs for the more skilled—than might be gathered from Figure 1.

Yet another limitation of the picture painted in Figure 1 is that it pertains only to women who have stayed off the welfare rolls for three years. As noted in the article by Hershey and Pavetti in this journal issue, many women return to AFDC fairly quickly after going off, and a key challenge surrounding employment strategies for welfare recipients is that of enabling recipients not only to get off welfare, but to stay off. It is likely that many of those who lack health insurance return to the welfare rolls when an adult or child experiences an illness because they need the security provided by Medicaid. Such families are omitted from Figure 1. The role that health insurance may play in the decision to rejoin the welfare rolls—a surprisingly unresearched topic—is easily underestimated when only the most successful families are studied.

Although a large number of families on AFDC do not change their employment behavior because of Medicaid, Medicaid is an important factor for the many who face health problems.

ered rely on public rather than private insurance. For children, the situation is much less severe, as only 12% are completely uncovered three years after leaving welfare.

In fact, these figures probably underestimate the severity of the difficulties that would be faced by women who might be forced off the welfare rolls by welfare policy changes. Research on turnover among the welfare population has demonstrated that women who leave the rolls (and are thus included in studies like those cited above) are those who have more job experience and education, and fewer children, and who live in areas where the labor market is relatively healthy and jobs are available. (See the article by Burtless in this journal issue.) Women who remain on welfare for longer periods tend to be the worst-off families, with few skills, low levels of education, and often significant mental or physical health prob-

Incentive Effects of Medicaid

The question of whether concern about losing Medicaid coverage discourages mothers from leaving welfare to work has attracted more research attention than Medicaid's effects on returns to the welfare rolls. It would only be natural for mothers with children to be reluctant to leave welfare if the prospect of finding health care coverage off the rolls is so uncertain. Studies suggest that the coverage problem does indeed have that discouraging effect, but only for women and children with significant health problems and health expenditures.

Researchers interested in this topic have made use of the fact that the generosity of the Medicaid program varies across states, since states have considerable discretion in the level of services they provide. Household survey data on female heads and their children reveal whether women living in states with more generous Medicaid benefits are more likely to be on AFDC and less likely to work than women living in states with less generous Medicaid benefits. Such relationships gauge whether Medicaid discourages women from leaving the welfare rolls for work. Often, researchers can also take account of differences among women in their education levels, numbers of children,

and levels of health, which might independently affect propensities to be on AFDC or to work. Surprisingly, two early studies of this type, using 1980 data from the National Medical Care Utilization and Expenditure Survey¹⁰ and 1986 data from the Current Population Survey,¹¹ found little relationship between Medicaid benefit levels and the likelihood that a woman was on AFDC, and weak or statistically insignificant relationships between benefit levels and the likelihood that a woman was employed.

It may be inaccurate, however, to assume that all women and children in a particular state put equal value on the Medicaid benefit. To the contrary, families whose heads and children are in worse health, who have higher medical expenditures, or who are larger in size or lower in income should be expected to value the Medicaid benefit more.

A later study by a different research team used data from the 1984 Survey of Income and Program Participation to include information on health care utilization of the mothers and their children when linking Medicaid benefits to welfare and employment rates.¹²

The findings of that study clearly showed that the generosity of Medicaid benefits in a state has a strong relationship to the likelihood of being on AFDC for families with above-average medical expenditures and with family members in poor health, but not for the rest of the female-headed population. Similarly, women whose families had health problems and who lived in states with generous Medicaid benefits were less likely to work. A later study confirmed these findings using a more detailed set of health indicators.¹³ These findings indicate that although a large number of families on AFDC do not change their employment behavior or their decision to join or leave welfare because of Medicaid, Medicaid is still

an important factor for the many families who face health problems.

These studies predate the expansion of Medicaid coverage discussed above, which might be expected to reduce the imbalance of health insurance coverage on and off welfare, especially for children. One study using data from 1989 to 1992 considered how much the expansions reduced the Medicaid incentive to stay on welfare. That study found that, although AFDC caseloads were rising nationwide, the likelihood that female-headed families would be on AFDC increased less in states that enacted more generous Medicaid expansions or adopted them earlier, compared with other states.¹⁴ In addition, the study also found that employment rates of unmarried mothers rose faster in those states that provided more access to Medicaid for families who were not on the welfare rolls. Clearly, health insurance is taken seriously by mothers as they consider leaving welfare for employment.

Availability of Private Coverage

More discouraging to policymakers, recent studies suggest that the Medicaid expansions may be offset by reduced private health insurance coverage. Private health insurance coverage has been declining over the past 15 years, for reasons not clear to analysts. Employment-based health coverage rates for children dropped from 66% to 58% between 1988 and 1993,¹⁵ and private employer-based health care coverage for low-wage workers dropped by 10 percentage points from 1979 to 1989.¹⁶ These declines may result from rising health care costs, changes in the nature of the health insurance market, or changes in the types of jobs available to unskilled workers. For example, an increase in part-time work or in temporary jobs may have contributed to the decline.

Part of the decline, at least for the late 1980s and early 1990s, may have been a result of the Medicaid expansions themselves. One study found that private health insurance coverage fell more rapidly in those states where Medicaid expansions were more generous or were enacted earlier.

Universal private health insurance coverage could lower the AFDC caseload by 11% and raise employment rates by eight percentage points.

er. Another study noted that private coverage rates have fallen more among women, who are eligible for Medicaid, than among men, who typically are not.¹⁷ These findings suggest that Medicaid may have a “crowd-out” effect of displacing private employer health insurance plans. There are many ways that such an effect could work, for instance by allowing women leaving the AFDC rolls to take jobs without private sector insurance benefits, or to not pay the premiums that are ordinarily required—in the knowledge that they and their children can be covered by Medicaid. The magnitude of the estimated crowd-out effect (that is, the decline in private coverage as a percentage of the increase in Medicaid coverage) differs from 12% to 18% in one study to 50% in the other—but both studies found crowd-out to occur. In addition, one study concluded that crowd-out was greater among near-poor

families who more often have private coverage options in the job market than among poor families.

Crowd-out could be lessened by reducing the income eligibility limits of the Medicaid expansions to concentrate Medicaid expenditures on the very poor, or by creating mandatory universal private-sector coverage at benefit levels higher than those in the Medicaid system. The existence of crowd-out does not alter the fact that the Medicaid expansions have allowed many former recipients to move off the rolls and to take private-sector jobs offering no health care coverage, which, without Medicaid for their children, they would have been unable to accept. Thus, to some extent, Medicaid is serving as an indirect subsidy to employers by enabling them to hire former welfare recipients without offering health care coverage. However, Medicaid is a public expenditure and so must be justified. The policy goal of increasing employment (by continuing Medicaid coverage) may compete with the policy objective of seeing former recipients receive health care benefits from the private sector.

Another way of examining the incentive effects of health insurance is to assess whether the availability and generosity of private health insurance off welfare encourage women to move off the rolls. (This is the flip side of the question of whether Medicaid benefits available only if on welfare discourage women from moving off the rolls.) Echoing the findings with Medicaid, one study that examined this issue showed that the welfare decisions of women and children with minimal medical care expenditures were little affected by their access to private health insurance, but that the decisions of those with health problems or significant medical care expenditures were strongly affected.¹² In the group with health problems, women living in areas with greater insurance availability and generosity were much less likely to be on welfare and much more likely to work than similar women living in areas with low probabilities of private coverage.

In an attempt to develop concrete estimates of the effect that universal health care reform would have on AFDC rolls and employment rates of welfare-eligible women, one research team simulated the

impact of increasing the generosity and availability of private health insurance coverage.^{12,18} (Private health insurance plans are, on average, less generous than Medicaid.) The study predicted that increasing the value of private insurance by \$50 per month¹⁹ could lower the AFDC caseload by 16% and raise employment rates among women who head families by 12 percentage points. Universal private health insurance coverage could lower the AFDC caseload by 11% and raise employment rates by eight percentage points.

These figures are based on estimates from 1984, prior to the Medicaid expansions, so the effects of these types of private insurance reforms would presumably be more modest today. A later study estimated the Medicaid expansions to have decreased the AFDC caseload by only 4.6% and to have increased employment rates by only 3.3 percentage points.¹⁴ However, the Medicaid expansions are limited to pregnant women and children, while the larger estimates above represent the more substantial effects that truly universal coverage could have.

Policy Implications

The policy implications of the findings reported in this article are clear. Despite recent expansions of the Medicaid system to cover children and some mothers off welfare, gaps in coverage remain, and many women who move off welfare find themselves uninsured. Those uncertain insurance prospects discourage some women and their children—those with significant health care needs—from going off the rolls. Consequently, lack of health coverage when off welfare is a major obstacle to the attempt to move women from welfare to work, which is such a fundamental goal of current welfare policy.

The holes in the health insurance safety net have been considerably reduced by recent expansions of the Medicaid program to poor children off welfare, but the remaining gaps are still large. Except when pregnant, women off welfare are still largely uncovered by Medicaid, for example. Such women are not targeted by the Medicaid expansions, and they do not appear to be well covered by the Medically Needy program. The guaranteed 6 to 12 months of Medicaid coverage for women who leave

AFDC does not appear to lead to a transition to private insurance, despite the hopes of policymakers that it would provide such a bridge. While it is worth keeping the transitional Medicaid coverage in place, it is also important that policymakers not have high expectations for its success in the absence of national health care reform. Until that reform takes place, there is no guarantee that women will be able to move to private coverage at the end of the 6-to-12-month period.

The findings reported here support the argument that welfare reform requires health care reform. A system with universal coverage would significantly reduce the welfare rolls and increase the labor force attachment of low-income women. Whether a system of universal health care coverage should come from national health insurance, mandatory private-sector coverage, a comprehensive government program of last resort, or some other way, is a separate issue that is less important than the guarantee of some type of coverage for women and children who move off welfare.

In the current policy environment of cost-cutting and government retrenchment, such increases in coverage may be difficult to achieve. Universal coverage requires federal legislation and cannot be provided by state governments alone, especially as they take on more of the fiscal burden of welfare provision. Large Medicaid expenditures are already seen as problematic by states, and many have engaged in cost-reduction initiatives such as instituting managed care or taking steps to lower the quality of care provided to Medicaid recipients.²⁰ But these initiatives have their limits, and it will be difficult to achieve Medicaid savings without reducing the actual number of recipients by directly or indirectly restricting Medicaid eligibility. How states handle their stark budgetary tradeoffs remains to be seen over the next several years.

Conclusion

The lack of adequate health insurance coverage, public or private, for women who leave welfare for work puts a limit on the success that can be achieved through welfare-to-work programs that are currently so popular with the public and in Congress (see the article by Nightingale

and Holcomb in this journal issue for a discussion). Without adequate private insurance, those programs may give women no more than temporary periods off welfare. Many will try to return to welfare to avail themselves of Medicaid when they or their children have medical needs. If time limits or budget restrictions cut off their access to welfare and Medicaid, some women and

children may experience deleterious health consequences.

The authors would like to thank LaDonna Pavetti for alerting us to several references, Richard Behrman for his remarks at the conference where this article was first presented, and Jonathan Gruber and Aaron Yelowitz for their comments on this article.

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Arranging Child Care

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Abstract

More than half of the children in families supported by welfare are under age six, and another third are in grade school. The mothers of these children cannot leave welfare for employment unless they can find and pay for child care. Yet, as this article points out, the child care needs of these families are not easily met: Many require care for infants and toddlers, care at odd hours, and care in poor neighborhoods—all of which are scarce. Evidence reviewed by the authors indicates that problems with child care affordability, availability, and quality impede mothers from participating in the labor force and in job training programs. Recent public funding for child care subsidies has helped families leaving welfare to afford the child care they need, although the demand for financial assistance outstrips available funding. This article urges that policymakers work to facilitate access to subsidies, increase the supply of care that can meet the needs of poor working families, and guard against exposure to poor-quality care that can jeopardize both children's well-being and parents' employment.

During the past 20 years, welfare policy has increased the work obligations imposed upon mothers of young children as a condition for receiving income assistance. To support these work activities, the federal government has made a substantial commitment to provide child care subsidies to those leaving welfare through employment and to low-income working families. However, because the need for good-quality, affordable child care is far greater than current funding can accommodate, policymakers face difficult choices about how funds should be allocated. The debate about child care support thus focuses on concerns about the availability, cost, and quality of child care arrangements needed to enable poor parents to work and also on concerns about how government child care resources should be distributed.¹

This article discusses the special child care needs of low-income families and the challenges they face in arranging child care for their children. It reviews evidence that child care problems are a barrier to employment, and it describes opportunities for policymakers to design child care assistance programs to support employment of poor mothers and to invest in the development of child care services appropriate to the needs of those families.

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Child Care Needs of Families Leaving Welfare

Recent changes in welfare policy require recipients of cash assistance to work or participate in education, training, or job search activities, although many of these families have young children who will need child care when their mothers attend training or work outside the home. In 1992, just over 9 million children received benefits through Aid to Families with Dependent Children (AFDC). About 2.3 million of them were infants and toddlers, and 2 million were preschoolers who would need

In 1995, a single mother earning the minimum wage brought in only \$8,840. To purchase formal child care, she would have to spend 38% of that income.

child care if their mothers were required to work or participate in education, training, or job search activities. Another 3 million children were between 6 and 11 years old, and many of them would need care before and after school if their mothers worked. Most families receiving welfare must arrange child care for more than one child in order to work. In 1992, an estimated 30% of AFDC families had two children, 16% had three, and 10% had four or more children.²

Although many welfare recipients need child care in order to work, they often have special needs that make it difficult for them to find suitable child care arrangements. Welfare recipients face grim employment prospects: Many have low levels of educational attainment and low skills that severely limit the kinds of jobs they can obtain and the wages they can earn. (See the article by Burtless in this journal issue.) Many enter jobs paying the minimum wage, which was only \$4.25 per hour in 1995. On average, center-based care and regulated family child care cost parents about \$1.60 per hour in 1990, which amounts to \$3,328 per child per year for full-time care.³

An illustration helps show how those child care costs affect the budgets of families who leave welfare for work. In 1995, a single mother of one child earning the minimum

wage in a full-time, full-year job brought in only \$8,840. To purchase formal child care, she would have to spend 38% of that income. Mothers with more than one child needing care would have to spend even more. Consequently, welfare recipients who enter the workforce will need subsidies in order to purchase most types of child care, or they will be forced to find low-cost informal child care arrangements that provide fewer learning experiences to children than formal child care offers.

The work schedules of many welfare recipients who enter the workforce also pose child care problems for them. Part-time work is all that some can find, and those parents need and can afford only part-time child care during the hours they work.⁴ Many families leaving welfare will need child care during nonstandard hours (other than eight-hour days and five-day weeks) or to cover work schedules that change from week to week. According to the National Child Care Survey, in 1990 approximately one-third of working poor parents worked on weekends, nearly 10% worked during evenings, and almost one-half worked a rotating or changing schedule.⁵ Employment growth in the future is projected to be greatest for service occupations with a high proportion of shift workers, further increasing the demand for odd-hour child care.⁶ However, few child care centers and regulated family child care providers offer care during evenings and weekends,³ and many do not offer part-time attendance and payment options.

