

HOW FAMILIES THAT LEFT WELFARE ARE DOING: A NATIONAL PICTURE

Pamela Loprest

The dramatic drop in cash assistance caseloads since the passage of federal welfare reform has been hailed as proof that job preparedness, work, and marriage ended the dependence of needy parents on government benefits. However, little is actually known about how, and if, former welfare families are making ends meet.

A large number of studies have looked at former welfare recipients in particular parts of the country. But these studies are limited for two reasons.¹ First, they cannot be generalized to give a national picture. Second, and more fundamentally, they cannot answer the question “Compared with what?” Without some idea about how well former recipients “should” be doing, we cannot assess the extent to which their experiences measure the success or failure of welfare reform. The 1997 National Survey of America’s Families (NSAF)—a large nationally representative sample that overrepresents low-income families—allows us to do both, providing a context for state and local studies.² What does it show?

The NSAF data suggest several important commonalities between former welfare recipients and their nonwelfare counterparts. The majority of families in both groups rely on work. At the same time, former recipients’

hourly wages and monthly earnings indicate that they are entering the low end of the labor market, where they are working in much the same circumstances as other near-poor and low-income mothers who have not recently been on welfare. More than a quarter of former recipients, near-poor, and low-income mothers work mostly at night, and over half struggle to coordinate work schedules with

child care. A third or less have employer-sponsored health insurance (compared with more than half of all workers under age 65).

How many former recipients are falling through the cracks of policies designed to get them into jobs? NSAF does not allow a definitive answer, but it yields some

useful information. About 20 percent of former recipients are not working, do not have a working spouse, and are not relying on government disability benefits. What they are living on is not known. Nearly 30 percent of those who left welfare for at least a month between 1995 and 1997 had returned to welfare and were receiving benefits in 1997. As welfare time limits expire and cash assistance is terminated, people who leave welfare in the future may face greater economic hardships than the former recipients described here, and they will constitute a larger proportion of all former recipients.

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Who Leaves Welfare?

The term “leavers” refers to former recipients who received cash assistance benefits at some point between 1995 and 1997 but were not receiving benefits at the time of the interview in 1997.³ This group provides a picture of how those who left cash assistance in the early stages of welfare reform were faring in 1997.

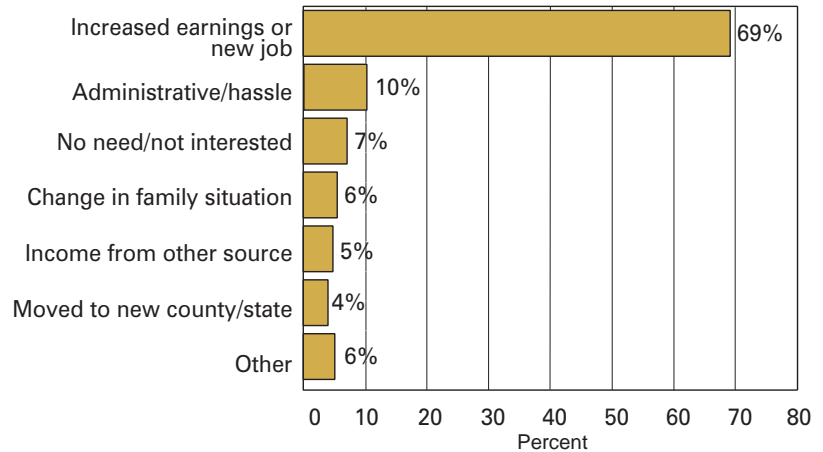
To assess the characteristics and experiences of welfare leavers, it is necessary to have some standard for comparison. Few would expect former recipients, at least immediately, to do as well as the average U.S. worker. But few would call welfare reform a success if welfare leavers simply joined the ranks of the officially poor. Therefore, welfare leavers are compared with mothers who have not been on welfare in the last two years but are not well-off either. Two groups were selected: (1) mothers with children under 18 and family incomes under 150 percent of the official poverty level, called “near-poor,” and (2) mothers with family incomes under 200 percent of poverty, called “low-income.”⁴ These near-poor and low-income mothers are one-fifth and one-third, respectively, of all mothers with children.

Former recipients are like near-poor and low-income mothers in family size, disability status, and education. About two-thirds of all three groups have fewer than three children; about two-thirds have at most a high school diploma or equivalent; and about 15 percent have a mental or physical condition that limits participation in the job market. The groups differ in other respects, however. Although they have the same number of children on average, the welfare leavers’ youngest children are younger, and they themselves are younger. Former recipients are twice as likely to be single and without a partner⁵—almost two-thirds, compared with about one-third of near-poor and low-income mothers.

