EXPERIENCES OF LIVING THROUGH WELFARE REFORM IN ONE CALIFORNIA COUNTY

Christina Sogar, M.A.
Jill Duerr Berrick, Ph.D.
Laura Frame, Ph.D.
Karie M. Frasch, Ph.D.

Project Administration

Center for Social Services Research
University of California, Berkeley

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INTRODUCTION

Welfare was dramatically changed in August, 1996, when Congress passed and the President signed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). This act replaced Aid to Families with Dependent Children (AFDC) with Temporary Assistance for Needy Families (TANF). PRWORA and TANF aim to end dependency on welfare by supporting work and/or marriage. The stated purpose of TANF highlights this dual focus on marriage and employment:

*The purpose...is to increase the flexibility of States in operating a program designed to (1) provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives; (2) end the dependence of needy parents on government benefits by promoting job preparation, work and marriage; (3) prevent and reduce the incidence of out-of-wedlock pregnancies and establish numerical goals for preventing and reducing the incidence of these pregnancies; and (4) encourage the formation and maintenance of two-parent families.* (Department of Health and Human Services, 2000)

The major provisions of PRWORA attempt to modify individual behavior to achieve the above-stated goals.

**Elements of reform**

TANF ends the entitlement status of welfare. Capped block grants, which are provided to states, end federal responsibility to provide a minimum income for all who qualify (Rose, 2000). Key features of the reform include time limits and work requirements. Aid can be received for a maximum of 24 months at any one time, with a lifetime limit of 60 months. When the time limit is reached, states can choose to end all aid to the family or to reduce the grant by terminating the adult portion. In cases of extreme hardship, up to 20% of the cases may be exempted (Rose, 2000).

States do not have flexibility regarding establishing the level of participation of their caseloads in work or work activities. They are mandated to meet the following
participation requirements: 25 percent of single adults on the rolls working by 1998, increasing to 50 percent by 2002, and 90 percent of adults in two parent families by 1999 (Rose, 2000). If this requirement is not met, states will lose a portion of their federal block grant.

In an effort to achieve the work requirement goals, each state has a welfare-to-work grant designed to move recipients off welfare and into work. Welfare-to-work activities include: community service jobs; subsidized or unsubsidized employment; on-the-job training; participation in job search or job search readiness activities or short-term vocational training programs (Corcoran, Danziger, Kalil & Seefeldt, 2000). States are able to determine whether or not to count college education as a work activity. The focus for most states has been on reducing the welfare rolls as quickly as possible. Welfare recipients have been encouraged to find jobs and gain skills through experience, rather than through participation in education and job training programs (Corcoran et al, 2000; Rose, 2000).

**Waiver demonstrations**

Much reform was occurring before PRWORA was passed. Prior to this legislation, 44 states had waivers to conduct their own welfare demonstrations (O’Neill & O’Neill, 1997). This prior effort at reform began in the mid 1980s under President Ronald Reagan. President Reagan favored relinquishing federal oversight and giving all control over welfare to the states (Cammisa, 1998). Although this idea did not mobilize much political support, President Reagan approved waivers for states to design their own welfare programs. The main goal of these waivers was to reduce dependency by helping people to leave welfare or by discouraging its use in the first place (O’Neill & O’Neill,
Although some critics objected to the demonstration projects because they felt they were unjust and promoted unequal treatment of the poor among the states, the number of waivers continued to increase, culminating under President Clinton (Cammisa, 1998). Between 1992 and 1996, President Clinton approved more waivers than Presidents Reagan and Bush combined (Cammisa, 1998).

State demonstrations were generally aimed at modifying individual behavior to end dependency on welfare. To achieve this goal, policies punished out-of-wedlock labor and supported the formation of two-parent families (Rose, 2000). “Bridefare” disregarded the income of a husband who was not the biological father of the recipient’s children thereby diminishing financial disincentives to marry. “Family caps” failed to increase grant amounts for additional children born to a woman already receiving welfare. Teen pregnancy disincentives made aid payments to minor parents only if they lived with their own parents (Rose, 2000). Other policies monetarily penalized parents whose children did not meet established standards. “Learnfare” cut AFDC payments for a family if the children had more than a specified number of unexcused school absences (Rose, 2000). “Healthfare” reduced payments if children did not receive required immunizations. The growing number of waiver demonstrations in the early 1990s opened the door to increasing state authority of welfare programs.

**Moral implications of reform**

PRWORA took many elements from the demonstration projects, including family caps and teen parent provisions which attempt to enforce family values and decrease out-of-wedlock childbearing. Although welfare is a very small percentage of the national
budget, it is the center of continuous debate and dialogue. Some have argued that this focus is due to the believed moral failure of welfare recipients.

Welfare reforms are based on the belief that recipients do not want significant changes made in the structure of the welfare system and thus we must force these changes on them. Welfare reforms, therefore, have been developed within a context of antagonism – that we must force recipients to get off of the public dole whether they want to or not...Recipients are thought of as lazy, unmotivated, as cheating the system and as having additional children simply to increase the amount of their benefit...Women are no longer excused from work in order to care for their children. Staying home to nurture and tend to dependent children is only appropriate if you have the financial means to do so. If you do not have the means, then remaining at home to care for children now constitutes idleness (Seccombe, 1999, p. 12-14).

American society places a high value on possessing a strong work ethic. Mothers who receive welfare and stay home with their children appear to many to be in violation of this value. The 1996 welfare reform supports an emphasis on employment and self-sufficiency by mandating work for welfare recipients.