The flexibility and reliability of child care arrangements are critical to welfare recipients who obtain entry-level jobs, because they cannot miss work when their child is sick or when the child care arrangement breaks down. Their jobs seldom offer paid vacation or sick time, and when workers are easy to replace, employers are unlikely to tolerate late arrivals or absences from work. Indeed, studies have shown that problems with child care arrangements have led to job loss among poor families making the transition from welfare to work.^{7,8}

The problems facing welfare families as they arrange child care—low wages, nonstandard or changing hours, and inflexible schedules—also confront working poor fam-

Table 1

Primary Child Care Arrangements of Mothers with a Child Under Age Five ^a				
Type of Child Care Arrangement	Percentage of All Families ^b	Percentage of Low-Income Families ^b		
		All	Two Employed Parents	Employed Single Mother
Parent	45	48	40	17
Relative	16	22	27	30
Center	20	15	12	27
Family Child Care	12	8	11	21
In-Home and Other	6	8	10	5

^a Percentages are weighted to reflect the U.S. population. Low-income families are defined as those with annual incomes below \$15,000 per year. Families include both employed and nonemployed mothers.
^b Percentages may not total 100% due to rounding.

Sources: For all families: Hofferth, S.L., Brayfield, A., Deich, S., and Holcomb, P. *The National Child Care Survey, 1990*. Washington, DC: Urban Institute Press, 1991; for low-income families: Brayfield, A.A., Deich, S., and Hofferth, S.L. *Caring for children in low-income families*. Washington, DC: Urban Institute Press, 1993.

ilies who do not receive welfare. Recognizing that many low-income families struggle to find and pay for child care, policymakers have divided child care subsidy funds between families leaving welfare for self-sufficiency and poor families who have not turned to public assistance. But pressures on available funds are great. State officials, who now hold the primary authority to allocate child care funds, must make difficult trade-offs between the interests of families on and off welfare.

Child Care Choices of Poor Families

Parents of all income levels choose among several basic types of child care: formal care arrangements in child care centers or family child care homes that are usually regulated by state authorities, care provided by relatives or acquaintances in unregulated home settings, or care by the parents themselves.⁹ A small proportion of families use in-home sitters or nannies.

National surveys show that the child care arrangements chosen for children under age five by low-income mothers (those earning below \$15,000 per year) are similar to those chosen by mothers with higher incomes (see Table 1). The child care differ-

ences between income groups reflect the greater constraints poor families face in arranging care.^{10,11} For instance, in 1990, low-income mothers were more likely than mothers in general to use relatives to care for their children, and they were less likely to use family child care or center-based programs. Table 1 also shows, however, that the pattern of care used by employed single mothers differs from that of other low-income mothers. Single mothers usually cannot rely on another parent to care for the child, so they rely heavily on centers and family child care.¹²

Many low-income parents choose relatives, friends, or neighbors as caregivers. These people generally care for very few children and so are often exempt from regulation, and they are less likely than centers and family child care providers to charge regular fees. Family child care costs about the same amount as center-based care, while care by relatives, if it is available, is often free—only 17% of families using care by relatives in 1993 reported paying for it.¹³ Parents leaving their children for the first time may be more comfortable choosing someone they know well rather than a stranger. Relatives or neighbors may be more able to accommodate nonstandard or varying schedules, and their care may

reinforce the child's home language and culture. By contrast, parents who prefer formal child care arrangements, like centers or family child care homes, often emphasize the learning opportunities such programs can provide and the reliability of an established program.¹⁴

The choices parents make of child care arrangements are of course limited to the options they know about. Most families rely primarily on informal sources of information—friends, neighbors, or relatives—to find child care, and only half consider more than one option when choosing their main arrangement.^{10,15} Families leaving welfare often have no previous experience finding care, and the friends and relatives they consult may also be unfamiliar with the challenge of arranging child care.¹⁶

Moreover, welfare recipients starting training programs or entry level jobs may need to begin immediately and must find child care on short notice. While child care by relatives is generally arranged in just a few days, mothers who do not have this

One-third of all poor mothers not in the labor force report that they are not working because of child care problems.

option need more time to find care. Studies have shown that it takes from two to seven weeks to find an acceptable child care arrangement.^{10,15,17} Thus, poor families' lack of time and information complicate the problems they have finding child care arrangements that are affordable, conveniently located, and available during the hours needed.

Effects of Child Care on Employment

There is evidence that child care difficulties interfere with the employment of mothers who are poor. Surveys reveal that one-third of all poor mothers not in the labor force report that they are not working because of child care problems, compared with only 18% of nonpoor mothers who remain at home. Fully 41% of poor nonworking mothers with infants did not work because of

child care problems, compared to 11% of their nonpoor peers.¹⁸ Similarly, one-fourth of participants in a California welfare-to-work program reported that the lack of child care had constrained their work or education in the past year.¹⁹

Three features of child care appear to influence the employment of low-income parents: (1) the availability of child care, because young children cannot be left unsupervised; (2) the cost of child care, which makes employment less attractive because earnings are effectively reduced by the cost of care; and (3) the quality of the available care. Understanding the role each factor can play as a barrier to employment helps clarify steps policymakers can take to reduce the child care problems that low-income families face as they try to manage both employment and child rearing.

Affordability as a Barrier

Parents cannot use child care arrangements that they cannot afford. Among poor parents, cost is the most often cited constraint on child care choice.²⁰ In 1990, more than half of all employed mothers with a child under age five paid for their child care arrangements: Some 42% of low-income families paid for care, as did 56% of higher-income families. Among those who paid for child care, average weekly child care expenses were much lower for poor than for nonpoor employed mothers (\$37 versus \$65), but the poor spent a much higher proportion of the family income on child care (23% versus 9%).¹⁰

The cost of child care effectively reduces the amount of income a parent can earn from work outside the home, and surveys of mothers indicate that child care costs influence their employment decisions. About 40% of nonworking mothers interviewed in one survey cited child care costs as the reason they were not working, and about 40% of working mothers said child care costs led them to change jobs or hours worked.¹⁵ Studies focused on single and low-income mothers have found that their employment decisions are sensitive to these costs.²¹ Single mothers (many of whom have low incomes and are likely to be eligible for child care assistance) are probably more sensitive to child care prices because they usually lack unpaid child care from husbands or part-

ners and must spend a higher proportion of their income on child care. One study found that assistance paying for child care increased single mothers' involvement in work and education.²²

Subsidies that cover most of the cost of care give poor parents access to the formal child care options that may be available in their neighborhoods. Almost half of working poor families with a child in center-based care in 1990 reported receiving financial assistance in paying for care,⁵ and others probably received indirect subsidies they did not report, through sliding fee scales or free care provided in public prekindergarten programs. Those who have access to subsidies tend to choose center-based care rather than family child care.²³

Availability as a Barrier

In addition to cost, a variety of factors make it difficult for many poor families to use centers or regulated family child care homes.⁵ As noted earlier, few child care centers and regulated family child care providers offer care during evenings or weekends, when many poor families need it. Families who lack private transportation find their child care options even more limited. A national study conducted in 1990 indicated that only 40% of centers and 28% of regulated family child care providers were located near public transportation,³ and of course using public transportation can be both costly and cumbersome.²⁰

Center-based care, especially full-time care, is more scarce in poor neighborhoods than in other areas.²⁴ Center care for infants and toddlers is costly everywhere, and it is least available in the poorest neighborhoods, where few families can afford to pay for it.²⁵ Little is known about the overall availability of family child care because many family child care providers offer care outside the regulated system and cannot be easily counted. However, many are not filled to capacity; nearly half the providers interviewed in the 1990 national study indicated that they would be able to care for more children, but few advertise their services.²⁶

The availability of care by relatives can also be limited, especially for single mothers who often have no other adult in the household with whom they can share child care

responsibilities. Two-thirds of families receiving welfare in Illinois in 1990 reported that they had no friend or relative, inside or outside their immediate household, who could provide child care.²⁰ The availability of care by relatives may further diminish for poor families as welfare reform policies move more and more women into the labor force.

Despite concerns about child care availability, staff working in several welfare-to-work programs reported that the supply of child care services for their clients was sufficient when subsidies and help in finding arrangements were provided, except for some shortages of care for infants and toddlers and during odd hours. It should be noted, however, that staff working with JOBS (Job Opportunities and Basic Skills Training) programs were surveyed when the programs

Center care for infants and toddlers is costly everywhere, and it is least available in the poorest neighborhoods.

were relatively new and served mostly volunteers and clients with lower child care needs. As more welfare recipients are required to work, child care availability may become a more significant problem.^{27,28} In the Teenage Parent Demonstration, which required teenage AFDC recipients to participate in education, training, or employment activities, staff reported that arranging child care for program participants was challenging, but possible.²⁹ In that demonstration, participants' child care concerns shifted from lack of availability and cost to the quality of the arrangement they were able to find.

Quality as a Barrier

The quality of the care provided is important to parents of young children when they choose child care arrangements. Among low-income families (those with incomes under \$15,000), some 51% cited quality as the first or second most important reason for choosing the main arrangement for their youngest child.³⁰ Among those citing quality, two-fifths said that the provider's "warm and loving style" was the key factor. However, observational studies of child care in the

Table 2

The Quality of Child Care in Centers and Homes			
Type of Child Care Arrangement	Percentage Offering Care That Is		
	Inadequate	Adequate	Good
Child Care Center Classrooms	12	74	14
Infant-toddler classrooms	40	51	8
Preschool classrooms	10	66	24
Home-Based Child Care	35	56	9
Regulated family child care	13	75	12
Nonregulated family child care	50	47	3
By relatives	69	30	1

Note: Quality is measured by a 7-point rating scale that includes health and safety, materials to promote development, provider-child interactions, and activities. Inadequate corresponds to scores below 3, adequate corresponds to scores from 3 to just below 5, and good corresponds to scores from 5 through 7.

Source: For center-based care: Cost, Quality, and Child Outcomes Study Team. *Cost, quality and child outcomes in child care centers: Executive Summary*. Denver: Department of Economics, University of Colorado, January 1995; for home-based care: Galinsky, E., Howes, C., Kontos, S., and Shinn, M. *The study of children in family child care and relative care: Highlights of findings*. New York: Families and Work Institute, 1994.

United States suggest that the vast majority of children receive care that is of poor to moderate quality; few receive care that is good enough to stimulate their development (see Table 2).^{17,31} Poor children are less likely than children from middle-class families to be cared for in high-quality child care settings. Although poor and nonpoor families choose among centers with a similar range of quality, poor children are more often cared for in home-based and informal arrangements that are often inadequate in quality.¹⁷

Consistent with their limited range of child care options, poor single mothers are less satisfied with the child care they use than are other mothers. While satisfaction levels are typically 95% or higher, only two-thirds of single, low-income mothers said they were highly satisfied with their child care arrangements. Fully 41% of single employed poor mothers would prefer another child care arrangement, most wanting center-based care.⁵ Parents' concerns about child care quality raise serious issues for the children, since a recent study suggests that parents tend to overestimate the quality of their children's child care arrangements because it is difficult for them to monitor their child's daily experiences in care.³²

Problems with child care quality contribute to some mothers' decisions not to work or to change jobs or hours worked.

One-third of nonworking mothers in three metropolitan areas cited quality concerns as their main reason for not working, and one-fifth of those who worked said they changed jobs or hours because of the quality of their child care.¹⁵ One-fifth of JOBS participants in California reported that lack of trust in available child care options had constrained their work or education activities.¹⁹

Only one study has examined how the quality of the children's experiences in child care affects low-income mothers' employment decisions over time. That study of the California JOBS program found that a participant's assessment of the safety of her child care arrangement and the trustworthiness of her care provider were important predictors of whether she was still active in employment or job preparation one year after enrolling in the JOBS program.³³ The mother's assessment of her child's learning and social opportunities in child care was not as closely tied to her progress toward self-sufficiency.

These findings suggest that poor parents may define a threshold for the quality of their children's child care arrangements in terms of a basic level of safety and trustworthiness, and discontinue their work-related activities if they cannot find and maintain arrangements that they believe exceed their threshold. But they may be

willing to compromise with respect to some aspects of quality, such as the child's social and learning experiences, in order to pursue employment.

If participating in employment-related activities is made a condition for receiving welfare benefits, the threshold for poor quality that parents will tolerate might sink even lower. An evaluation of the Teenage Parent Demonstration mentioned earlier suggests that this may indeed occur. Program participants were required to engage in education or employment-related activities, and their welfare grants were cut if they failed to participate.²⁹ Child care problems occurred among both participants and control group members, but the participants were much more likely to report problems concerning the quality of the child care they used. These young mothers may have resorted to child care of lower quality than they would have chosen if they had not been required to participate in welfare-to-work activities.

Another aspect of child care quality—the reliability of the arrangement—affects employment more directly. During their first three months in California's JOBS program, more than one-third of the participants experienced problems because child care providers would not care for sick children, and one-fourth had a child care breakdown because the provider was no longer available to provide care or because a center closed.¹⁹ These mothers had to find alternative arrangements or miss time at work or school. By the end of their first year in the JOBS program, more than half had changed their primary child care arrangement at least once, disrupting the continuity of care received by their children.

Compared to formal child care arrangements, informal child care arrangements with relatives or acquaintances appear to be more likely to break down, leading to disruptions in work activities.²⁰ Informal care may be less reliable because the provider's main intention is often to help the mother, not to work with children. One study found that, compared with providers who were regulated by state authorities, relatives and informal caregivers were less committed to the work of caring for young children.^{17,34}

As these studies show, child care problems can become barriers to the employment of poor mothers for a variety of reasons. Families leaving welfare for work often have special child care needs but relatively few child care options, and much of the care that exists is costly, poor in quality, or unreliable. When employment-related activities are required, most parents can find a child care arrangement. However, it will matter greatly to the child and to the employed parent that the care is safe, is reliable, and supports the child's development. Over the long term, it also matters that the care is affordable without subsidies.

Child Care Policies to Support Employment

To reduce welfare receipt and encourage employment, public policies must ensure that poor parents have affordable child care choices that will not harm their children or jeopardize their employment. This requirement poses a difficult challenge, given con-

Poor parents may define a threshold for the quality of their children's child care arrangements in terms of a basic level of safety and trustworthiness.

strained resources. As states redesign their child care policies to support the goals of welfare reform, they will have to make difficult tradeoffs among efforts to improve the affordability of child care, expand the supply of child care and access to it by poor mothers, and enhance the quality and reliability of that care.

Improving the Affordability of Care

Helping families pay for work-related child care has been an important part of welfare reform legislation since the Family Support Act of 1988. In addition to two existing programs providing child care funds to welfare recipients who worked, pursued training, or left welfare for employment, the federal government in 1990 established two new subsidy programs for low-income working families. In 1993, over \$1.7 billion in federal funds was spent on child care for welfare and working poor families.³⁵ The welfare reform

legislation passed in 1996 combined the four federal child care programs into the Child Care and Development Fund that in 1997 will disburse a total of \$2.9 billion to the states to use in helping poor families pay for child care.³⁶

This significant federal funding commitment to help low-income working families pay for child care nevertheless has fallen short of meeting the vast need for such assistance. In many large cities, long waiting lists for child care assistance have confronted low-income families who are not on the welfare rolls.³⁷ Under the AFDC program, a minority of working welfare recipients applied for child care assistance, and the JOBS program often excused mothers who

In 1997, the federal Child Care and Development Fund will disburse \$2.9 billion to the states to use in helping poor families pay for child care.

needed child care assistance from participation requirements. The new welfare rules will require even women with very young children to work. The stringent work requirements entailed in the 1996 welfare reform legislation may lead states to tailor their child care assistance more specifically for welfare recipients, although the threat of eventually losing child care assistance may threaten the fragile employment gains these families make.

Implementing child care assistance programs since 1990, states have grappled with basic questions of who should be served, with what level of resources, and for how long. Past experience also demonstrates that procedures for obtaining subsidies can be simplified. Rather than require parents to apply for assistance directly from each subsidy program for which they are eligible, some states and cities have established a single contact point (an office or a toll-free phone number) and a uniform application.³⁷ These streamlined systems are supported with computerized management information systems that compare the family's eligibility information to eligibility rules and sources of available funds and then award assistance fairly on the basis of fund-

ing priorities and the rule of first-come, first-served.