From Welfare to Work

Since one of the main emphases of welfare reform is to reduce the need for cash assistance through earnings, it is important to ask how much welfare leavers or their partners work. The most

Figure 1
Former Recipients’ Reasons for Leaving Welfare



Source: Urban Institute calculations from the National Survey of America's Families, 1997.

common reason for leaving welfare (given by two-thirds of the leavers) is work—a new job or increased earnings or hours on an existing job (figure 1).⁶ The next most common reason—administrative problems or hassles—was given by only 10 percent of leavers.

The predominance of work as the reason given for leaving is supported by the fact that 61 percent of the former recipients who were still off welfare at the time of the interview were working. This compares with only 50 percent of near-poor mothers and 54 percent of low-income mothers. These differences are largely accounted for by the higher proportion of leavers who are single mothers, however. The family employment rate (which captures work by either partner) is somewhat higher for the nonwelfare groups. Separating the leavers and the nonwelfare groups by family type almost eliminates employment differences between them (figure 2).

Jobs

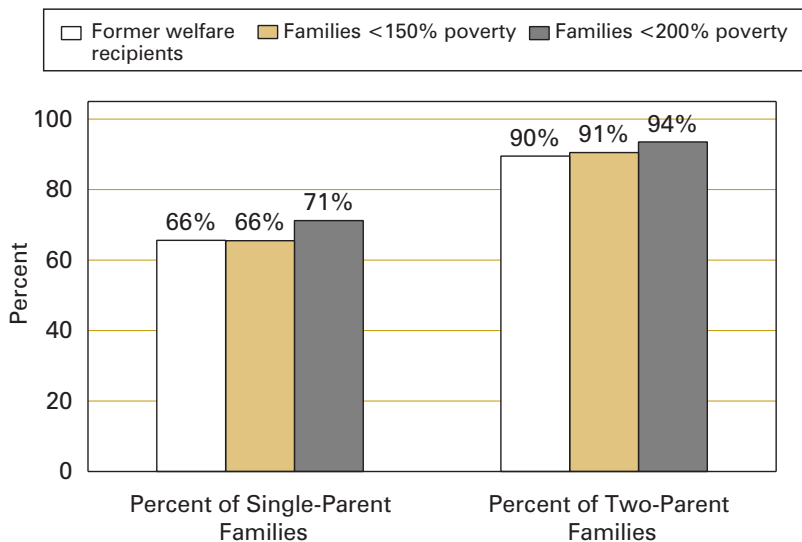
Welfare leavers with jobs are concentrated in the same industries and occupations as are near-poor and low-income mothers, with about two-thirds employed in service, sales, or clerical/administrative occupations and about three-quarters in the service or trade industries. Perhaps surprisingly, given the emphasis in some areas on public-sector jobs, leavers are no more likely to be employed by government

than are near-poor and low-income mothers. The biggest difference in type of work is that near-poor and low-income mothers are almost twice as likely to be self-employed as are welfare leavers (perhaps because there are higher proportions of two-parent families in the nonwelfare groups, and self-employment can be a good part-time supplement to a working partner's earnings).

Employed former recipients work more hours than employed near-poor mothers. They are less likely to work under 20 hours (6.1 percent versus 11.6 percent) and more likely to work over 35 hours (69.4 percent versus 61.5 percent). Employment differences between leavers and low-income mothers are similar but smaller.

The job tenure of welfare leavers is shorter than that of the other groups, as might be expected given their former welfare status. Three-quarters of former recipients have worked at their current employer for less than a year, compared with only half the near-poor mothers and less than half the low-income mothers. This may account, at least in part, for differences in the prevalence of employer-sponsored health insurance: slightly less than a quarter of working leavers, compared with about a third of near-poor and low-income working mothers. For all three groups, more than a quarter of the working mothers are working mostly at night.

Figure 2
Percent of Families with At Least One Employed Parent



Source: Urban Institute calculations from the National Survey of America's Families, 1997.

This is useful information because the more recent the last work experience, the less trouble someone tends to have finding another job. On this measure, 44 percent of leavers with no family earnings had not worked for at least two years and 3 percent had never worked.