**IMPACT OF WELFARE REFORM**

PRWORA was implemented under almost ideal conditions. Following a long period of economic recovery, the unemployment rate fell to a 30-year low, dropping to 5.4 percent by April 1996 (Current Population Survey, 1996). In this strong economic environment, the number of welfare cases significantly declined. Between Fiscal Years 1994 and 1996, the average monthly AFDC caseload dropped almost 14 percent (Danziger, Corcoran, Danziger, Heflin, Kalil, Levine, et al., 2000). After welfare reform, the decline continued – caseloads dropped 38 percent between August 1996 and December 1998 (Danzinger, 2000). By the end of 1999, the number of people receiving welfare fell below 7 million, about the same number as in 1969 (Danzinger, 2000).
Employment among families who leave welfare

The majority of former recipients who left welfare since the passage of PRWORA have gained employment. A recent study by Loprest (1999) found that more than two-thirds of recipients who left welfare did so for work. The data for this study came from the National Survey of America’s Families (NSAF) conducted at the Urban Institute. The NSAF is a “nationwide representative survey of the civilian, noninstitutionalized population under 65 and their families” (Loprest, 1999, p. 3). Interviews were conducted between February and November 1997. The survey collected information on economic, health and social characteristics from 44,000 respondents. Loprest’s research focused on NSAF respondents who stopped receiving welfare benefits at some point between 1995 and 1997. This group thus includes recipients who left welfare both before and after the passage of welfare reform legislation.

Of the 1,289 adults who reported that they stopped receiving benefits between 1995 and 1997, 29 percent had returned to welfare and were receiving benefits in 1997. For those who did not return to welfare, 61 percent were employed at the time of the interview. For all subjects, work was the reason most commonly cited for leaving welfare. Sixty-nine percent reported that they left welfare because of increased earnings or hours in an ongoing job or because of a new job. Other reasons for leaving welfare were given much less frequently. Ten percent of respondents said they left welfare because of administrative problems or hassles; approximately 7 percent reported no longer needing or wanting to receive welfare benefits. Six percent claimed to have a change in their family situation, such as marriage or being aged out when their youngest child turned 19. Five percent reported income from another source and 4 percent moved
to a new county or state. Finally, a small percentage (1 percent) reported leaving due to time limits.

Loprest examined the situation of those who left welfare and were not working to see how they were surviving. Approximately half received support from an employed spouse or partner. Other sources of income included unemployment insurance benefits, child support payments, social security benefits, supplemental security income (SSI) and help from families, friends or community or church groups.

For those who left welfare for work, more than two-thirds were working 35 hours or more per week. Only 6 percent were working less than 20 hours per week. The majority (74 percent) had been at their current job for less than one year. Almost half (46 percent) were employed in the services industry. Other industries include wholesale/retail trade (24 percent) and manufacturing (14 percent). Thirty-eight percent were employed in service occupations, 19 percent in clerical/administrative support, 14 percent in professional/managerial/technical occupations and 7 percent in craft/repair and 7 percent in transportation occupations. The remaining were employed as laborers (3 percent). Seventy-seven percent were employed by private companies, 11 percent by government agencies, 7 percent were self-employed and 5 percent worked for nonprofit organizations.

Loprest’s research found that more than one-quarter (28 percent) of former recipients worked night hours. During these hours, childcare is very difficult to find and often very expensive, which might have a negative impact on job tenure. Most of the former recipients (77 percent) did not report employer-sponsored health coverage. This is much higher than the 1997 national rate (45 percent), although this may be related to
the short time most former recipients had been at their jobs. The median hourly wage for these workers was $6.61. Although this is higher than the minimum wage, it most likely is not high enough to lift a single mother with dependent children out of poverty. When compared with hourly wages for all female workers, former recipients’ median wage is only between the 20th and 30th percentile (Loprest, 1999, p. 12).

Loprest’s research indicates that former welfare recipients are finding jobs. However, the majority of these jobs require few skills and pay low wages. Other studies have examined whether women who are working at low-wage jobs are better off economically than women who receive welfare benefits. Even at low wages, these studies often find that it does pay to take a job.

**Does work pay?**

Using data from the 1998 wave of the Women’s Employment Study, Danziger, Heflin and Corcoran (2000) compared differences in economic well-being between working and welfare-reliant mothers. All subjects in this study were receiving welfare in February 1997. To be eligible for the study, they had to reside in the county where the study took place, be U.S. citizens between the ages of 18 and 54 and be either African-American or Caucasian. Interviews were conducted with the women in the Fall of 1997 and in the Fall of 1998. The response rate was 86 percent for the first wave (N=753) and 92 percent for the second wave (N=693). Both interviews lasted approximately one hour.

Interviewers asked respondents about work hours, earnings, welfare receipt, income sources and work-related child care and transportation expenses for the month before the survey was conducted. In addition, respondents provided information about nine types of material hardships – food insufficiency, lack of health insurance (mother),
lack of health insurance (child), unmet medical needs (mother), unmet medical needs (child), utility cut-offs, evictions, experiences of homelessness and lack of a telephone. Finally, respondents were asked about their subjective perspectives of economic well-being. Along with inquiring about the difficulty of living on their incomes, researchers asked respondents if they had engaged in any of the following activities in the prior 6 months: pawned or sold personal possessions, taken food items without paying for them, searched in trash cans, asked for spare change, begged for work, sold or traded food stamps, engaged in an illegal activity or received food, clothing or shelter from a charity. Results from the Fall 1998 interviews are reported.

The authors separated the respondents into three groups – wage-reliant (reported positive earnings but no cash assistance), welfare-reliant (reported no earnings but received income from TANF) and combiners (women who reported both earnings and cash assistance). Forty-three percent of the sample were wage-reliant, 19.2 percent welfare-reliant and 27.6 percent were categorized as combiners. Work-based income is defined as the respondents’ own earnings from work and the earnings of other household members plus the value of the Earned Income Tax Credit (EITC) minus social security taxes. Results indicate that wage-reliant mothers had a much higher monthly income than combiners - $981 vs. $626. This higher monthly income was the result of both working more hours and earning a higher hourly wage. Wage-reliant women were much more likely to work 35 hours a week or more than combiners (66 percent vs. 37 percent) and they earned a higher average hourly wage ($7.63 vs. $6.52).