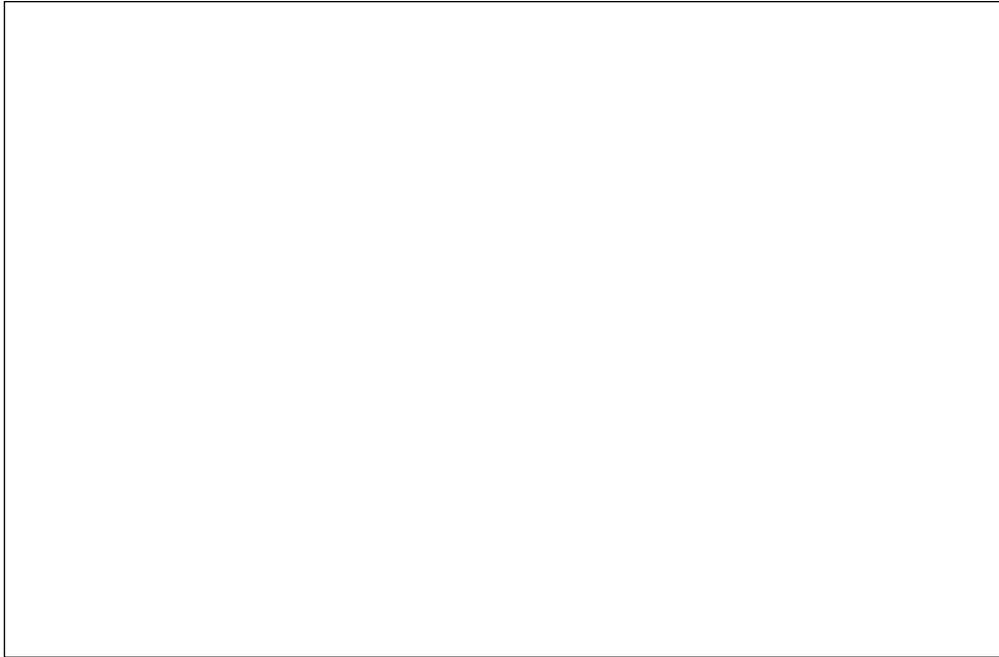
Improving the Availability of Care

As an increasing number of poor families enter the labor force and need child care, states may also find it necessary to develop new child care options, increasing the supply, especially in neighborhoods where poor families live. One promising strategy is to recruit new family child care providers and increase the number of children cared for by existing providers. Family child care is less capital-intensive than center-based care, and it can more easily expand in response to greater need, especially in states where providers can legally care for small numbers of children without becoming subject to child care regulations. Recruitment efforts must, however, be accompanied by training and technical assistance to ensure that caregivers provide safe and reliable child care and comply with the regulations that do apply to them.⁴ In some places, some child care resource and referral agencies, which primarily help parents locate child care, have contracted with public agencies to expand the supply of child care in low-income communities by recruiting and supporting family child care providers and helping center directors who want to start or expand programs.³⁸

The range of child care options available to low-income families may also be expanded by forging links between the welfare or child care agency and Head Start and state preschool programs. Head Start and preschool programs generally offer only part-day services, but states have experimented with ways of combining child care subsidy funds with Head Start funds to support full-day services for children of low-income working parents in the neighborhoods where they live.

Improving the Quality of Care

To ensure that parents can find safe child care arrangements that meet children's developmental needs, supply-building efforts must be accompanied by investments in child care quality. A variety of approaches can be used to safeguard quality: consumer information for parents, training and technical assistance for child care providers, and enforcement of the regulatory standards that apply to child care.



Information and referral services for parents can help welfare recipients beginning the transition to work to choose the best child care arrangement available. It is difficult for parents, on their own, to obtain reliable information about child care arrangements that are geographically dispersed. Some welfare or child care subsidy agencies develop their own counseling and referral services to help their clients find child care, and others contract with a resource and referral agency to provide these services. The best information services for poor parents combine the strengths that such agencies have in counseling, referral services, and attention to the child-oriented aspects of the child care choice with the public agency's understanding of the special child care problems faced by poor mothers who are trying to leave welfare.³⁸

Relying on information and referral services to increase the demand by parents for higher-quality care is a weak method for improving the quality of care, however. In a short visit to a child care setting they are considering, it is difficult for parents to observe the features of care that constitute quality, and young children cannot be relied on to communicate whether their daily experiences in care are positive, neutral, or damaging. Methods that are more direct than consumer education are needed to improve the quality of child care options available to low-income families.

Training and technical assistance to child care providers can improve child care quality. For instance, resource and referral agencies often provide training and support to center staff and regulated family child care providers, and community colleges and professional groups also offer training opportunities. Concerns arise regarding the quality of care provided by relatives and individuals in homes that are not subject to regulation, where basic health and safety conditions are not monitored.¹⁷ Public agencies might explore ways of offering specialized supports to build on the strengths of these caregivers and to encourage them to improve the quality of care they provide.

Attention to regulatory standards can have a strong influence on the quality of child care. A recent study of child care programs in several states demonstrated that stringent regulatory standards for child care centers and strict enforcement of those regulations were associated with higher-quality care.^{31,39} State regulations that set minimum quality thresholds not only help protect children from harm but can reassure parents while they focus on their work.

Conclusion

Welfare policies requiring work in exchange for benefits will oblige mothers with young children to use child care even though, as the previous discussion has demonstrated,

poor single mothers face substantial difficulties arranging appropriate child care. The quality, reliability, and cost of the care they can arrange will most likely affect their ability to remain employed and become self-sufficient and also their children's success in school and later life. Families need and deserve the assistance of policymakers to ensure that the child care they rely on as they leave welfare for work is not only affordable and appropriate to their specific needs, but safe and beneficial for their children.

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When Low-Income Mothers Go to Work: Implications for Children

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Abstract

When mothers who have depended on welfare become employed, the change affects not only welfare budgets and the women themselves, but the daily lives of the children who make up two-thirds of the welfare population. This article is the first of a set of three that consider what we know—and do not know—about the likely effects that a mother's moving from welfare to work will have on her children.

This article gives an overview of research studies conducted from the late 1960s to the present that consider how maternal employment affects children in low-income families. The efforts of these families to juggle working and child rearing have received far less attention than those of middle-class or professional families. Most studies that do focus on low-income groups indicate that children are seldom harmed when their mothers work, and many have improved outcomes, especially in terms of cognitive development. The authors caution, however, that all the working mothers studied thus far entered employment voluntarily, so their experiences may be more favorable than the experiences of families who may be forced off welfare and into jobs. Child outcome research that focuses directly on the families who will be affected by welfare reform is currently unavailable.

The two subsequent articles (by Parcel and Menaghan and by Moore and Driscoll) continue with the themes raised in this overview and examine in depth specific questions policymakers should ask as they anticipate the effects that moving mothers into low-wage jobs may have on the development of children: How does a parent's going to work outside the home affect family life? And how do children who were once supported by public assistance fare after their mothers become employed?

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With the enactment in 1996 of sweeping welfare reform legislation, states gained extraordinary authority to determine the nature and scope of their welfare programs, including the length of time a family may receive welfare (up to the five-year limit in the federal law) and the extent of the educational, training, and child care services that will be available to families as they make the transition from welfare to work. The changes that will emerge in states as a result of federal welfare reform will

obviously have implications for children. This article addresses how the movement of mothers into employment may affect children.

Several thoughtfully designed and carefully executed evaluations of the effects on children of mothers' participation in welfare-to-work programs are now under way. These studies randomly assign welfare families to be subject to, or free of, the requirements of programs designed to encourage mothers' employment. The studies will yield information about implications for children when welfare mothers (regardless of their motivations or background characteristics) are required to work or prepare for work.¹⁻⁵ Unfortunately, the results from these studies will not all be available in time to influence decisions about new state welfare programs.⁶ Until these important studies are complete, policymakers must look for guidance to an existing body of research on the implications of maternal employment for children in low-income families.

Maternal Employment Research

In reviewing current research, it is important to bear in mind that existing studies look almost exclusively at families in which mothers voluntarily sought and gained employment. (Most existing and proposed welfare-to-work programs are not voluntary; they require mothers to participate in education, training, job search, or employment activities.) Mothers who voluntarily gain employment differ in many important ways from mothers who do not. For example, on average, the former have more education and higher cognitive scores—characteristics that directly influence both children's development and mothers' employment patterns.^{7,8} Differences in child outcomes that are found in these studies may therefore show the effects of preexisting differences in mothers that predispose some toward employment, rather than the effects of employment itself.

With that caveat, then, this article reviews research on the implications of maternal employment for children in low-income families. The research on maternal employ-

ment across *all* population groups has sought answers to four major questions. This article examines each of these questions in turn, focusing specifically on low-income families.

1. *Is maternal employment harmful to children?*
2. *Do the implications that maternal employment appears to have for children actually reflect differences between families that predispose some mothers to work?*
3. *Are child outcomes affected by the mother's job conditions?*
4. *Do outcomes differ depending on the age of the child when the mother goes to work?*

As this article documents, researchers conclude with increasing certainty that maternal employment itself, rather than variables generally associated with it (like the mother's education or psychological outlook), contributes to improved child outcomes in low-income families. However, conditions such as low wages, poor working conditions, and perhaps work that begins during the child's first year of life can undermine the generally positive effects of maternal employment on children in low-income families.

Positive or Negative Implications

Most of the studies of the implications of maternal employment for children have focused on middle-income families. In general, these studies have not found a consistent picture of negative implications across all children.^{9,10} Some studies have documented problems for middle-class boys,^{11,12} while others have noted benefits for girls^{13,14} and for children generally when mothers are satisfied in their employment roles.^{15,16} These findings suggested that the implications of maternal employment differ for key subgroups,^{17,18} leading researchers to focus on specific groups, low-income families among them.

When low-income families are studied separately, the results are fairly consistent. With a few notable exceptions, discussed later in this article, maternal employment among low-income families has generally had either positive or neutral implications for children's development. For instance, a study of Head Start students in the late 1960s found that children who scored well on a verbal test were more likely than their peers to have mothers who were employed outside of the home.¹⁹ Another early study looked at children's development in light of maternal employment and a range of other family factors, such as whether there was a father in the home, crowding in the household, and number of children in the family. Like the Head Start study, this study found positive child outcomes associated with maternal employment. For example, in families in which the mother worked and a father was present, children did better in early measures of height and weight and had more advanced language development.²⁰ The height and weight outcomes suggest that the additional income from the mother's employment may have helped the family meet such basic needs as obtaining food.

Preexisting Differences Between Families

Early studies like these simply compared children whose mothers were employed with those whose mothers were not, and the studies generally showed better intellectual, social, and emotional outcomes for low-income children of employed mothers.

Later studies investigated whether factors other than the mother's employment—such as higher levels of education or a more positive psychological outlook among employed mothers—might be the real reason for these better outcomes. Thus, researchers have tried to identify and account for these other factors that might affect child outcomes to ensure that they were actually measuring the implications of maternal employment—and nothing else—for child outcomes. The majority of these studies also reported better outcomes for children in low-income families whose mothers were employed.

For instance, one researcher studied outcomes for three groups of children 10 to 12 years old, all being raised by single mothers and attending inner-city public schools.²¹ The groups did not differ significantly in maternal education or family size, although household income was higher for families with employed mothers. Mothers were categorized as having been employed full time, part time, or not at all since the child entered school. The nonemployed mothers in the sample received Aid to Families with Dependent Children and described themselves as preferring to stay at home. Children of mothers employed full and part time, compared to those in families with a mother who was not employed, had higher self-esteem and perceived that their families were more cohesive and organized. Daughters of mothers employed full time had higher grade point averages than other children, and they described their families as placing a higher priority on independence and achievement.

Because the groups that were compared in this study looked the same with respect to mother's education and family size, the researcher could safely conclude that differences in child outcomes could not be attributed to these factors. However, as the researchers themselves point out, the study did not take into account the group difference in family income or possible unmeasured psychological factors that might distinguish employed mothers from nonemployed mothers. Thus, the possibility remained open that these factors, rather than the fact of maternal employment, may have been driving the improved child outcomes.

Fortunately, another study the same year attempted to account for a broader range of factors that might potentially affect child outcomes in low-income families.⁸ This study controlled for mothers' mental aptitude, self-esteem, traditional values, poverty, and marital status; and the quality of the home environment—any of which may predispose mothers to employment, or be associated with their employment. In this study, the children of mothers who worked during the child's first three years had higher math achievement scores in the second grade, even when these other factors that might contribute to improved outcomes were taken into account. Mothers who were recently employed had children with higher reading achievement and receptive vocabulary scores. Maternal employment did not appear to influence the occurrence of child behavior problems. The researchers concluded that, "it appeared that children from low-income families benefitted from maternal employment," particularly with regard to cognitive development.²²

Effects of Job Conditions

But does this conclusion hold regardless of the conditions of a mother's employment? All employment is not the same. Wages obviously differ across jobs, even across jobs involving equivalent work. Hours of work also vary across jobs, as does the regularity of work schedules.²³ Some jobs are challenging, enjoyable, and stimulating, while others are monotonous or repetitious.

Early studies comparing children whose low-income mothers were all employed documented that full-time work and better jobs were associated with more optimal child outcomes than were part-time work and less stimulating jobs. For example, one researcher found that fifth graders from a poor neighborhood in North Philadelphia were better adjusted, had higher IQ scores, and saw their mothers as more consistent with discipline when their mothers were employed full time rather than part time.²⁴ Another study found parallels between the job requirements of black, inner-city mothers and the academic behavior of their children between the ages of 10 and 17.²⁵ When mothers reported greater job demands, their preadolescent and adolescent children fulfilled a higher proportion of homework assignments. When the mothers' skills were

more fully utilized in their jobs, their children had higher math achievement scores.

Specific features of parents' jobs may influence the types of behavior that parents value and encourage in their children. For instance, research suggests that parents in jobs that are repetitive and unstimulating and offer little opportunity for self-direction emphasize obedience as a child-rearing value. By contrast, when jobs involve greater variety, stimulation, and self-direction, parents more often tend to reason when disciplining their children and tend to expect their children to internalize adult norms.^{26,27} Wage levels may also play an important role in child outcomes, as shown by research discussed in the articles by Parcel and Menaghan and by Moore and Driscoll in this journal issue.

Over the past two decades, increasingly sophisticated study designs have yielded greater certainty that maternal employment contributes to improved child outcomes in low-income families, independent of the influence of preexisting characteristics of the mother.²⁸ Evidently, however, those generally positive effects of maternal employment on children can be jeopardized by very low wages and poor working conditions.

Early Employment

During the last several years, researchers have paid considerable attention to the possible significance of the timing of the mother's employment, but findings at this stage remain mixed and incomplete. Some studies have shown that early maternal employment (that is, within a child's first year) has negative implications for children in families of various income levels.^{7,29} Other studies, however, have not shown this pattern for low-income children.³⁰ These conflicting findings regarding maternal employment in a child's first year of life constitute an important exception to the overall pattern of neutral or positive associations and highlight a critical area for additional study.

Conclusion

As this brief review demonstrates, researchers have fairly consistently found that, among low-income families, maternal employment has positive implications for children—or at the very least, it has few deleterious implications if begun after infancy. Furthermore,

research suggests that favorable working conditions and higher wages among employed low-income mothers have positive implications for their children.