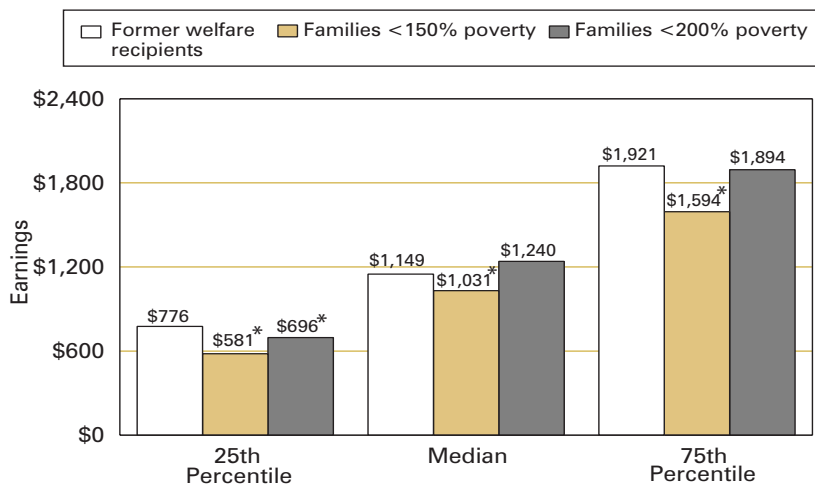
When asked why they were not currently working, about a third reported a nonwork activity: taking care of a home or family or being in school. About a quarter said they were ill or disabled and could not work. Another quarter said they either could not find work or had child care or transportation/distance problems. In spite of these reasons given for not having a job, more than two-thirds (69.4 percent) of those not working, and not ill or disabled, said they were actively looking for work.

Earnings

With respect to wages—one of the strongest indications of job quality and successful transition into the labor market—former recipients, at a median hourly wage of \$6.61, earn substantially more than the national minimum wage (\$4.75 during the survey). They also do somewhat better than near-poor or low-income mothers (with median hourly wages of \$5.83 and \$6.06, respectively). However, differences in education, marital status, race/ethnicity, job tenure, and region of the country explain these hourly wage differences.

Wage rates alone do not tell us how much leaver families are relying on income from work. Other important factors include the number of hours the mothers work and how much their partners, if they have them, earn. Family earnings capture these other factors. For families with earnings, on average welfare leavers have monthly earnings slightly higher than near-poor families and slightly lower than low-income families (figure 3). For example, the median monthly earnings of working leavers is \$1,149, compared with \$1,031 for near-poor working families and \$1,240 for low-income families. This is less than the difference in hourly wages, because more near-poor and low-income mothers have working partners. When families with no workers are included in the comparison, former recipients have monthly earnings similar to near-poor families

Figure 3
Total Monthly Earnings of Family



Source: Urban Institute calculations from the National Survey of America's Families, 1997.
* Indicates significant difference from former recipients.

and less than low-income families because a higher proportion of leaver families have no earners.

The Struggle to Make Ends Meet

Twenty-five percent of former recipients are not working and have either no partner or a partner who is unemployed. The survey does not record how long someone has been without work, but it does record the year in which the person last worked.

The survey does not completely answer the question “How are welfare leavers making ends meet?” But it does include three major potential sources of nonwelfare cash income: child support, Social Security (for survivors or dependents of covered workers), and Supplemental Security Income (SSI) (for those with disabilities).⁷ Just under half of the nonworking leavers reported receiving income from at least one of these three sources. Child support is an income source for 34 percent, Social Security for 17 percent, and SSI for 23 percent.

About 12 percent of all welfare leavers have no earnings and no income from these three sources. Some will receive help from families or friends, their community, or church groups (but see below for the small number reporting private help). Some are almost certainly receiving food stamps (also noted below). Very few are likely to be eligible for unemployment insurance.⁸

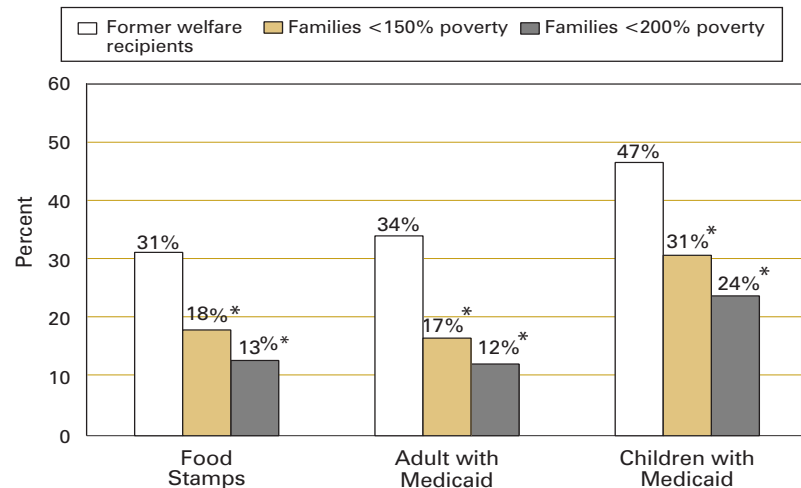
Help and Hardship

Nonwelfare public benefits potentially available to former recipients and nonwelfare families alike include food stamps, housing assistance, child care payments, and Medicaid. Public assistance agencies may also provide transitional supports to welfare leavers, such as help with transportation, work expenses, job search or job training, and emergencies such as utility payments.