TANF cash assistance, Food Stamps and SSI income from household members other than the respondent were included as sources of welfare-based income. Welfare-
reliant mothers and combiners were much more likely to receive Food Stamps than wage-reliant women (90 percent in the first two groups versus 50 percent in the latter). Overall, the authors found that wage-reliant mothers had the highest net monthly income ($1745). The average net monthly income was $1527 for combiners and $1107 for welfare-reliant mothers. When earnings of other household members were excluded, the average net monthly incomes were $1250 for wage-reliant mothers, $1274 for combiners and $929 for welfare-reliant mothers.

Whether earnings of other household members are included or not, welfare-reliant mothers had the lowest average net monthly income. This was found even after adjusting for work-related and child care expenses. Wage-reliant women did report higher child care and transportation costs than welfare-reliant women, but even after those costs were excluded, wage-reliant women had higher average monthly net incomes.

Although the women who worked had significantly higher incomes than the women who did not work, a substantial percentage of each of the three groups remained poor. Excluding income from other household members, 55 percent of the wage-reliant, 63 percent of combiners and 96 percent of the welfare-reliant mothers had incomes below the poverty line. When the earnings of other household members were included, the poverty rates were as follows: 33 percent, 50 percent and 90 percent respectively.

Answers to the questions about material hardship revealed that overall wage-reliant mothers were less likely to report experiences of material hardship. There were two types of material hardship that were an exception to this. Wage-reliant women were more likely than welfare-reliant women to lack health insurance for themselves (29 percent vs. 3 percent) and for their children (15 percent vs. 2 percent).
A greater percentage of welfare-reliant mothers (60 percent) than combiners (40 percent) or wage-reliant mothers (31 percent) reported engaging in an illegal or socially unfavorable activity to make ends meet. The most commonly reported activity was receiving food, shelter or clothing from a charity (50 percent welfare-reliant, 34 percent combiners, 25 percent wage-reliant). The next activity women were most likely to engage in was pawning or selling personal possessions (21 percent welfare-reliant, 15 percent combiners, 13 percent wage-reliant.)

Reports of subjective assessments of economic well-being parallel the results found above. Working women reported less difficulty in living on their incomes than both combiners and welfare-reliant mothers. While almost 50 percent of working women said that it was not at all or only a little difficult to live on their total income, only 38 percent of combiners and 26 percent of welfare-reliant mothers said the same thing. The authors conclude that women who were working were economically better off, both objectively and subjectively, experiencing higher household incomes, fewer material hardships and less difficulty living on their incomes.

Other studies have found similar results. Using data from the 1991 and 1992 panels of the Survey of Income and Program Participation, Bauman (1999) compared rates of poverty, material hardship and neighborhood conditions by work/welfare status. He concludes that “work is associated with decreased levels of material hardship for single-parent households and that single parent households receiving welfare had greater levels of poverty and worse neighborhood conditions than those not receiving welfare” (Bauman, 1999 in Danziger, Heflin & Corcoran, 2000, p. 4).
Cancian and Meyer (2000) examined the job patterns and economic well-being of women four to five years after leaving AFDC. Data for this study came from the National Longitudinal Survey of Youth (NLSY). The sample for this study included 984 women who left the AFDC program before 1987, when they were 24 to 31 years old. The young age of respondents in this study means that the results cannot be generalized to the full AFDC population. However, according to the authors, nearly one-third of AFDC mothers in 1994 were under age 25 and fifty percent were under the age of thirty. The authors define leaving AFDC as receiving “no AFDC benefits for at least three consecutive months after a month in which a woman received AFDC benefits” (Cancian & Meyer, p. 71).

The authors examined survey responses to questions on job characteristics including wages and levels of work (none, part-time and part-year, part-time and full-year, full-time and part-year, or full-time and full-year) each respondent had during the five years after AFDC exit. Full-time was defined as 35 hours per week and full-year as at least 48 weeks per year. The authors also measured the number of jobs held since leaving AFDC, job tenure and the main occupation in each year. Wages over the fourth and fifth years were averaged. Approximately 70 percent of the sample earned a wage during their fourth and fifth years after leaving AFDC.

The authors assessed how employment earnings impacted women’s economic well-being after leaving AFDC. They found that the poverty rate among women leaving AFDC gradually declined between one and five years after exit. While 55 percent of women had incomes below the poverty line in the first year after leaving AFDC, this rate
declined to 42 percent five years after exit. Seventy-three percent of women had higher incomes five years after leaving AFDC than they did the last year they received AFDC.

The intensity of women’s work effort and wages both increased in the years following AFDC exit. Although approximately one-third of women did not work at any point during the five year period, there is an intensity of work effort among those who work at all. Thirteen percent of women worked full-time and full-year in the first year after leaving AFDC. This percentage increased to 24.6 percent by the fifth year. While 20.6 percent worked just part-time and part-year in the first year following AFDC receipt, this percentage drops to 13.3 percent by year five. The average wage increased from $7.13 to $7.80 between year one and year five. Women who earned the highest wage in year one experienced a greater wage increase than women who started at jobs paying lower wages. Women with hourly wages in the top quartile of the sample began year one with an average wage of $7.90 which increased to $8.84 by the fifth year. Women in the lowest quartile actually experienced a slight drop in average wage ($5.37 in year one to $5.32 in year five). Overall, the authors conclude that “the combination of increased work effort and modest increases in hourly wages resulted in increased annual earnings during the five years” (Cancian & Meyer, 2000, p. 73). Annual median earnings increased from $6,100 to $9,900 over the five year period. This trend also held for wage earners at the 25th percentile whose earnings increased from $2,300 to $3,600.

Cancian & Meyer find that work effort in the first year after leaving AFDC is positively associated with earnings five years later. The median family income in years four and five for women who worked full-time and full-year in year one was $5,000 to $7,000 higher than the other groups that worked less than full-time and full-year in year
one. The authors conclude that, although the median remained low all five years, increasing work effort was positively associated with self-sufficiency.