Those concerned about the effects on children of mothers' participation in mandatory welfare-to-work programs may be encouraged by this conclusion, but they should bear in mind the important caveat at the beginning of this article. The studies discussed here have looked at mothers who voluntarily gained employment, and these mothers are different in important ways from mothers who do not, of their own volition, acquire jobs. Studies are now under way to assess the effects on children of mandatory participation by their mothers in welfare-to-work programs. These studies will reveal whether child outcomes under such circumstances are favorable.¹⁻⁶

A limitation of existing studies of the implications of maternal employment for children in low-income families is that they do not distinguish between mothers who have a history of welfare receipt and those

who are "working poor." The implications of maternal employment for children may well differ depending on a family's welfare history, just as they appear to differ according to family structure. Research should concentrate on children whose mothers have been single mothers with differing welfare histories.

Finally, recent research suggests the need to go beyond the simple distinction of whether or not a mother is employed to consider the circumstances of her employment. For welfare mothers, it is possible (some would say likely) that mandatory transitions to employment will result in work that pays very low wages, is sporadic or involves nontraditional hours, and is repetitive and unstimulating—all conditions that are likely to undermine the positive implications of maternal employment for children. Of the three job characteristics considered so far by researchers—wages, hours, and complexity—wages appear most amenable to policy initiatives. Policymakers may therefore want to give serious consideration to various mechanisms for supplementing the wages of mothers as they move from welfare to work.

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Effects of Low-Wage Employment on Family Well-Being

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Abstract

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Assumptions about the processes that link a mother's employment to the development of her child must underlie expectations about how children may fare when their mothers move from welfare dependence into employment. This article explores the idea, mentioned in the research overview by Zaslow and Emig in this journal issue, that the working conditions such as wages, work hours, and task complexity that mothers experience on the job can influence their behavior as parents and shape the home environments they provide for their children. This article discusses the significance of home environments for children's intellectual and emotional development and considers how home surroundings change when mothers begin jobs that are more rewarding or less rewarding. The authors conclude that, while maternal employment is not necessarily harmful, if welfare recipients find only low-wage, stressful jobs, working may prove costly for both family and child well-being. The authors recommend that welfare-to-work programs devote attention to (1) assisting mothers to obtain more complex work at good wages, (2) helping mothers understand the role home environments play in shaping children's development, and (3) encouraging parents to make their children's home surroundings as positive as possible.

As our society continues to struggle with questions about how to lower welfare expenditures and attempts to define the levels of support that are appropriate to families in need, a small number of researchers have asked how the parental transition from welfare to work might affect children. To assist in policy formulation, this article discusses ways that specific aspects of maternal employment shape children's home environments, which, in turn, influence child outcomes.

Maternal employment can affect the family in conflicting ways. Obviously, employment contributes to a family's financial well-being, especially when the mother's wages make the difference between dependence on welfare and self-sufficiency. On the other hand, poorly paid, stressful jobs with long hours can jeopardize the quality of parenting by their demands on parents' time, energy, and attention. In many ways, the positive and negative working conditions that

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mothers experience on the job are reflected in the home environments they create for their children.

This article uses existing data to illuminate family processes that may confront those who exit welfare and enter employment. The article examines how the home environments of children ages three to six change when mothers begin paid employment and reveals different effects depending on the nature of the mother's job. Findings reported here indicate that when mothers start a low-wage, repetitive job, the quality of their children's experiences at home begins to deteriorate, becoming less stimulating and nurturing. Conversely, mothers who start well-paid, interesting jobs provide richer and more supportive home surroundings for their children.

The article also considers disadvantages faced by welfare recipients that may make their entry into employment problematic for their children. To counteract any resulting threats to children's well-being, programs that aim to support families making the transition from welfare to work should include efforts to enhance the home environments that mothers provide for their children.

Children's Home Environments

Children develop within families, especially in their early years, and therefore family organization and well-being are likely to affect child outcomes. Research has shown that children's immediate family environments are potent sources of both intellectual and emotional learning. To capture these important influences on children's development, researchers have used an interview and observational rating scale called the Home Observation for Measurement of the Environment (HOME) to measure the home's physical safety and cleanliness, the amount of appropriate cognitive stimulation provided there, and the extent of interpersonal warmth shown by the parents to the child.^{1,2} For preschool children, the scale includes such commonsense items for cognitive stimulation as the number of books the child owns, the frequency of story reading, and whether a family member helps the child with numbers, colors, and similar activities. The degree of warmth of

the adult-child relationship is captured by the interviewer's observations of whether the mother conversed pleasantly with the child, hugged him or her, and responded to the child's questions or requests.

These aspects of the home environment have been shown to have important consequences for children's cognitive performance and academic achievement³⁻⁵ and for their emotional well-being and social adjustment.⁶ Of course, other family characteristics also affect children's development. These include the presence of the father, the number of siblings, the child's physical health, and the mother's self-esteem, age, and education. For instance, as the number of children in the family increases, so do the behavioral problems and intellectual difficulties of the children.^{4,5,7} Nevertheless, the quality of parent-child relations and the quality of the home environment that parents provide are important means by which parents' social experiences and position affect their children's prospects in life.

Parental Employment

Inquiries concerning the effects parental employment may have on child well-being have typically focused on whether mothers are employed or not, but it may be more fruitful to consider how variations in working conditions affect those who are employed.^{4,5,8} Three elements of working conditions that affect family life can be differentiated: wage levels, work hours, and occupational complexity. Wage levels are important because they indicate the material support parents can bring to the household. Low wages limit the material resources parents can provide for their children, and low wages can produce feelings of distress that affect parent-child interaction.⁹ The effect of number of work hours is, similarly, what one would expect, since time spent at work limits the amount of time parents are able to spend with their children. The combined effects of these factors make the situation of a single parent working long hours for low pay particularly problematic.

Theorists have argued that the working conditions parents face in their paid jobs, including occupational complexity, are important determinants of their child-rearing values.¹⁰ Occupational complexity refers to the extent to which a job entails self-direction, not direct supervision, and variety as opposed to repetition. For instance, white-collar work often involves manipulation of ideas or symbols, or interpersonal dealings. This type of work is likely to be complex and to give the worker autonomy. Blue-collar work more often requires manipulation of things and is more standardized and closely supervised. Complex jobs can lead parents to encourage self-direction and intellectual flexibility in their children, and these qualities benefit children as they mature. By contrast, working in routinized, repetitive, heavily supervised jobs can erode parents' intellectual flexibility and lead them to stress obedience over autonomy in their children.¹¹ Researchers who have tested these ideas have found that mothers with more complex jobs provide better home environments for their children.^{2,12}

Starting Work: Effects on the Home

From a policy perspective, one key issue is how children's home environments will be affected as mothers move from welfare to

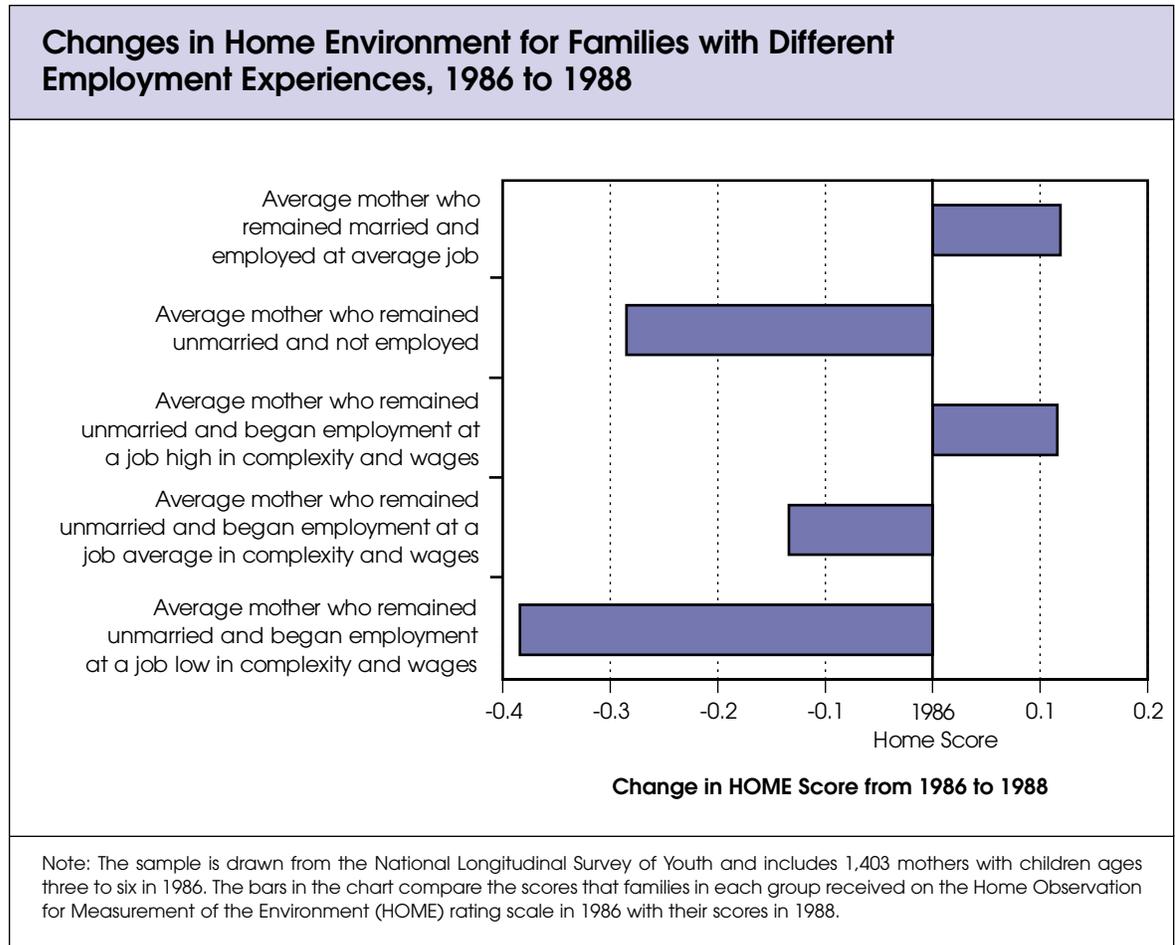
work. Although no studies have followed families through that specific transition, the authors have examined changes in parental employment and in children's home environments among a sample of 1,403 families included in the National Longitudinal Survey of Youth, a longitudinal, intergenerational data set that includes information on maternal background, welfare receipt and work activities, and developmental assessments of children.¹³ The study combined information on both working and nonworking mothers with children from three to six years of age in 1986 and again in 1988. In 1986, some 55% of the mothers were employed, and 66% were married to employed men. Over the two-year period studied, an additional 17% of the mothers began employment, and 12% stopped employment. Other important family changes occurred, as well. Another child was born to 24% of the families, 6% married, and 9% divorced. The study examined changes in the quality of preschool children's home environments, linking these especially to the changes in mothers' employment status. The results of the study are summarized in Figure 1.

The first group shown in Figure 1, children with mothers who had stable jobs and stable marriages across the two-year interval, experienced the greatest improvement in home environments. By contrast, home environments worsened sharply for the second group shown—children whose mothers were persistently unmarried and unemployed.

The third group shows mothers who remained unmarried but began employment, and for this group the effect of beginning employment varied depending on both wages and the occupational complexity of the mother's new job. Beginning a high-wage job that was high in complexity did no harm to the quality of children's home surroundings (the apparent improvement is not significant, statistically), but starting a low-wage job of low complexity was quite problematic. The quality of the home environments dropped for the latter group by a significant amount, worsening at least as much as the homes of mothers who remained unmarried and not employed.

Unmarried mothers who are not employed during their children's early years (like most current welfare recipients) appear to face a

Figure 1



Source: Menaghan, E.G., and Parcel, T.L. Social sources of change in children's home environments: The effects of parental occupational experiences and family conditions. *Journal of Marriage and the Family* (1995) 57,1:80. Figure 1.

dilemma: If they remain out of the labor force, the persistence of low interpersonal and economic resources in the family takes a toll that damages the quality of children's home environments during the critical early school years. On the other hand, if they enter the labor force but can find only low-wage employment, these mothers may gain little materially and yet have less time to cope with their unchanged household responsibilities. Some argue that any form of maternal employment is better than none—that is, that “workfare” is preferable to welfare.¹⁴ Requiring mothers to work may indeed be better for state and federal budgets burdened by the cost of welfare benefits, but these findings suggest that children will not necessarily benefit.

Generalizing to Mothers Targeted by Welfare Reform

When applying these findings to policy decisions, it is also important to consider the

ways in which the mothers who were not employed in 1986 differed from those who worked that year. Table 1 separates into three groups 1,040 of the women who took part in the National Longitudinal Survey of Youth and had at least one child between the ages of three and six in 1986. The three groups are (1) mothers who worked and did not receive public assistance (Aid to Families with Dependent Children, food stamps, or a housing subsidy); (2) mothers who worked and also received assistance; and (3) mothers who did not work but relied on public assistance. The table excludes mothers who neither worked outside the home nor received public assistance—homemakers—although they were included in Figure 1. The sizable second group is a reminder that work and welfare receipt can overlap, as families move back and forth between welfare and work or qualify for some welfare benefits even while working. (See also the article by Hershey and Pavetti in this journal issue.)

Table 1

Background Characteristics of Mothers Who Worked and/or Received Public Assistance,^a 1986			
Characteristics	Worked, No Public Assistance	Worked, Received Public Assistance	No Work, Received Public Assistance
Number of mothers ^b	651	130	259
Personal Characteristics			
Education	12.2 years	11.7 years	11.0 years
Cognitive test score	69 points	60 points	50 points
Marital status	75% married	40% married	35% married
Family size	1.8 children	1.9 children	2.3 children
Job Characteristics			
Complexity ^c	48% above average	32% above average	Not applicable
Hourly wages, 1986	\$5.84	\$4.78	Not applicable
Work hours, 1986	69% full time	56% full time	Not applicable
Home Environment^d	66% above average	53% above average	32% above average
<p>^a Public assistance includes AFDC, food stamps, housing assistance, and other supports for low-income people.</p> <p>^b 381 of the mothers in the National Longitudinal Survey of Youth with children ages three to six neither worked nor received public assistance in 1986 and are not included in this table. They were, however, included in Figure 1.</p> <p>^c Occupational complexity averages are based only on the scores of the 781 mothers who worked in 1986.</p> <p>^d Home Observation for Measurement of the Environment (HOME) scale averages are based on the scores of all 1,040 mothers who in 1986 worked, received public assistance, or both.</p>			

Source: Authors' tabulations based on data from the *National Longitudinal Survey of Youth* (CD-ROM) Ohio State University, 1979-92. Available from NLS User Services, 921 Chatham Lane, Suite 200, Columbus, OH 43221.

The family background and employment characteristics shown for the three groups in Table 1 reveal that families in which mothers did not work and did receive public assistance had the fewest resources to draw upon in terms of marital status, levels of maternal education, and levels of cognitive skill. The two employed groups differed, as well. Compared with the mothers who combined employment with public assistance, the self-sufficient workers were more likely to work full time, their wages were higher, and their jobs were more complex. HOME scores vary significantly across the three groups.

These differences mean that the employed mothers depicted in Figure 1 are not strictly comparable to mothers who receive public assistance and might be affected by welfare reform. Most welfare recipients will seek employment with few personal resources, and they will most likely be consigned to the poorly paid, repetitive jobs that Figure 1 shows are the least supportive of

positive parenting. (See also the article by Burtless in this journal issue.) It appears that early social advantage in one generation affects the well-being of the next, in part, by influencing the occupational conditions parents face and therefore shaping the family lives parents construct for their children.

Conclusions

The research discussed here shows the importance of the home environments parents create for their children and reveals that those environments reflect the positive or negative influence of parents' work outside the home. From the research flow several important policy considerations related to the transition from welfare to work.

The welfare policy debate has concerned the extent of support that society should provide to households headed by single females. Welfare legislation enacted in 1996 replaces a system that penalized paid employment by reducing assistance with one

that will require mothers who are eligible for welfare to go to work or prepare for employment if they are to receive assistance. The research reported here suggests that it will be important to consider the nature of the jobs that mothers leaving welfare will hold and to ask whether these jobs will be an asset or a hindrance to families and to the development of children. Following the finding that higher levels of maternal job complexity promote better home environments, job training programs that enable mothers to hold better jobs with more complex work would be helpful to their children. Of course, such jobs must first be available.

Child well-being can also be promoted if efforts to strengthen children's home environments are built into welfare-to-work programs for mothers, which often involve job training, child care assistance, and other related support.^{15,16} Such programs might take a two-generation focus (as discussed in the article by Blank and Blum in this journal issue) and teach mothers to appreciate the

importance of children's home environments and to strengthen the surroundings they provide. Many improvements can be made that do not require significant material resources, for instance, if adults spend time reading to the child or helping with letters and numbers, if they respond warmly to the child's questions and requests, and if they keep the home clean and hazard-free.

The home environment signals to the child what the parents stand for, at least in terms of the cognitive, emotional, and physical dimensions considered in this study. It is appropriate to place responsibility on the parents for providing a positive home environment for their children, although larger societal forces surely shape the conditions under which parents create home environments. Both the public and the parents may respond favorably to social interventions like those suggested here that focus attention on children's needs, while encouraging their parents to become self-supporting.

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Low-Wage Maternal Employment and Outcomes for Children: A Study

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Abstract

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Despite the importance of anticipating how children may be affected by policies that move mothers off welfare and into employment, as the article by Zaslow and Emig in this journal issue points out, few research studies have addressed this critical policy question. To help fill that gap, this article presents the results of a new study using national survey data to examine child outcomes among families that had previously received welfare. About half the families studied had mothers who remained at home, the others were working at varying wage levels.

The findings reported here echo themes discussed in the two preceding articles. Maternal employment does not appear to undermine children's social or cognitive development from ages 5 to 14, and it may yield advantages. Children whose mothers earned more than \$5.00 per hour, particularly, had somewhat better outcomes than others. The authors emphasize, however, that background characteristics specific to the mothers who chose employment contributed to these positive outcomes. The authors add that it would be risky to apply these generalizations based on these findings to families forced into employment by welfare reform.

As policymakers redesign their welfare programs, strengthening employment opportunities and requirements for mothers who receive public assistance, there is little research that can tell them how the children in welfare-dependent families will fare as their mothers are coaxed or pressed into the labor market. As noted in the research overview by Zaslow and Emig in this journal issue, most women who have moved from welfare into employment have done so voluntarily, and these women are likely to differ in important ways from women who are not motivated or able to find employment on their own. Those very differences can also be expected to contribute to a home environment that fosters child development. (See the article by Parcel and Menaghan in this journal issue.) Little previous research on maternal employment has isolated the separate influence of the mother's work status on child development from the myriad of child and family background characteristics that make some women more likely to work and that may also directly influence their children's development.

The study discussed in this article is an effort to fill that gap, while focusing on a low-income sample.

Past research shows that the implications for children of maternal employment differ according to family income and preferences for employment and may also depend on the specific employment circumstances the mother is facing. For welfare mothers, mandatory transitions to employment may result in work that pays low wages, is sporadic or involves irregular hours, and is repetitive and unstimulating. Consequently, to obtain a fair estimate of the effects that welfare reform work requirements may have on children, one must focus on employment in the types of jobs that women leaving welfare can usually obtain.

This article takes advantage of a representative national survey with rich data on employment and public assistance to examine how maternal employment in low-wage jobs is linked to the development of children between 5 and 14 years of age in families that have received welfare. Although cognitive and social development outcomes varied for boys and girls, the data show no overall pattern of effects for children whose mothers voluntarily enter the labor force. Thus, the study results suggest that (voluntary) maternal employment—even at low wages—is not harmful to children in this age range.

The Study Design

This study of the effects that maternal employment in low-wage jobs has on children focuses on a sample of 1,154 children whose mothers were single and received Aid to Families with Dependent Children (AFDC) at some point during a five-year period (1986 through 1990). Measures of children's cognitive and social development are used to compare outcomes for children whose mothers were and were not employed at differing wage levels during 1991. The study takes into account maternal and family characteristics that predispose low-income mothers to be employed, and it distinguishes mothers who earn very low wages from those earning somewhat more.¹

The data used in this study are from the National Longitudinal Survey of Youth, an annual, nationwide survey of youths who were 14 to 21 years of age when the study began in 1979 and who have now entered adulthood.² Starting in 1986, information was collected about the children born to the women in the original sample, including

their cognitive and social development, physical health, experiences of child care, and academic achievement. This study combines data from the 1979 survey on background characteristics of the mothers; data from 1986 to 1990 on marriage, employment, and welfare receipt; facts about the mothers' employment and wages in 1991; and information from 1992 on the children's cognitive attainments and behavior when they ranged in age from 5 to 14 years. The mothers received AFDC assistance for at least one month during the years 1986 to 1990 and were unmarried for one or more years during this period.

Four groups of families with some history of AFDC receipt are compared. The first group included mothers who were not employed in 1991 (48% of the total). The other three groups included families with working mothers: some 25% earned quite low wages (less than \$5.00 per hour), 17% earned low to moderate wages (\$5.00 to \$7.50 per hour), and only 10% earned somewhat higher wages (\$7.50 to \$12.00).³ Contrasts between

Table 1

Selected Characteristics of the 1,074 Families Studied				
Characteristics	Not Working	Earning Under \$5.00/hour	Earning from \$5.00/hour to \$7.50/hour	Earning Over \$7.50/hour
Percentage of sample	48%	25%	17%	10%
Mother's Characteristics				
Education	11 years	11 years	12 years	12 years
Cognitive test score	411	463	540	538
Married in 1991	15%	17%	30%	23%
Experiences Between 1986 and 1990				
Time on AFDC	42 months	31 months	25 months	22 months
Time spent working	15 months	37 months	43 months	37 months

Source: Authors' tabulations based on data from the *National Longitudinal Survey of Youth* (CD-ROM) Ohio State University, 1979-92. Available from NLS User Services, 921 Chatham Lane, Suite 200, Columbus, OH 43221.

these groups offer crucial information to policymakers who need to know whether the implications of maternal employment for children in families with some history of AFDC receipt will depend upon the mother's wages.

Families who have depended on public assistance are generally disadvantaged, and those included in this study were no exception. Half the children, who averaged 10 years of age, had never lived with their biological father. One child in eight was a low birth weight baby, and one in seven was in poor health in 1992. The mothers averaged only 11 years of education. In the five years from 1986 to 1990, the average mother had worked just over two years and had received AFDC for nearly three years. Black children made up 58% of the sample, and whites and Hispanics accounted for 20% and 21%, respectively. During 1991, more than half the mothers were working, and the mean household income of all the families was just over \$14,000, close to the nationwide 1991 poverty threshold for a family of four of \$13,924.⁴ As Table 1 shows, the employed mothers tended to have stronger educational and employment backgrounds than those who relied on welfare.

As child outcomes, the study examines children's behavioral problems and three aspects of academic achievement. The academic measures are from the Peabody Individual Achievement Test. The reading recognition assessment measured word recognition and pronunciation ability; the

reading comprehension test measured the child's ability to derive meaning from sentences that are read silently; and the mathematics assessment began with recognizing numerals and progressed to advanced concepts in geometry and trigonometry.² The children's social behavior was described by mothers using a rating scale called the Behavior Problems Index that can be used to characterize children as, for instance, antisocial, anxious, depressed, headstrong, dependent, or withdrawn.

This study tests whether, for children in low-income families whose mothers received welfare at some point, maternal employment is associated with better or poorer cognitive and behavioral development. In these families, maternal employment might entail disadvantages such as the stress of low-paying employment that is either monotonous or highly demanding. On the other hand, the child could benefit from the mother's employment through an increase in household income and material resources or through lower levels of maternal depression. The study also tests the idea that children of women with more fulfilling and higher paying positions will fare better than children of mothers with low-wage and dissatisfying jobs.

The employed mothers in the survey chose to work rather than depend on welfare and were not pressed into work by welfare reform. Because the voluntary nature of such entry into work may affect children's adjustment, this study took into account a

host of attributes of the mother and child that are likely to lead to employment and to influence the child's development. Statistical analyses using large samples can take into account numerous background characteristics in order to remove their extraneous influences and show how the fact of maternal employment itself affects child development. However, statistics cannot approximate the conditions of welfare reform where work is mandated or time limits are imposed.

The background factors controlled in this study include the following: characteristics of the mother that are unalterable (her race and family of origin) or relatively modifiable (her education, cognitive performance, and attitudes towards women's roles and welfare use); characteristics of the child (age, sex, birth order, weight at birth, and current health); and aspects of the family's situation such as absence of the father, earlier maternal employment, reliance on AFDC, and income outside the mother's wages. Most of these factors are either associated with or predict maternal employment, and they may contribute to the positive effects that maternal employment at higher wage levels appears to have on children's development. Note, however, that this study can only point out associations between family characteristics and child outcomes, it cannot establish that one causes the other.

Study Findings

The discussion of the study's results below first reports the simple link between maternal employment and child outcomes without considering the background factors described above, then gives the more statistically appropriate estimate of the effects of maternal employment on children once other factors are taken into account. Both sets of effects are summarized in Table 2.

Simple Effects of Maternal Employment

When one examines only the simple effects—the extent to which maternal employment at varying wage levels is linked with outcomes for children, without controlling for other factors—the results suggest that maternal employment is associated with more positive child outcomes, but only when wages exceed \$5.00 per hour. For some outcomes, benefits appear only at wages of \$7.50 or better. For instance, chil-

dren whose mothers earned more than \$7.50 per hour had fewer behavioral problems than did the children of mothers who did not work or who earned lower wages. Similarly, reading recognition, reading comprehension, and math scores were higher for children of mothers who worked and earned more than the lowest wages. Reading recognition and math scores were significantly higher even at wages of more than \$5.00, while reading comprehension scores rose only for children whose mothers earned above \$7.50 per hour.

But maternal employment and wages are far from the only factors that influence children's behavior and achievement, of course. Background factors significantly influence child development and may also be related to mothers' work status and earnings. As mentioned above, these factors include the following: the child's age, birth order, gender, and race; the mother's education, cognitive attainment, attitudes about gender roles, and reliance on welfare; and the family's history of employment or AFDC use and household income. Clearly, their impact must be considered when one attempts to measure the effects of employment on children.

Accounting for Background Factors

The findings change substantially when the statistical analysis takes into account background factors that are linked with both maternal employment and child development. This analysis suggests that the mother's work status and wages are not a dominant influence on her children. The overall pattern of results suggests that maternal employment has not harmed children in this sample of low-income families with some history of single parenthood and AFDC receipt.

Differing patterns link maternal employment to the four child outcomes studied, as Table 2 shows. Overall, children whose mothers fell into the highest wage category had fewer behavioral problems than other children. Separate analyses of boys and girls revealed that daughters of employed mothers who earned more than \$5.00 per hour had fewer problems than girls whose mothers did not work or worked and earned less than this amount. No clear pattern of differences appeared among the boys.

Table 2

Effects of Maternal Employment on Child Development Outcomes^a				
Maternal Employment	Behavioral Problems	Reading Recognition	Reading Comprehension	Math
Simple Effect^b	Fewer problems if mothers earn over \$7.50/hour	Higher scores if mothers earn over \$5.00/hour	Higher scores if mothers earn over \$7.50/hour	Higher scores if mothers earn over \$5.00/hour
Net Effects^c				
Overall sample	Fewer problems at over \$7.50/hour	None	None	None
Separating boys from girls	Girls: Fewer problems at over \$5.00/hour Boys: Mixed, no clear pattern	None	None	Girls: Higher scores at over \$7.50/hour Boys: Lower scores at under \$5.00/hour
<p>^a All effects listed were statistically significant, that is, would occur by chance no more than 5 times in 100.</p> <p>^b The simple effects analysis links the employment variable directly to the outcome without taking into account the possible influences of background factors.</p> <p>^c The net effects analysis takes into account the influence on outcomes of the following factors: the child's sex, age, birth order, health, and birth weight; the mother's race, number of siblings, childhood family structure, education, cognitive test score, and attitudes toward welfare and sex roles; the family's 1986-1990 months on AFDC, months working, and father presence; and the family's 1991 AFDC receipt and marital status.</p>				

Source: Authors' tabulations based on data from the *National Longitudinal Survey of Youth* (CD-ROM) Ohio State University, 1979-92. Available from NLS User Services, 921 Chatham Lane, Suite 200, Columbus, OH 43221. Interested readers can contact the authors to receive a version of this article with full methodological detail.

For cognitive outcomes, the pattern of findings is more varied but again provides little evidence of harmful effects. There is no indication that mothers' employment status affects children's reading scores, after taking into account the influence of such factors as the child's gender and the mother's education and problem-solving ability. For the math outcomes, the pattern differed for boys and girls. While maternal employment is related to lower math scores for boys, especially at the lowest wage levels, girls with mothers in the highest wage category did better on the math achievement test.

To summarize, when background factors are taken into account, maternal employment is still associated with lower levels of behavioral problems for girls and for all children whose mothers earn more than \$7.50 per hour. The only clear effect of maternal employment on cognitive outcomes was found for math scores; girls with working mothers had higher scores while compara-

ble boys scored lower. Thus, no overall pattern of positive or negative effects was found.

Conclusions

Viewed from the perspective of policymakers, these results focus attention on the wage levels mothers leaving welfare can command. About half the employed mothers in this sample (mothers who were at any time single and at any time on AFDC) earned wages of less than \$5.00 per hour. Yet, when a number of background differences were taken into account, this study showed that outcomes for the children whose mothers earned these very low wages were similar to the outcomes for children with nonworking mothers.

These findings indicate that maternal employment, even at very low wages, is not associated with negative cognitive and academic outcomes for children. Instead, simple associations between work and higher wages and children's outcomes are quite positive. These positive relationships are tem-

pered when the factors that predict whether mothers will be employed are controlled; but even these results suggest a picture of no effects or of positive implications, with the single exception of lower math scores for boys whose mothers work at low wages.

This study indicates that behavioral problems diminish as maternal wages increase. Because the measure of behavioral problems is based on the mother's report, the ratings she gives may reflect her overall positive or negative outlook. If employment is welcomed, the mother's perception of her child may be bright, while a mother who is depressed staying at home may give a negative slant to ratings. Of course, it may be the case that children's behavioral problems are less common in employed-mother families. Related studies suggest that when family circumstances change, children's behavior problem scores change more quickly than do cognitive outcomes,⁵ so the positive effects of employment on social behavior may be a harbinger of later benefits in other child outcomes. Regardless of interpretation, these findings suggest that in low-income families, maternal employment does not, on average, harm children. Rather, it may be that a lack of employment, even among mothers, is more stressful and dam-

aging.⁶ Of course, hours of work and child care quality may also be crucial factors, and they are not measured in this study.