In an analysis of a hypothetical scenario, Ellwood (2000) likewise finds that women who work are better off than those who receive welfare. His scenario describes the situation of a single mother who left welfare in 1996 to take a full-time job paying $10,000/year. He figures the annual net gain to her income from this job to be $6,876. In 1986, the net gain would have only been $1,860.¹

An earlier study by Edin and Lein (1997) found that working women were worse-off than women receiving welfare. The authors interviewed wage-reliant and welfare-reliant single mothers between 1988 and 1992 and concluded that although working women had higher incomes, they were worse off financially because of the costs associated with employment (child care, transportation). Although this might have been true at the time Edin and Lein conducted their study, it no longer appears to be true in the post-TANF environment. It is likely that both policy and economic factors have contributed to this change.

**Policy changes and economic conditions**

PRWORA requires that a sizable share of each state’s welfare caseload gains employment. Even if it does not appear that the economic benefits of working will outweigh the costs, recipients must find employment or face being sanctioned. In addition, earning disregards have been increased in most states that allow recipients to

¹ Ellwood compares the impact of policy changes, especially the EITC, on work incentives. In 1986, a single woman with two children would have received $8,804 in means tested aid. Once employed, her food stamps and AFDC would decrease sharply and she would have to pay child care costs and taxes. If she took a job that paid $10,000/year, her net income would only rise from $8,804 to $10,664. In 1998, the EITC and other benefits including child care would greatly increase the value of a $10,000/year job. Once employed, the woman’s income would increase from $7,717 to $14,593.
combine welfare and work. Increasing earnings disregards allow workers to have some earnings that do not directly offset their welfare benefits. “Taken together, changes in welfare policy have led more recipients to look for work, have made it more difficult for nonworking recipients to remain on the rolls and have made it more beneficial for them to continue working if they work part-time at low-wage jobs” (Danzinger, 2000, p. 7).

Changes to both the Earned Income Tax Credit and the minimum wage have supported employment. In 1993, a major expansion to the Earned Income Tax Credit allowed women to keep more of the income they earned from employment. In 1990, the maximum EITC was $950; by 1998, this amount had increased to $3,756 for a single mother with two or more children (Danziger, Heflin & Corcoran, 2000, p.2). Between 1993 and 1999, total expenditures on the EITC rose from $18 billion to $30 billion (in 1999 dollars) (Besharov & Germanis, 2000). The 1997 increase in the minimum wage from $4.25 to $5.15 also made work more rewarding.

Child care aid and Medicaid have been greatly expanded since the passage of PRWORA in 1996. A non-refundable tax credit was established in 1998 so as families’ incomes increase and they owe taxes, the childcare credit can be used to offset them (Ellwood, 2000). Whereas formerly Medicaid eligibility was restricted primarily to families receiving aid, states now must provide coverage to all children born after October 1983 who live in families with incomes at or below the poverty line (Ellwood, 2000). Additionally, 1997 legislation established the Children’s Health Insurance Program which, in California, provides health insurance to children whose families have incomes between 100 percent and 250 percent of the federal poverty level (Health Care Financing Administration, 1999). These increases in government aid to the working poor
have resulted in greater government spending than what was formerly spent on the AFDC program. While combined federal and state spending on AFDC never exceeded $30 billion, about $65 billion was spent on aid to the working poor in 1999 (Besharov & Germanis, 2000). Economic changes that have helped to produce the decline in welfare caseloads and increase in employment rates are the high rate of economic growth and the tight labor market.

The unemployment rate significantly declined between 1993 and 2000 after a slight increase in the early 1990s. In 1991, the national unemployment rate averaged 6.7 percent (Ryscavage, 1995). This increased to 7.4 percent in 1992 and dropped slightly to 6.8 percent in 1993 (Ryscavage, 1995). After 1993, the unemployment rate steadily declined, dropping to 5.6 percent in 1995, 4.5 percent in 1998 and 4.2 percent in June 2000 (Bureau of Labor Statistics, 2001). Since January 2001, the decline in unemployment has begun to reverse. In June 2001, the national unemployment rate was 4.7 percent, up one-half percent from one year earlier (Bureau of Labor Statistics, 2001).

The 1990s decline in the unemployment rate has not benefited all ethnic groups equally. While the unemployment rate for Caucasians was 6.1 percent in 1991, the equivalent rate for African-Americans was 12.5 percent and Hispanics 10.0 percent (Bureau of Labor Statistics, 2001). Although African-Americans and Hispanics still face higher unemployment rates than Caucasians, they too have experienced a decline since the implementation of welfare reform. In 2000, the unemployment rate for African-Americans was 7.6 percent and for Hispanics 5.7 percent (Bureau of Labor Statistics, 2001). The 2000 unemployment rate for Caucasians was 3.5 percent (Bureau of Labor Statistics, 2001).
The unemployment situation of high school and college graduates is much different than that of adults without a high school degree. In 1992, 11.5 percent of the population over 25 without a high school degree was unemployed. The rates were much lower for adults who completed high school (6.8 percent) or college (3.2 percent). For all three groups, the unemployment rate declined throughout the 1990s. In 2000, 6.4 percent of adults without a high school diploma were unemployed, 3.5 percent of adults with a high school degree and 1.7 percent of adults with a college degree. Although some ethnic and educational attainment groups still face more unemployment than others, all groups experienced a significant drop in unemployment since the passage of PRWORA.