Other recent research looking at younger children bolsters this conclusion. For example, a study that used the NLSY data set to examine the effects of welfare and maternal employment during the first three years of life found no evidence that maternal employment harmed the cognitive abilities of children in poor and near-poor families.⁷ Also, early findings from a national study of infants showed that maternal employment and child care participation do not damage the quality of the infant's attachment to the mother.⁸

In sum, these findings justify a cautious optimism with regard to employment among single mothers who have received welfare, at least under conditions of self-selection into employment. As noted earlier, however, these results cannot be extrapolated to circumstances in which maternal employment is mandated by law. Understanding child development under these circumstances must await the results of experimental studies of welfare policies and programs that examine child outcomes as well as effects on employment and welfare receipt.⁹

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Childhood Hunger

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Interest in the extent of hunger in the United States has fluctuated over the years. There was little public discussion of the subject during the post-Depression era until the mid-1960s, when unscientific but dramatic media exposés of the extent of hunger in the country helped launch the “war on poverty.” By 1979, the U.S. Senate Subcommittee on Nutrition proclaimed “the virtual defeat of hunger and malnutrition in the United States.”¹ Yet, by the mid-1980s, following a recession and reductions in federal food assistance programs, the Physicians’ Task Force on Hunger in America reported that 20 million Americans were “hungry.”² Current attempts to reform welfare, a focus of this journal issue, and to effect cost savings in food and income support programs for the poor will most likely result in increased attention to the issue of hunger in America, particularly the prevalence and consequences of hunger among children.

This Child Indicators article explores attempts to measure hunger among children and their families in the United States today. Much of the confusion in public policy debates about hunger stems from problems inherent in attempting to define and measure hunger. Hunger, per se, is a subjective sensation resulting from an immediate need for or lack of food, which nearly everyone experiences with some frequency. While the common sensation of hunger is not specifically the subject at hand, recognition of the universal and subjective nature of the concept of hunger does help to underscore the sources of problems and controversies encountered when attempting to assess hunger for purposes of policy.

This article first reviews the different policy-relevant concepts of hunger and discusses how these concepts are operationalized for purposes of measurement. Next, the article looks at the U.S. government’s attempts to measure hunger over the past two decades and contrasts these statistics with the most widely reported estimates from advocacy groups. Finally, the article examines the relationship of reported hunger among children to participation in federal programs designed to increase access to food.

Available data summarized in this article show that between 1977 and 1991, from 2% to 4% of households in the United States reported that they sometimes or often did not have enough to eat. Most of those who report-

ed insufficient food had low incomes, with the rate of reported food insufficiency 10 times higher among individuals in poor families than among individuals in nonpoor families. In the early 1990s, between two million and four million children under 12 years of age did not receive enough to eat. Even participation in federal food programs does not always prevent food insufficiency; as many as 2 in 10 families with children that participate in the Food Stamp Program report that their children are sometimes hungry.

Defining Hunger for Policy Purposes

Hunger among children in the United States does not take the form of mass starvation, as it does in some poorer nations, and cases of severe food deprivation are extremely rare. Objective, clinical signs of food deprivation (such as low weight-for-height, or *wasting*, and low height-for-age, or *stunting*) generally appear in children (with the exception of infants) only after persistent food deprivation has been a problem for some time. The effects of hunger as they are seen in children in the United States are usually more subtle and challenging to measure: fatigue, irritability, dizziness, frequent headaches, frequent colds and infections, and difficulty concentrating.³

Because of the difficulty in measuring hunger by objective clinical standards, considerable effort has been given to devising alternative measures of hunger, based on a person's self-report of his or her psychological or subjective experience of hunger. This effort has occurred in both the private and public sectors, often with cooperation among government agencies, privately funded advocacy groups, and academic institutions. While the participants may not yet agree on every detail of a single definition of hunger or a single measurement instrument, there has been a notable convergence in thought. For nearly two decades, hunger has been defined, for policy, measurement, and reporting purposes, as "an inadequate amount of food intake due to lack of money or resources"⁴ or "the

mental or physical condition that comes from not eating enough food due to insufficient economic, family, or community resources."⁵ Hunger, so defined, is referred to as *resource-constrained hunger* and is closely related to poverty and markedly distinct from the everyday premealtime hunger experienced across the income spectrum.

In the past several years, researchers have placed hunger as defined above within the context of a much broader concept called *food insecurity*. Food insecurity is a condition in which families or individuals are unable to afford enough adequately nutritious and safe food from socially acceptable sources for an active, healthy life.⁶ Families or individuals may experience food insecurity in varying degrees of severity, with less severe food insecurity showing up in coping behaviors such as borrowing money for food, obtaining food from charity, or reducing the variety and quality of their diet. More severe food insecurity is experienced as the actual uneasy or painful hunger sensation caused by lack of food as a result of inadequate resources.⁷

While issues concerning the safety and nutritional adequacy of food and the social acceptability of the sources of food are all elements of food insecurity, the focus in this article is on food quantity. Nutritional adequacy is related but not equivalent to the quantity of food consumed. While most people who are chronically hungry are likely to be malnourished, some malnourished people may not experience hunger, and those experiencing brief episodes of hunger may not become malnourished. (Growth stunting, an

indicator of malnutrition, will be addressed in the Summer/Fall 1997 Child Indicators article.) Food safety is also a separate issue from food quantity and is not discussed further in this article. Finally, while the social acceptability of food sources is an important element of food security, and while the reliance by needy people on food obtained from socially unacceptable sources (scavenged from trash bins or received from food pantries, food banks, or soup kitchens) has been documented,⁸ the relationship between resource-constrained hunger and the use of socially unacceptable food sources is complex and beyond the scope of this article.⁹

With the focus narrowed to one concept—food quantity—it remains important to recognize that even that relatively simple concept has subjective elements. The concept of an “adequate amount of” or “enough” food can be highly subjective, reflecting not only the nutritive content of food, but other qualities such as variety and personal preferences. In addition, the notion of “inadequate” money or resources also has a subjective component. Because food competes with many other items in household budgets, whether food intake is adequate for a child in a family depends not only on the size of the family budget but also on what else is purchased with limited family resources and for whom.

Operationalizing the Definitions

This article presents data from four major surveys used to collect information on the extent of hunger in the United States. Three are periodic surveys conducted by U.S. government agencies: the Nationwide Food Consumption Survey (NFCS) and the Continuing Survey of Food Intakes by Individuals (CSFII) of the U.S. Department of Agriculture (USDA), and the National Health and Nutrition Examination Survey (NHANES III) of the U.S. Department of Health and Human Services (DHHS). The fourth survey, the Community Childhood Hunger Identification Project (CCHIP), was a project of a private advocacy group, the Food Research and Action Center (FRAC). All four of the surveys rely on adult responses about the children living in their households for information on food insufficiency among children. Adult responses on behalf of chil-

dren may be subject to misreporting and bias, but there is no evidence reported of such bias in these surveys. Summary information about all four surveys is presented in Table 1.

Of the surveys, only the CCHIP was specifically designed to measure hunger as part of a wider range of experiences, similar to the concept of food insecurity discussed above. As the first effort to make scientifically defensible measurements of hunger, the CCHIP survey provided a foundation for the current research and measurement efforts discussed in this article. In contrast to those in the CCHIP, the hunger-related questions in the three government surveys were intended for exploratory data gathering. Because the USDA and the DHHS recognized the scientific limitations of their hunger-related survey questions, they adopted the term *food insufficiency* to reflect the lack of a precise definition of what the survey questions were intended to capture. The term *food insufficiency* is used throughout the rest of this article where responses to the government hunger-related survey questions are discussed. Where CCHIP results are presented, the term *hunger* is used, consistent with the CCHIP reports' terminology. While their terminology differed, both the government and the CCHIP surveys were focused on the same aspect of food insecurity, namely resource-constrained hunger.

There is a similarity in the approach to collecting information on food insufficiency in the NFCS, the CSFII, and the NHANES III that is due in part to the Food and Agriculture Act of 1977, which required the DHHS and the USDA to submit a plan to integrate their respective surveys.¹⁰ Since 1977, the USDA in the NFCS and the CSFII has asked the following question to identify the respondent's perception of the sufficiency of the household food supply:

“Which of the following statements best describes the food eaten in your household: (1) Enough of the kinds of food we want to eat, (2) Enough but not always the kinds of food we want to eat, (3) Sometimes not enough to eat, or (4) Often not enough to eat?”¹¹

Using this question, food sufficiency is defined as a response of 1 or 2 and insufficiency as a response of 3 or 4 and is

Table 1

Characteristics of National Surveys on Food Insufficiency					
Survey Name	Sponsoring Organization	Years Conducted	Population Sampled	Sample Size and Response Rate (Most Recent Survey)	Interview Type
Community Childhood Hunger Identification Project (CCHIP)	Food Research and Action Center (FRAC)	Round 1, 1987–90 Round 2, 1992–94	Low-income households (income not greater than 185% of the federal poverty level) with at least one child under age 12 at 11 non-randomly selected sites	5,282 households 77% response rate over all sites for the 1992–94 round	Face-to-face interviews with the person in the household responsible for care and feeding of the children
Nationwide Food Consumption Survey (NFCS) : Decennial Survey	U.S. Department of Agriculture (USDA)	1977–78, 1979–80 (Supplemental Low-Income Survey only), 1987–88	Households at all income levels nationwide. Supplemental Low-Income Survey: households with incomes not greater than 130% of the federal poverty level	4,495 households (37% household response rate)	Face-to-face interviews with representative adult in the household
Continuing Survey of Food Intakes by Individuals (CSFII)	U.S. Department of Agriculture (USDA)	1985–86, 1989–91	Basic sample: residential households ^a Low-income sample: only households with incomes not greater than 130% of the federal poverty level ^a	Basic sample: 1,500 households interviewed per year. Low-income sample: 750 households interviewed per year. (overall response rate: 67%)	Face-to-face home and telephone interviews with representative adult in the household
National Health and Nutrition Examination Survey III (NHANES III) , Phase 1	U.S. Department of Health and Human Services (DHHS)	1988–91	Civilian non-institutionalized population ages two months and up	17,000 home interviews (86% response rate)	Face-to-face home interviews with representative adult in the household

^a During the 1985–86 survey, interviews were conducted only in households with at least one woman between the ages of 19 and 50 years.

Sources: **CCHIP**: Food Research and Action Center. *Community Childhood Hunger Identification Project: A survey of childhood hunger in the United States*. Washington, DC: FRAC, July 1995. **NFCS**: U.S. Department of Agriculture home page on the World Wide Web: <http://www.barc.usda.gov/87nfcs.htm>. **CSFII**: U.S. Department of Agriculture, Agricultural Research Service. *Food and nutrient intakes by individuals in the United States, 1 Day, 1989–91*. NFS Report No. 91-2. Hyattsville, MD: Agricultural Research Service, September 1995. **NHANES III**: Alaimo, K., and Briefel, R.R. *National estimates of food insufficiency using NHANES III, 1988–91*. Presented to the annual meeting of the American Public Health Association, Washington, DC, October 30 to November 3, 1994.

reported for households and not for individuals.

In the NHANES III (1988–91), information on food insufficiency was collected by asking questions both about entire households and about individuals, but the data presented in this article reflect only the household responses. NHANES III used a question similar to that of the NFCS to determine household food sufficiency but without the option “Enough but not always what we want to eat” because the intent of the survey’s designers was to capture quantitative, not qualitative, information, and field testing indicated that including both concepts in one question was too complex for some respondents.^{12,13}

In the CCHIP, children are classified as “hungry,” “at-risk of hunger,” or “not hungry” based on the responses of an adult in the household to a set of eight questions. Each of the questions asks about hunger (CCHIP uses the term “hunger” rather than the government’s term “food insufficiency”) in light of available resources. The eight questions contain two on household food sufficiency (for example, “Does your household ever run out of money to buy food to make a meal?”), two on hunger among adults in the family (for example, “Do you

The percentage of the low-income population that sometimes or often did not have enough to eat varied from 7.7% to 16% between 1977 and 1981.

or adult members of your household ever eat less than you feel you should because there is not enough money for food?”), and four on child hunger (for example, “Do any of your children ever go to bed hungry because there is not enough money to buy food?”). A child is termed “hungry” if affirmative answers to at least five of the eight questions are obtained, which requires that at least one of the questions centered on children be answered in the affirmative. Children in families that provide affirmative responses for one to four questions are termed “at risk,” and children in families with no affirmative responses are termed “not hungry.”¹⁴

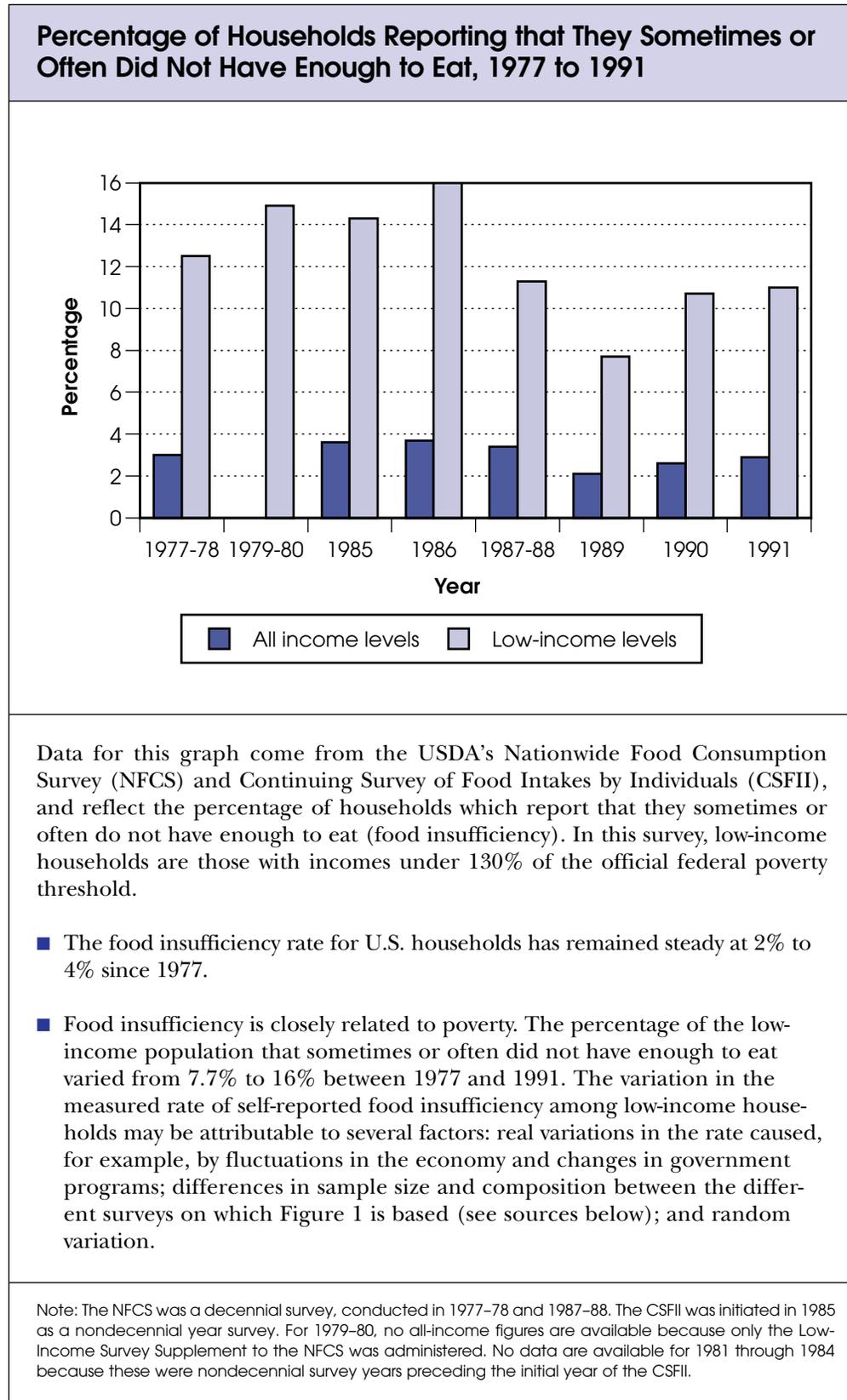
In addition to differences in defining hunger, there are other important differences between the government surveys and the CCHIP survey. First, while the government surveys were designed to yield estimates representative of the entire noninstitutionalized population, the CCHIP survey population is not as broadly representative. In the CCHIP, only low-income families with at least one child under 12 years of age were interviewed (such families are defined as those with incomes at or below 185% of the federal poverty line at the time the interview was conducted).¹⁵ The CCHIP survey was based on a nonrandom sample representing a mixture of locally administered statewide, districtwide, multiple-county, and single-county surveys. Responses to the local CCHIP surveys were combined, and national population weights were used to make national projections about the extent of hunger, but such projections may not actually be representative of the national population. Another difference is that, while the government surveys were conducted by professional surveyors, not necessarily from the same community or socioeconomic class as the respondents, the CCHIP was conducted by specially trained local residents in their own communities. The CCHIP approach was deliberately intended to ease surveyors’ access to low-income neighborhoods and households and improve response rates.