**Explaining the decline**

Several studies have explored how much of the caseload decline is attributable to economic factors and how much is the result of policy changes. The 1997 Council of Economic Adviser’s (CEA) report used aggregate state-level administrative data to assess the contribution of pre-PRWORA waivers to drops in cash assistance caseloads (Bell, 2001). Their dependent variable was the caseload population which was defined as the number of AFDC recipients divided by the total state population (Bell, 2001). Their independent variables were policy changes (defined by the year a statewide waiver reform policy was approved) and economic conditions (state unemployment rates) (Bell, 2001). They estimate that 44 percent of the decline in AFDC caseloads between 1993 and 1996 is attributable to the business cycle while welfare waivers account for 31 percent of the decline (Bell, 2001; Figlio & Ziliak, 1999).

Using monthly instead of annual data, research by Ziliak, Figlio, Davis and Connolly (1997) attributes over 60 percent of the decline to the strong economy and gives
little credit to welfare waivers. Figlio and Ziliak (1999) explain the discrepancy between the Council of Economic Advisors (CEA) report and the research by Ziliak and colleagues by examining methodological differences between the two studies. The authors find that:

the differences in results between Ziliak et al and the CEA emanate largely from the treatment of dynamics. These dynamics surface in the form of sluggish adjustment of current caseloads to past caseloads, from lags in the response of caseloads to changes in unemployment rates, and from nonstationarities in caseloads (especially at monthly frequencies). The primary consequence of controlling for caseload dynamics is to reduce the role of welfare reform relative to the macroeconomy in generating the decline in AFDC caseloads. Once we control for dynamics, we attribute up to 75 percent of the 1993—1996 decline to the macroeconomy and at most one percent to welfare reform. (p. 19)

Figlio and Ziliak conclude that welfare caseloads are greatly influenced by the robustness of the economy. They find that “a two percentage point increase in the unemployment rate leads to an 11.7 percent increase in welfare recipiency after four years while a four percentage point increase yields a 23.4 percent increase in recipiency” (Figlio & Ziliak, 1999, p. 44). The authors feel that the dramatic decline in caseloads that has occurred since 1993 would not have happened in a weaker economy. In addition, Figlio and Ziliak simulated the effects of a recession on cash assistance caseloads. Their results support the conclusion that welfare reforms have more power to decrease caseload size in a strong economy than in a weak one.

Moffitt (1999) applied the methodology used in the CEA report to data from the Current Population Survey, which used household interview data. He examined demographic variables such as age and education to see if welfare reform policies or economic conditions affect certain segments of the population more than others. He concludes that “less educated women had gains in labor force attachment in the form of
increased weeks worked and hours of work as a result of waivers, but no statistically significant increases in earnings or wages” (Moffitt, 1999, p. 113). For women with at least a high school degree, annual earnings were significantly associated with waiver policies. These results show that welfare reform policies may not have identical effects on all members of the population.

Research by Wallace and Blank (1999) and the CEA (1999) have begun to examine the effects of PRWORA reforms on caseloads. Both studies include data from 1996 through 1998 and find that policy changes explain a greater percentage of the drop in caseload than economic conditions. However, the percentage the two studies attribute to PRWORA is very different. While Wallace and Blank attribute 75% of the drop in caseloads to welfare reform, the CEA report finds that only 36% of the decline is associated with policy changes. However, the Wallace and Blank study ascribes all declines in caseloads that are otherwise unexplained to TANF which most likely exaggerates the effects of the policy (Wallace & Blank, 1999). The CEA report leaves much of the decline in caseloads unexplained (Bell, 2001).

The relative contribution of policy changes and economic conditions to caseload declines is important for understanding families’ well-being after leaving welfare. It is likely that families are faring better if the strong economy led them off welfare, than if their exit was prompted by policy changes such as time limits and sanctions. In addition, an understanding of the relative impact of policy changes and economic conditions might shed light on the permanence of the caseload declines, and the answers may hold different policy implications. Simply put, if the caseload declines are mainly due to economic factors, a recession may reverse the drop that occurred in the 1990s. If the
economy is primarily responsible for the drop in welfare caseloads, states should focus on job training and development. If welfare reform is credited with the decline, the rules implemented under reform should be continued and possibly even expanded (Bell, 2001).

A review of the literature reveals the complexity of attempting to untangle the causes of the declines in caseloads. While studies have found that states with welfare waivers experienced larger caseload declines than states without waivers, a causal connection has not been established.

Inherent difficulties plague the analysis: Relationships are complex, policy choices can be driven by caseload levels rather than the reverse, caseloads may respond sluggishly to new influences, one waiver provision may offset another and different subsets of welfare recipients may react differently to the same policy reform (Bell, 2001, p. 4).

A multitude of factors may accompany the adoption of a waiver such as the availability of services including childcare and transportation which support employment (Bell, 2001, p. 29). The same problems appear to be true for policy changes under PRWORA. Although PRWORA has been associated with caseload declines, a cause-and-effect relationship has not been established.

Studies do appear to indicate a causal relationship between the strong economy and the decline in welfare caseloads. However, as noted above, studies conflict with respect to how much of the decline is attributable to economic conditions. “The conflicting results seen are not simply statistical artifacts but reflect real uncertainties about how welfare families behave, how welfare caseloads adjust and how policies and labor markets change over time” (Bell, 2001,p. 26). There is some agreement across studies about the magnitude of the effect of economic conditions on caseloads. In all
cases, a sustained one percent decrease in the unemployment rate produces a five or six percent decline in the welfare rolls (Bell, 2001, p. 42).

Overall, several conclusions can be drawn from the literature. First, although a great decline in welfare caseloads has occurred along with an increase in the number of reform waivers and PRWORA, no causal relationship has been established. Secondly, strong economic conditions are responsible for some of the decline in caseloads. Finally, a large percentage of the caseload decline is not explained by policy or the economy. Future research should begin to explore what other factors contribute to the caseload declines as well as consider the possibility of interaction effects between policy and economic factors.

As the economy begins to weaken in 2001, it appears that some reversal of the welfare caseload declines may occur. An article in the San Francisco Chronicle on April 4, 2001 reported that for the first time in many years, welfare caseloads are beginning to rise in many states (Meckler, 2001). Although nearly a dozen states are still experiencing declines, the dramatic rate decreases experienced throughout the second half of the 1990s appear to be coming to a halt. As many former recipients have already gained employment, those who are left on the rolls may be harder to employ, possessing more barriers to employment. This fact combined with a slowing economy may cause the welfare caseloads to begin to creep up.

**Barriers to employment**

Although caseloads have dramatically declined, it is questionable whether or not these newly employed wage-earners will be able to earn enough and have stable enough employment to allow them to become self-sufficient. Twenty-five to forty percent of all
women who leave welfare due to employment earnings return to welfare within one year and up to 70 percent return within five years (Harris, 1996). In addition, there are still a large number of people left on the rolls who face multiple barriers to employment. Researchers (Bane & Ellwood, 1994; Danziger et al, 2000; East, 1999; Hershey & Pavetti, 1997; Holzer, 1996; Kalil, Corcoran, Danziger, Tolman, Seefeldt, Rosen, Nam, 1998; Olson & Pavetti, 1996; Seccombe, 1999; Zedlewski, 1999) have identified a large number of barriers that may hinder welfare recipients’ efforts to achieve stable employment:

- Inadequate education;
- Little work experience;
- Inadequate job skills;
- Lack of understanding of workplace norms or behaviors;
- Employer discrimination;
- Domestic violence;
- Substance abuse;
- Mental and physical health problems;
- Mental and physical health problems of children;
- Inadequate child care;
- Lack of reliable transportation.

While one of these barriers may not pose an insurmountable obstacle, possessing more than one barrier may make it much more difficult to find and retain employment. A 1996 study by Olson and Pavetti estimates that 30 percent of welfare recipients possess more than one of the following barriers: poor health of parent and/or child, alcohol or drug
problems, depression and low basic skills. Including a broader range of barriers may greatly increase the percentage of welfare recipients who face multiple barriers to employment.

Using data from the 1997 Women’s Employment Study, Danziger and colleagues (2000) examined the existence of barriers to employment among 753 single mothers with children who collected welfare in February 1997. All the women in the sample resided in an urban county in Michigan. In the fall of 1997 when the survey was conducted, 72 percent of the respondents were still receiving cash welfare benefits. Approximately half of those still receiving benefits were working twenty or more hours/week.

Respondents were asked about 14 barriers to employment, including education, work experience, job skills, mental health, substance dependence and physical health. Results indicate that the most common barrier reported by respondents (47.1 percent) was problems with transportation (lack of access to car or lack of a driver’s license). This is much higher than the percentage among women nationally (7.6 percent). Approximately one-third of the women (31.4 percent) had less than a high school education and one in five (21.1 percent) had fewer than four job skills. Fifteen percent had little work experience. Approximately 1 in 10 of the women (9.1 percent) reported a lack of understanding of work norms. Mental health issues were common – 35 percent of respondents met the criteria for at least one of the following DSM-III R diagnoses: major depressive disorder, post-traumatic stress disorder, generalized anxiety disorder, alcohol dependence or drug dependence. Nineteen percent of mothers reported a health problem and 22.1 percent reported that their child had a health, emotional or learning problem.
Finally, 14.9 percent of the women reported experiencing severe domestic abuse in the last year. This rate is much higher than that among women nationally (3.2-3.4 percent).

For 9 of the 14 barriers, women possessing the barrier were significantly less likely to be employed than women without the barrier. These are: less than a high school education, little work experience, fewer than four job skills, perceived discrimination, transportation problems, major depressive disorder, drug dependence, mother’s health problem and child’s health problem (Danziger et al, 2000, p. 16).

The more barriers a woman had, the less likely she was to be employed. Study results indicate that most of the women had at least one barrier (85 percent). Thirty-seven percent had two or three barriers, 24 percent had four to six barriers and 3 percent had seven or more barriers. There is a negative association between barriers and employment. As the number of barriers increases, the probability that a woman is employed decreases. “Women with only one barrier had a significantly different probability of working compared to women with no barriers (71.5 vs. 82.1 percent). After that, employment drops sharply and significantly as the number of barriers rises. A woman has three in five chances of working if she has 2 or 3 barriers, two in five chances of working if she has 4,5 or 6 barriers; and only a one in twenty chance of working if she has seven or more barriers to work” (Danziger et al, 2000, p. 19). The authors find that perceived discrimination, few work skills and drug dependence have the greatest impact on employment.

CONCLUSION

Although research indicates that a large number of welfare recipients have found jobs in the late 1990s, these jobs are low-paying and few offer health benefits. Women
who work do appear to be able to increase their net income compared to women who receive welfare, however even full-time employment is not allowing many to escape poverty. Numerous current and former welfare recipients face multiple barriers to employment, facing poor odds of increasing their income through stable labor-force participation. Even though welfare caseloads have dramatically declined since 1996, the long-term economic prospects for former recipients remain limited.
METHODS

The statistical profile of women’s odds of employment, coupled with an understanding of the relative roles of the economy versus welfare administration, will be helpful to policy makers as they re-craft welfare reform during the reauthorization discussions (set to occur in 2002). But statistics cannot capture the full story of welfare reform. Millions of families continue to utilize welfare across the country, and their experience of living with TANF varies considerably. Moreover, as discussed above, women’s likelihood of leaving aid varies widely, depending on how long they have used cash aid, the number of employment barriers they face, and other factors.

The purpose of this study was to describe the life experiences of parents and their children, post-welfare reform, and thereby complement the statistical profile of welfare participants. The study included a very small sample of families, followed intensively over approximately one year. Through our interviews with families, we hoped to learn more about the experiences – both common and uncommon – with welfare reform and life in poverty.