The government surveys and the CCHIP are household surveys, and thus none of them includes the institutionalized population, homeless people, migrant workers, or Native Americans living on reservations—all groups that are likely to experience food insufficiency. Therefore, all projections based on these surveys will tend to underestimate the number of people experiencing food insufficiency, or hunger, in the United States.

Food Insufficiency

Figure 1 shows the percentage of households responding to the USDA food surveys (in survey years during the period 1977–91) who reported that they sometimes or often do not have enough to eat, by income level. Low income is defined as household income at or below 130% of the official poverty threshold.¹⁵ Two important characteristics of food insufficiency in the United States over the past two decades are apparent in the figure.

Figure 1



Sources: Unpublished data from Peter Basiotis, economist/branch chief, Center for Nutrition Policy and Promotion, U.S. Department of Agriculture. Data for 1977-78, 1979-80, and 1987-88 are from the NFCS. The low-income figures for these years are from the Supplemental Low-Income Survey of the NFCS. Data for 1985, 1986, 1989, 1990, and 1991 are from the CSFII.

First, the percentage of households reporting that sometimes or often they did not have enough to eat remained at a relatively low level, between 2.0% and 3.9%, during the period.¹⁶ These low prevalence rates, however, do translate into a substantial number of households (1.8 to 3.1 million) and individuals (4.7 to 8.4 million) who had problems getting enough food. Moreover, the number of individuals in households reporting that they do not have enough to eat increased by approximately 700,000 between the survey periods 1977–78 and 1991.¹⁷

Figure 1 also illustrates that reported food insufficiency is closely related to poverty: The percentage of households with incomes not exceeding 130% of the federal poverty level who sometimes or often did not have enough to eat fluctuated between 7.7% and 16.0% during the 1977–91 period, rates about four times those reported for the general population. Data from the NHANES III for 1988–91 (not shown in

Approximately 2.1 million children and youths less than 20 years of age experienced food insufficiency in the early 1990s.

Figure 1) confirm the strong relationship between poverty and food insufficiency. In that data set, among individuals in families with incomes below the federal poverty level, 15.9% reported at least some food insufficiency, a rate 10 times higher than the 1.6% of individuals who reported insufficiency in nonpoor families.¹⁸

Although intuitively obvious, the demonstrated fact that food insufficiency is closely related to poverty merits discussion because of its particular implications for children. Since poverty rates for children in the United States are higher than for the population as a whole (22.7% for children under 18 years versus 15.1% for the population as a whole),¹⁹ it stands to reason that children would suffer food insufficiency at higher rates than adults. Food insufficiency rates by age derived from the NHANES III, shown in Figure 2, support this conjecture.

Children and youths (ages two months to nineteen years) experienced food insuffi-

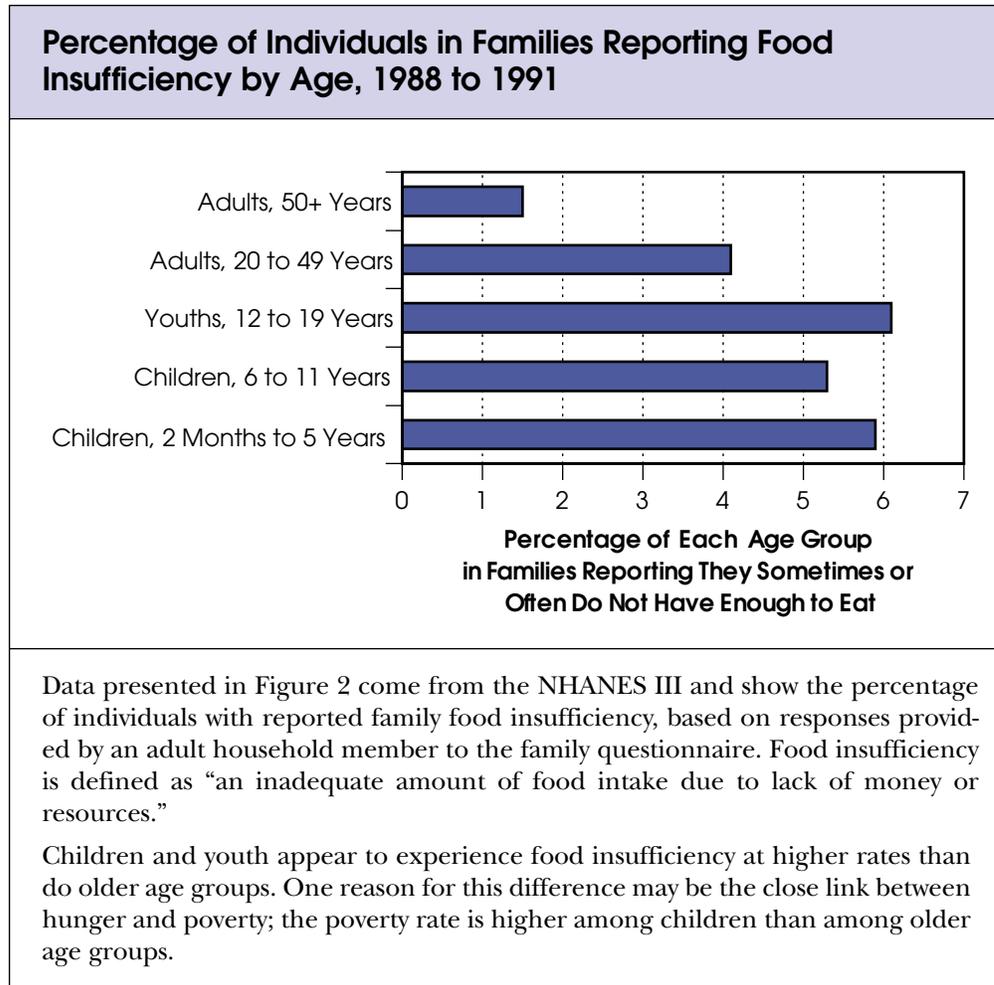
ciency at rates between 5.3% and 6.1%, while 4.1% of adults 20–49 years of age experienced food insufficiency, and adults 50 years of age and older experienced food insufficiency at the lowest rate, 1.5%.

Using the age-specific rates from the NHANES III and the child population for 1990, it is estimated that approximately 3.1 million children and youths less than 20 years of age experienced food insufficiency in the early 1990s.²⁰ Of these, 1.1 million were less than six years of age, 0.9 million were 6 to 11 years of age, and 1.1 million were 12 to 19 years of age. These estimates for children less than 12 years of age are 50% less than the widely cited estimates of hunger among children in the United States produced by the CCHIP.²¹ Projections from the CCHIP suggested that approximately four million children under age 12 from low-income families (defined in the CCHIP as families with income less than 185% of the poverty level) were hungry at some point in 1993. In addition, CCHIP reports that approximately 9.6 million low-income children under age 12 are “at risk of hunger.” However, as described above, CCHIP uses criteria and a survey design different from those of the NHANES III to measure food insufficiency, so it is not surprising that the two surveys’ estimates of the number of children who have problems obtaining enough food do not agree exactly. Lack of agreement on the precise number of children experiencing food insufficiency, however, should not distract attention from the fact that between two million and four million children under age 12 have had problems obtaining enough to eat in the United States in recent years.

Federal Programs and Food Insufficiency Among Children

As measured by the CCHIP for 1992–94 and by the USDA surveys for 1989–91,²² a substantial proportion of low-income households participating in the Food Stamp Program report that they experience food insufficiency. The CCHIP reports that 23% of surveyed households that participate in the Food Stamp Program are hungry. The CCHIP also reports on the food insufficiency status of low-income households with children participating in or eligible for the four other major federal food assis-

Figure 2



Source: National Center for Health Statistics, NHANES III unpublished data, 1994.

tance programs: the Special Supplemental Food Program for Women, Infants, and Children (WIC), the National School Lunch Program, the School Breakfast Program, and the Summer Food Service Program. According to the CCHIP criteria, children in approximately one in four of these households are hungry. Data from the USDA CSFII 1989–91 surveys indicate that 13.7% of households that participated in the Food Stamp Program experienced food insufficiency. The rate of food insufficiency reported by program participants, although less than the rate reported by CCHIP, is almost twice as large as the rate of food insufficiency (7.1%) among food-stamp-eligible households in the CSFII who did not participate in the program. These data suggest that the Food Stamp Program is somewhat successful in reaching those among the eligible population with the greatest need, despite the fact that the pro-

gram (along with other federal food subsidy programs that target largely the same poor population group) is not adequate to eliminate food insufficiency in participating households.

Conclusion

Measuring hunger, or food insufficiency, is a subjective process at best. Any measurement of hunger based on self-report will by definition represent a range of actual food intakes characterized as sufficient or insufficient based on a subjective set of criteria. Nonetheless, data from a number of different sources, including both advocacy and federal surveys, have consistently shown that a portion of the U.S. population including millions of children experiences food insufficiency. The USDA surveys show that rates of food insufficiency have been relatively constant over time and are high among the poor, the population most

expected to have difficulties. It appears that recently in the United States two million to four million children (age not greater than 12 years) experienced food insufficiency annually and that more than one million youths (13 to 19 years old) also faced food insufficiency, despite a number of federal programs designed to alleviate the problem.

Development of these federal feeding programs may be traced in part to the important role advocacy activities and organizations have played in motivating public policy to address hunger in America. Media attention generated by the report on hunger in the South by the Field Foundation's Physicians' Task Force on Hunger in America created sufficient concern in the 1960s that Congress required the Department of Health, Education and Welfare to survey hunger and malnutrition. The resulting federal Ten-State Nutrition Survey showed that hunger was enough of a problem—particularly for childbearing women, infants, and young children—that the WIC program was initiated to provide nutrient-rich foods to the most nutrient-deprived and at-risk members of that segment of the population. And, despite the 1979 declaration of the U.S. Senate's Subcommittee on Nutrition that hunger had been defeated, the House of Representatives established the Select Committee on Hunger in 1984, in part because of media stories of hardship in the early 1980s and a report issued in 1983 by the Food Research and Action Center (FRAC) on infant mortality rates (with poor prenatal maternal nutrition as one con-

tributing factor), which returned hunger to the headlines.^{1,23}

In addition to focusing attention on hunger as an issue worthy of public attention, the advocacy organization FRAC may be credited with pioneering work on the measurement of hunger for policy purposes. FRAC's work has led in part to the current collaborative effort of several government agencies (including the USDA's Food and Consumer Service, the DHHS's National Center for Health Statistics, and the Bureau of the Census) on the Food Security Measurement Study. One product of this interagency effort is a state-of-the-art hunger survey component included once each year in the Bureau of the Census's monthly Current Population Survey, first tested in April 1995 and next scheduled for April 1997. This new survey component embodies much of the past decade of progress by both public and private researchers in refining the science of hunger measurement and raises hopes that meaningful periodic estimates of hunger and related measures of food insecurity nationwide may become available to policymakers.

Complementary and often cooperative efforts in the private and public sectors have produced visible progress in our ability to understand hunger as a social problem. Although federal food programs do not seem to have eradicated the problem of hunger for children, they have addressed the issue on a large scale, which should give hope to those who work to document and call attention to childhood hunger.

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12. Ronette Briefel, Senior Research Epidemiologist, Nutrition Policy Advisor. National Center for Health Statistics, U.S. Department of Health and Human Services, Hyattsville, MD. Personal communication, September 10, 1996.
13. The USDA tested the sensitivity of reported food insufficiency to the inclusion of the qualitative response (option 2) in a small sample test in 1994 and in the Food Security Supplement to the April 1995 Current Population Survey. In that survey, the question was asked both with option 2 (as in the USDA surveys) and without option 2 (as in the NHANES III). Without the qualitative option, responses to option 3, "sometimes or often not enough," were approximately twice as frequent as when the qualitative option was available. Gary Bickel, Program Analyst. Food and Nutrition Service, U.S. Department of Agriculture, Alexandria, VA. Personal communication, May 3, 1996.
14. At present, there are no plans to continue the CCHIP surveys. Nancy O'Conner, Development Associate, Food Research and Action Center. Personal communication with Linda Baker, August 15, 1996.
15. The definition of the term *low income* differs among the four surveys discussed in this article. In the three government surveys, low income is defined as households with income not greater than 130% of the federal poverty line. In the CCHIP, low income is defined as households with incomes not greater than 185% of the federal poverty line. In both instances, the choice to define low income to include levels above the federal poverty line was based on the recognition that the link between poverty and hunger does not disappear until households reach income levels well above the federal poverty line. Eligibility criteria for federal food assistance programs also played a role in the choice of definition: above 130% of the federal poverty line, households become ineligible for the Food Stamps Program and for free meals in the School Lunch and Breakfast Programs, while above 185% of the federal poverty line, children become ineligible for the Special Supplemental Food Program for Women, Infants, and Children (WIC) and for reduced prices in the School Lunch and Breakfast Programs.
16. Data presented in an internal memo from Renee Powell to Peter Basiotis, Center for Nutrition Policy and Promotion, U.S. Department of Agriculture, Washington, DC, and obtained by personal communication from Gary Bickel, Program Analyst, Food and Nutrition Service, U.S. Department of Agriculture, Washington, DC.
17. The relative stability in food insufficiency rates despite the growth in the number reporting food insufficiency is the result of growth in the overall U.S. population during the period.
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20. See note no. 19, U.S. Department of Commerce, Bureau of the Census, Table 14.
21. See note no. 3, Food Research and Action Center. Four million children under age 12 are hungry, according to this report.
22. See note no. 3, Food Research and Action Center, p. 40; see also, note no. 18, Life Sciences Research Office, p. ES-19, Table ES-6.
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State Efforts to Reform Welfare

Several articles in this journal issue discuss innovative welfare-to-work programs designed by states or counties under the provisions of the Aid to Families with Dependent Children (AFDC) program. To implement many of these innovations, states were required to seek waivers of certain aspects of the AFDC program from the federal government. This Appendix describes the types of waiver requests that states have submitted and federal authorities have approved over the past several years. These descriptions illustrate the changes that states have made recently in their welfare programs, focusing particularly on efforts to increase employment.¹

What Is an AFDC Waiver?

Section 1115(a) of Title IV of the federal Social Security Act allows the Secretary of the U.S. Department of Health and Human Services (DHHS) to waive provisions of the federal AFDC program to permit states to carry out demonstration projects likely to promote the objectives of the program. According to the federal-state partnership for administering AFDC, states set payment rates and eligibility criteria within minimum guidelines set by DHHS. (For more details, see the Introduction to the AFDC Program article by Page and Larner in this journal issue.) States seeking AFDC waivers in effect asked the federal government for permission not to comply with specific rules of the program in order to experiment with different ways to assist poor families with children.