Design

This qualitative study employed ethnographic methods to intensively study multiple cases over a one-year period, using a sampling strategy designed to represent a range of parenting quality and diverse experiences of conditions in poverty. The

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advantages of using qualitative methods include the opportunity to understand and appreciate the effects of poverty, welfare, and welfare reform on individual lives. Each “case” was a family, including a child and his or her primary caregiver, and some cases included other individuals (children, partners, relatives, neighbors, service providers) as well. The study methods were flexible, interpretive, and recursive, in that data collection, data analysis, and refinement of the research questions all occurred and reoccurred in an iterative process.

Sample

Study Population

In order to study families with a range of parenting quality and experiences related to welfare reform, two study populations and three separate sampling strategies were used. This ensured variability within the sample as a whole.

Population “A”. The first group, hereafter referred to as population “A” included families with very young children who participated in the public system of welfare known as Temporary Assistance to Needy Families (TANF) or CalWORKs; who lived in the predominantly urban areas of Alameda County, California during the years 1999-2000; and who were identified as likely to be living an economically and/or socially “precarious” existence. Precariousness was considered likely given the presence of at least one of the following criteria: long-term welfare receipt (during an era of welfare reform), and/or involvement with the public child welfare system for reasons of child neglect. All families had at least one child under the age of three at the time of entry into the study. Thus it was assumed that families who were low income and also identified as neglecting might systematically differ from families who were low income, but not identified for intervention by the child welfare system. Only families involved with child
welfare services for reasons of neglect (including physical neglect, caretaker absence and abandonment) were part of the study population.

Population “B”. The second group, hereafter referred to as population “B” included a cohort of participants in an ongoing study administered by UC DATA. The sample was limited only to those female-headed families who were still on aid and living in Alameda county in 1998, had at least one child under the age of six at that time, and spoke English (n=184).

Sampling Strategy (A)

For sample “A,” a theoretical sampling strategy (Strauss & Corbin, 1990) was used with two sampling frames, which corresponded with the two criteria for “precariousness” outlined above (welfare-only; child welfare + welfare). Thus, subjects were purposely selected to be low income, and likely to represent various points on a continuum of parenting quality. When the continuum of parenting quality proved too narrow early in the data collection process, additional participants were sought who would increase the range.

Welfare-Only Group, Sample A. The first group of families with very young children -- families with no known child welfare services involvement, but with long-term welfare receipt -- was drawn from the UC DATA dataset. “Long term” welfare involvement was defined as receipt of a welfare cash grant (now TANF, formerly AFDC) in 1993, and receipt of a grant also in 1998 – with either continuous or discontinuous involvement between those years. Given the nature of the sample, these families were guaranteed to have more than one child. Employees of the Survey Research Center (SRC)

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2 See other products associated with this series of reports for a more detailed description of UC DATA and that sample.
identified a random sample of the original Alameda county survey respondents and contacted them by telephone to ascertain whether they had at least one child under three years old, were currently living in Alameda county and receiving a welfare grant, had received welfare in the past 12 months, and were willing to be contacted by the researcher about the present in-depth study.

The SRC attempted contact with approximately 60 survey respondents, resulting in 7 cases that could be located, were considered eligible for participation in the present study, and consented to contact by the researcher. In making direct contact with a potential study subject, a telephone “script” was followed in the initial telephone call, providing information about the purpose of the study, outlining the nature of participation, risks and benefits in general terms, and ascertaining interest in meeting with the researcher to discuss further involvement. Follow-up letters were sent to those who expressed interest, confirming appointment dates and times. Of the 7 potential participants, all of whom were contacted by the researcher, 4 entered the study. Three respondents initially expressed interest in further participation but failed to follow through on subsequent arrangements for telephone or in-person contact (for unknown reasons).

Subjects entered the study on a “rolling basis” (as soon as their contact information became available, and an initial interview could be scheduled). At the initial interview, subjects were provided with further written and verbal information about the purpose of the study, risks and benefits, the voluntary nature of participation, the researcher’s status as a mandated reporter of child abuse and neglect, the researcher’s employment through U.C. Berkeley (and not through the county welfare department), and
logistics (e.g., meeting times and places, the use of audiotaping), and all questions were answered.

**Child Welfare + Welfare Group, Sample A.** The second group (families receiving welfare grants, with known child welfare services involvement) was drawn from within the active child welfare services case population. A series of steps were taken in order to recruit through the child welfare services agency. First, agency support was secured through a Memorandum of Understanding with the Assistant Director of the Alameda County Social Services Agency. Second, consultation with program management staff led to in-person meetings and telephone contact with supervisory staff within the agency, explaining the purpose of the study and requesting assistance with subject recruitment. Third, efforts were made to obtain the assistance of child welfare workers, who were needed to (a) identify clients who may be appropriate for participation in the study, and (b) make the initial contact with the client, obtaining consent for the researcher to phone them (as in the procedure outlined above, through SRC). These efforts included (a) posting of a flyer in visible public agency areas explaining the study purpose, criteria for participation, and benefits to clients; (b) provision of written materials directly to workers, including a written “phone script” which could be used to explain the study to clients and request consent for researcher contact; (c) dozens of telephone calls to social workers, explaining the study purpose and requesting their assistance with recruitment.

Ultimately, child welfare staff provided the researcher with contact information for 13 potential study participants. Of the 13 families referred by child welfare staff, 7 names were provided by staff in a single unit in the child welfare agency (with the help of
a supportive and responsive child welfare supervisor); 2 names by members of another unit, 2 names by a single worker, and 1 each by workers who responded to voice mail messages left by the researcher. All 13 were contacted by the researcher by telephone, and 6 families ultimately entered the study (again, on a “rolling” basis when contact information was provided the researcher, and an initial interview could be scheduled).

**Sampling Strategy (B)**

The purpose of this sampling plan was to use a combination of random and purposive sampling to select a sample of seven that represented a range of “precariousness.” The word precarious was used to describe families living on the edge of subsistence, and is similar to considerations of “at-risk” or “vulnerable.” Acknowledging that not all long-term welfare recipients have the same level of risk or barriers to self-sufficiency, the sampling plan attempted to purposively draw out families with varying levels of risk. It was hoped that this sampling strategy would ensure a diversity of experiences among the participants.