DHHS granted those requests that comported with its judgment of appropriate and effective experimental strategies, suggested modifications in those that came close, and denied those it deemed inappropriate or ineffective. Approved waivers thus reflect a compromise, or a negotiated agreement, between applicant states and the federal government about what kinds of programmatic changes in AFDC were desirable and acceptable. The definition of what was desirable and acceptable evolved over time,² but states always had to frame their waiver requests with federal criteria in mind. Under the new federal welfare legislation creating the Temporary Assistance for Needy Families block grant program, states are more free to design their own public assistance programs without seeking prior approval from DHHS.³

Categories of State Waiver Strategies

By the time the federal welfare reform legislation was signed in August of 1996, some 44 states had waivers to pursue a range of programmatic innovations.⁴ Recently approved state waivers can be grouped into three broad categories: those that encourage applicants to work, those that seek to increase personal responsibility, and those that restrict eligibility for AFDC.⁵ Table 1 (see page 143) offers examples of programmatic strategies that fall into each of these categories.

Waivers that encourage work may, for example, press AFDC recipients to seek employment. Others permit AFDC recipients to accumulate assets without losing their eligibility for benefits or to keep more of their earnings from work. Still others

provide Medicaid and child care benefits to former recipients for an extended time after they leave welfare for employment, to prevent them from having to quit their jobs and return to public assistance simply to regain those benefits.

Some waivers to increase personal responsibility require recipients to engage in particular activities (such as attending school or work programs) in order to continue receiving assistance. Others remove grant increases accompanying new births, with the idea that such increases may encourage recipients to have additional children while on welfare.

Waivers that restrict eligibility for AFDC deny or reduce assistance to certain categories of would-be recipients, such as recent immigrants from other states or families who have received welfare for longer than a given time period (typically two years).⁶ Many states combine strategies from more than one category of waivers, as the examples of individual states' welfare-to-work programs described below illustrate.

Work-Related Waiver Strategies

In keeping with the focus of this journal issue, the remainder of this Appendix examines waiver strategies intended to encourage work. As Table 2 on page 144 illustrates, most states that have had waivers approved between 1993 and 1996 are pursuing at least one such strategy. Waiver strategies that encourage work can be grouped into two broad types.

The first type attempts to increase the payoff of employment by increasing *earnings disregards*, increasing resource and asset limits, and allowing individual savings accounts. These policy modifications encourage recipient parents to work by allowing them to earn and accumulate modest amounts of money or resources while receiving some public assistance. The term *earnings disregard* refers to the portion of a working recipient's monthly earnings that welfare officials ignore when calculating the recipient's benefit amount for the coming month. As Table 2 shows, 16 states have increased the amount that can be disregarded, allowing recipients to keep more of the money they earn without having their earnings offset by grant reductions. Similarly, the value of a family's assets is typically considered when eligibility and benefit levels are computed. The most common waiver strategy, enacted in 27 states, increases the limit on allowable resources and assets. This permits, for example, a mother living in a rural community to own a car that she can use to attend interviews, drop her children off at child care, or commute to a new job.

The second type of work-related waiver facilitates employment by making it easier for low-income parents to secure and maintain jobs. This group includes requirements for work or participation in job training, efforts to divert applicants for cash assistance into the labor force, and policies that extend access to child care assistance and Medicaid after the new worker stops receiving cash assistance. Work and training requirements (used in 29 states) address the lack of work experience or training that hampers many recipients as they seek employment, increasing recipients' chances of finding employment and earning more than the minimum wage. The concept of diversion is more novel. Only 10 states have created diversion programs that help individuals applying for welfare who are job-ready, working, or recently employed to meet short-term needs (such as a car repair) without joining the welfare rolls. For families who leave welfare for work, 12 states have extended child care and health

insurance benefits beyond the one year that was guaranteed by the federal AFDC rules, helping sustain employment by allowing recipients to stay in jobs that do not offer child care or health insurance.

To illustrate innovative AFDC waiver strategies related to work, the following paragraphs describe key strategies used in several states to help low-income parents who apply for public assistance find and maintain employment. These examples are all drawn from states with relatively small and predominantly rural populations, in part because these states were among the first to field comprehensive welfare-to-work innovations and therefore have already had a year or more of implementation experience. A number of other states (such as Michigan and Wisconsin) have recently undertaken comprehensive welfare reform strategies focused on work, and more are expected to do so in the wake of the passage of federal welfare reform legislation. More detailed explanations of the welfare reform initiatives described below are available in two issues of the Center for Law and Social Policy's report, *Family Matters*.^{7,8}

Utah's Single Parent Employment Demonstration Program

The welfare agency in Utah communicates an emphasis on self-sufficiency to applicants for cash assistance through a *diversion strategy* that helps families avoid using welfare, and through a universal requirement that those who do receive welfare benefits participate in activities expected to lead to self-sufficiency.^{7,9}

Each new applicant for welfare in Utah meets with a self-sufficiency worker and determines what it will take for the applicant to find stable employment and avoid enrolling in the welfare system altogether. About 20% of the applicants are determined to be job-ready, although they need help meeting financial obligations on an interim basis. These families can receive what is called a *diversion payment*, a lump sum equivalent to three months of the maximum AFDC grant for their family's size. Although they are not added to the welfare rolls, the state offers these families Medicaid and child care assistance for the three-month period and for two years after, as long as they have earnings and remain financially eligible. If the family reapplies and qualifies for AFDC during the three months, the diversion payment they have already received is deducted from their regular cash grant.

Families who receive welfare payments are all required to develop a self-sufficiency agreement (similar to the one used in Iowa, described below) specifying activities for parents that will lead to stable employment. There are no exemptions to Utah's participation requirement, although a range of activities are considered acceptable—from parenting classes, counseling, and substance-abuse treatment to more traditional activities like job training. Because the participation requirement applies to everyone, attention is given even to the serious problems facing families who, in other states, would be exempt from work requirements.

Utah's waiver strategies complement one another in encouraging work. Expanding the definition of acceptable activities enables the state to require universal participation in welfare-to-work activities without creating unreasonable expectations of recipients who need special assistance. Universal participation requirements, in turn, increase the appeal of the diversion option for welfare applicants, since it is clear from the moment families apply for welfare that receiving assistance will involve parents in welfare-to-work activities in one form or another. Diversion itself helps prevent would-be applicants who only need immediate, one-time assistance from getting involved in the welfare system at all.

Iowa's Family Investment Program

The centerpiece of Iowa's welfare-to-work program is the family investment agreement developed individually with all public assistance recipients. This agreement is a

contract between the recipient and the state that specifies the job-related activities the recipient will undertake as well as the supports the state will provide, and that sets an individual time limit on the receipt of assistance.^{7,9}

Most Iowa families who apply for assistance and are found eligible for benefits meet with a caseworker to develop a family investment agreement. Based on an assessment of the family's goals, background, current situation, and financial needs, an agreement is drawn up recording agreed-upon obligations of the family and the state. It identifies barriers to work that must be addressed, outlines steps the family will take to move toward self-sufficiency, and specifies a date by which the family should leave public assistance. Families facing significant barriers to employment may be referred to an intensive case management program offered on a demonstration basis in some parts of the state.

In effect, the family investment agreement establishes an individually determined time limit on welfare benefits, which can be amended if the family tries to but cannot find work. Recipients who reach that time limit or refuse to sign an agreement in the first place are sanctioned by being placed in a year-long "limited benefit plan." During the first three months, full benefits are continued; during the second three months, only children receive benefits; and for the last six months, the family receives no assistance.

The individualized contract between each welfare recipient and the state of Iowa enables the state to customize welfare-to-work activities and other conditions of welfare receipt to address the particular capabilities and needs of each recipient family. The agreement encourages work by setting a realistic time limit on each family's welfare receipt based on its individual situation, while acknowledging that some families need help removing obstacles to employment. Flexibility is provided by allowing amendments to agreements that families cannot fulfill because of extenuating circumstances.

Vermont's Welfare Restructuring Project

Vermont's welfare-to-work program combines strategies intended to make work rewarding and manageable (through education and training, income disregards, and extended child care and Medicaid benefits) with requirements that recipients who reach a time limit participate in community work and case management as a condition of receiving aid.^{8,9}

Eligible single-parent families in Vermont can receive cash assistance for 30 months, while two-parent families can receive assistance for 15 months. During these time periods, single-parent families may and two-parent families must work or participate in a wide variety of education, training, and job-search activities focused on increasing employability. When a welfare recipient is working and the welfare office calculates the monthly benefit, the first \$150 of the family's monthly earnings and 25% of the remainder are disregarded. Furthermore, working former recipients in Vermont can keep their medical assistance for three years and can receive child care assistance on a sliding fee scale for as long as they are financially eligible and state funds are available.⁹

When a family reaches the 30- or 15-month time limit, aid is not cut off, but new conditions are imposed. Two months before the time limit, a case manager contacts nonworking parents to help them find employment during an eight-week job search. The parent is required to take the first job offered that pays the minimum wage and provides enough hours to meet the state's work requirement. If no work can be found, the parent is given a temporary subsidized job, called community service employment, in a public or nonprofit organization. All or part of the parents' welfare benefits are used to subsidize their employment.

Vermont's welfare waiver strategies create incentives for welfare recipients to work

by offering them a wide array of education and training options before their time limits expire, after which they must participate in a community service job and begin a job search. Vermont's waivers also make work pay by increasing the earnings that recipients can retain, offering child care assistance indefinitely to former recipients who leave welfare for work but remain poor, and giving them health insurance for three years.

Minnesota's Family Investment Plan

Minnesota's Family Investment Plan enhances the economic security of families who work and receive welfare by increasing their incomes and promoting the accumulation of assets. Minnesota offers welfare recipients who work larger grants than it offers nonworking recipients, adding a 20% work bonus to the cash grants of working welfare recipients. Moreover, assets owned by Minnesota welfare recipients such as a home, a car worth up to \$4,500, or other items needed to produce earnings or support daily living do not count against the \$2,000 limit that the state places on the personal assets a welfare recipient may possess. Minnesota disregards 38% of welfare recipients' earnings when calculating grant awards, to reward work efforts and help working families pay taxes and work expenses. Recipients there remain eligible for AFDC until their incomes exceed 145% of the federal poverty level.⁹

To make these work incentives known, the front-line staff in welfare offices who establish eligibility for cash assistance also inform recipients about the program's financial incentives for working. Through these efforts, welfare officials seek to encourage, enable, and press welfare recipients to find and maintain employment in the private economy, making them independent of whatever cash assistance the welfare system can provide.

Conclusion

As this discussion illustrates, most states capitalized in one way or another on the opportunities for welfare-to-work innovations that the federal government granted through waivers of AFDC program rules and regulations. States developed a number of creative waiver strategies that encouraged welfare recipients to work by increasing incentives and helping remove obstacles to employment. Passage of the new federal Temporary Assistance for Needy Families (TANF) block grant gives states greater leeway to design their own assistance programs for low-income families with children. How states will respond to the relaxation of federal oversight under TANF remains to be seen, but this summary of efforts to encourage employment suggests that states' waivers have already significantly altered—if not ended—"welfare as we know it." ♦

1. For a comprehensive discussion of recently approved state waivers, see Savner, S., and Greenberg, M. *The CLASP guide to welfare waivers: 1992–1995*. Washington, DC: Center for Law and Social Policy, May 23, 1995.
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7. Center for Law and Social Policy. Welfare reform without a lifetime limit: The experiences of Utah, Minnesota and Iowa. *Family Matters* (Fall 1995 and Winter 1996) 7,4:1–27 and 8,1:1–18.
8. Center for Law and Social Policy. Results of note: Welfare initiatives in New York and Vermont. *Family Matters* (Spring 1996) 8,2:1–18.
9. Center on Hunger, Poverty, and Nutrition Policy. *Five states' innovative approaches to welfare: Promoting economic security among America's poor*. Medford, MA: Tufts University School of Nutrition Science and Policy, September 1996.

Table 1 and Table 2 follow on the next two pages.

Table 1

Categories of State AFDC Waivers	
Waiver Categories	Program Strategies
To encourage applicants to work, states may:	<ul style="list-style-type: none"> ■ increase earnings disregards (the amount of earned income that is “disregarded” when a recipient’s grant is calculated); ■ increase resource and asset limits (the amount of money and property recipients are permitted to accumulate before their grants are reduced); ■ allow recipients to establish savings accounts to enhance their employability or their children’s well-being; ■ extend “transitional” Medicaid and child care benefits for former recipients who leave public assistance for employment beyond the one year required under the AFDC JOBS program; ■ require recipients to work or attend job training to receive their grants; or ■ “divert” parents who apply for public assistance directly into the workforce by offering them one-time cash grants, Medicaid, child care, and short-term help finding employment.
To increase recipients’ personal responsibility, states may:	<ul style="list-style-type: none"> ■ require recipients to attend school to receive their grants (“learnfare”); ■ require recipients to perform community work to receive their grants (“workfare”); ■ limit or deny grant increases for families who have additional children while receiving welfare (“family cap”); or ■ require recipient children to be immunized for their families to receive their grants.
To restrict recipients’ eligibility, states may:	<ul style="list-style-type: none"> ■ limit the length of time that an individual may receive assistance during her lifetime; or ■ deny assistance to (or lower the grant amount for) applicant families who have recently moved to the state from elsewhere.

Source: Adapted from Neisner, J.A. *State welfare initiatives: CRS report for Congress*. Washington, DC: Congressional Research Service, Library of Congress, February 22, 1994.

Table 2

Waiver Strategies Used by States to Encourage Employment, January 1993 to July 1996						
State	Strategy					
	Increase Earnings Disregards	Increase Resource and Asset Limits	Allow Individual Savings Accounts	Divert into Workforce	Require Work or Training	Extend Transitional Benefits
Arizona	X		X	X		X
California	X	X	X		X	
Colorado		X				
Connecticut	X	X			X	X
Delaware		X	X		X	X
Florida	X	X			X	X
Georgia		X			X	
Illinois	X				X	
Indiana		X		X		
Iowa	X				X	X
Maine		X		X		
Maryland		X		X	X	
Massachusetts		X			X	
Michigan		X			X	
Minnesota		X			X	
Mississippi			X		X	
Missouri		X			X	
Montana		X		X	X	
Nebraska	X	X			X	X
New Hampshire	X	X			X	
New York				X		
North Carolina		X		X	X	
North Dakota	X	X			X	
Ohio	X	X				X
Oklahoma		X			X	
Oregon		X	X		X	X
Pennsylvania	X	X	X			
South Carolina	X	X	X		X	X
South Dakota					X	
Texas		X	X	X	X	
Utah	X	X		X	X	X
Vermont	X				X	X
Virginia	X	X	X	X	X	X
Washington						
West Virginia	X				X	
Wisconsin					X	
Wyoming		X			X	

Note: Some states are not listed in Table 2 either because they had no waivers approved between January 1993 and July 1996 or because their waivers contained no strategies that encourage work. The table also does not reflect the full range of waiver strategies employed by the states that are listed because some of their waivers were approved prior to 1993.

The checks in the table represent very different levels of welfare-to-work program activity in the various states. Some of the waivers are pilot programs that operate only at a few sites or that apply only to certain categories of welfare recipients (such as teenagers), while other waivers changed practices for all recipients throughout the state. Moreover, these strategies can be used in different ways. Some states use work-related waiver strategies as "sticks" to encourage personal responsibility by welfare recipients, while others use them as "carrots" to encourage welfare recipients to move off welfare and into employment. Nevertheless, the table indicates any welfare-to-work strategies contained in any of a given state's waiver packages whether they are employed only at a pilot site or statewide, whether they apply to all welfare recipients or just a handful, and whether they are mandatory requirements ("sticks") or voluntary incentives ("carrots").

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