Variables in the UC DATA data set were used to identify core characteristics of precariousness, although these variables are not the only ones that denote risk. Sampling was based on the following seven variables or risk factors.

- Receipt of AFDC/TANF for at least 29 of the prior 36 months with no break in assistance of more than two months during this period and/or little or no reported earned income during the same period
- Female-headed families with less than high school maternal educational attainment
- Large family size (more than three children)
- Poor parental health or lack of access to medical care (as defined by the subject in the last survey)
- Homelessness for any period of time in the prior 12 months
- Race of African American (as compared to other races as a risk factor for poor outcomes when considered with other risk factors)
- Lack of access to child care

Based on these risk factors, the population of 184 female-headed families still on aid in 1998, and living in Alameda County with at least one child under the age of six was divided into seven typologies of precariousness. Each typology had an increasing number of risk factors. Specifically, the first typology included only one of the above named risk factors, the third typology included any combination of three of the risk factors, and the last typology included all seven. However, race of African American was not chosen as a single risk factor for the first typology. Families with that single selection risk factor were selected out of the sample pool. Particular factors were not represented in certain typologies. For example, the factor of homelessness did not appear in the first typology with that single risk factor because the families who had been homeless had other risk factors as well. Many more families fell into the first three typologies with fewer risk factors than the last four typologies with increasing numbers of risk factors. In fact, only 2 families fell into the last two typologies with six or seven risk factors.

After characterizing all families into one of the seven predominant typologies, selecting only families with a child under the age of 6, and selecting out African American families with no other selection risk factors, a random sample of approximately
5-10 families from each typology was drawn for study recruitment. For the last three
typologies, all 3 families were included for recruitment. Of those 52 families, seven were
eventually selected for the final study sample.

Following the strategy for sample “A,” the recruitment process was initiated by
the UC DATA staff. For each of the seven selection groups the first person on the
randomly ordered list was contacted and told about the study. If the UC DATA staff
person was unable to locate the potential participant using multiple data sources, she
proceeded to attempt to contact the next person on the list until she was able to reach one
of them. This process continued until one family was selected from each of the lists.

The study sample originally consisted of seven participants. However, following
the fourth month of interviewing, one of the participants moved to another state and
decided to continue participating. Therefore, the final sample consisted of six families
on long-term welfare with at least one child under the age of six at the beginning of the
study.

**Study Site**

Data collection took place primarily in the homes of the participants throughout
different cities in Alameda County. However, because of the nature of the study,
interviews and participant observation also occurred in environments connected to
families’ lives, such as public parks, fast food restaurants, health care centers, families’
cars, laundromats, banks, bill payment centers, participants’ parent’s homes, yards, and
public streets walking to or from schools.
Data Collection

Data were collected through face-to-face, semi-structured interviews and participant observation between April 1999 and February 2001. Data collection began following initial discussions on the telephone and in person with each potential participant about the nature and purpose of the study. During the first interview the study was described in more detail, written information about the study was thoroughly discussed, including all eight elements of informed consent, and each participant signed consent forms.

Following the initial interview to describe the study and obtain consent, data collection sessions occurred approximately monthly for 1-3 hours over the course of one year. Subjects were provided remuneration of $25 for each data collection session and most interviews were audiotaped. Field notes were written following each data collection session.

Measures

The literature guided the selection of general topics to be addressed, the ongoing analysis of the data led to the identification of emergent themes warranting further explanation, and both assisted in the development of increased focus, over time.

The interview topics were presented in such a way that the early interviews were focused on less personal topics while the middle and later ones sometimes delved into more personal or emotionally charged issues. Following is a list of the broad interview themes that were addressed over the course of the year, listed in chronological order:

- Knowledge of, opinions and involvement with CalWORKS and welfare reform
- Employment and job training history
• Subjects’ education and experiences with education
• Sources of income and financial resources, including in-kind benefits, expenditures
• Timeline/history of welfare receipt
• Making ends meet: financial strain, budgeting, effects on family and children, personal experience of making ends meet over time
• Community involvement, neighborhood quality, housing, safety, resources
• ‘Time spent’ exercise for participant and focal child
• Family history, including family tree
• Social support: Composition of network, quality and content of relationships, perceptions of support
• Parental psychological well-being, including self-efficacy, locus of control, self-esteem, overall life satisfaction
• Experience of parenting, including descriptions of relationship, self, and child, protection, hopes for child
• Child care resources
• Housing issues
• Role of formal agency assistance, both concrete help and psychological
• Partner relationships
• Parents’ health and mental health
• The subjective experience of parenting in conditions of poverty
• Child well-being and developmental status
• Impact of race and class on perception and experience of opportunity (education and employment).
**Data Analysis**

The data analysis process followed the template approach, which is both deductive and inductive (Miles & Huberman, 1984; Crabtree & Miller, 1992), and involved a number of sequential steps. First, prior to a complete reading of the data texts, a template of a priori codes was created. The template was based on a variety of factors, including emerging patterns from the interviews. The resulting data analysis codebook contained operational definitions for each code.

The next step in the analysis of the data was to read and edit the primary documents, and to begin coding the data into text segments, or identify units of meaningful text. During this phase ‘open coding’ was used to identify additional codes that emerged from the text, and numerous memos were written regarding perceptions, initial interpretations, or questions for later consideration. Coded text segments and text memos were then reviewed a final time to verify interpretations, extract subject narrations, and create thematic descriptions and discussions.

**Sample Description**

In order to understand the findings derived from the study, it is first important to introduce the parents and families who participated in the study. Appendix A provides a table including all of the participating parents, along with information concerning several demographic and other important factors. Appendix A also includes a narrative description of each of the parents, their family circumstances, and their utilization of public assistance.