Former recipients could be expected to use these benefits during the first three months off welfare, when most are just beginning to work and have had recent contact with agencies and likely knowledge of benefit possibilities. However, relatively low levels of use are reported for some benefits during this period. In the first three months after leaving welfare, 19 percent reported child care assistance; 11 percent, help with expenses; and 15 percent, help with job search or training. Even fewer reported receiving private, rather than public, help during the first three months off welfare: only 17 percent received help from family, 9 percent from a church, and 7 percent from a community center. Almost three-quarters reported receiving no private help.

Compared with near-poor and low-income families, former recipients are much more likely to use public benefits (figure 4). At the time of the interview in 1997, 31 percent received food stamps, for example, compared with 18 percent of near-poor families and 13 percent of low-income families. Medicaid differences are similar, though the levels are higher. Forty-seven percent of welfare leavers' children have Medicaid, compared with only 24 percent of low-income children. It is not clear whether these differences reflect more need, more knowledge about benefit availability, or less fear of stigma.

Figure 4
Receipt of Government Benefits



Source: Urban Institute calculations from the National Survey of America's Families, 1997.
* Indicates significant difference from former recipients.

Former recipients are much more likely than near-poor and low-income mothers to be struggling to provide sufficient food and shelter for their families (table 1). One-third of leavers had to cut the size of, or skip, meals in the past year because there was not enough food, compared with a quarter or less of near-poor or low-income mothers. Almost 57 percent of former recipients sometimes or often worried that food might run out before they got money to buy more, compared with about 45 percent of their nonwelfare counterparts. Over 38 percent had had a time when they were not able to pay mortgage, rent, or utility bills, compared with under 30 percent for the comparison groups.

Why are more former recipients struggling than near-poor and low-income mothers? The survey doesn't answer that question, but a likely reason is that they are still adjusting to the move from welfare. They may feel less secure in their jobs and may still be learning how to juggle expenses. They are also slightly less likely to have an earner in their families, which suggests they may have less income as a group, even though leavers with jobs do about as well as their nonwelfare counterparts.

Policy Conclusions and a Final Caution

One set of policy conclusions is suggested by the considerable similari-

ties between mothers who have left welfare during the past two years and near-poor and low-income mothers who were never on welfare during that period. A second set is suggested by their differences.

What the Similarities Suggest

The similarities between former recipients and their nonwelfare counterparts suggest that, in three particular respects, public policy might be wise to focus on near-poor and low-income families generally rather than directing services specifically to former welfare recipients.

First, single-parent former recipients work at about the same rate as single-parent near-poor and low-income families. The work patterns of two-parent families are also similar for the three groups. Family earnings are different because more former recipients are single parents. This suggests that policies to encourage and support work might benefit from focusing on single parents in general, rather than targeting former welfare recipients.

Second, once employed, former recipients' jobs, wages, and monthly earnings are very similar to those of near-poor and low-income mothers. This shows that the majority of former recipients are indeed fitting into the world of work. But they fit in, as do the much larger groups of near-poor and low-income mothers, at the low end of the

Table 1
Economic Struggles in the Previous Year

Hardship	Former Welfare Recipients (%)	Near-Poor Mothers (%)	Low-Income Mothers (%)
Had to cut size of, or skip, meals because there wasn't enough food	33.4	24.7 ^b	22.7 ^b
Sometimes or often worried that food would run out	56.9	46.4 ^b	43.5 ^b
Sometimes or often food didn't last	49.4	38.4 ^b	35.6 ^b
Not able to pay mortgage, rent, or utility bills	38.7	28.9 ^b	27.6 ^b
Moved in with others because couldn't pay mortgage, rent, or utility bills ^a	7.1	2.1 ^b	1.9 ^b

Note: Approximately 1 percent of respondents did not answer the questions on food problems.

a. Only asked of those who had a time when they were not able to pay bills.

b. Indicates a significant difference relative to former recipients at the 90 percent confidence level.

labor market. This again suggests that policies designed to help former recipients move up the job ladder to better jobs might also focus on the whole group of low-wage women with children.

Third, although a greater share of former welfare recipients are receiving public benefits than are their near-poor and low-income counterparts, considerable proportions of all three groups do not receive benefits to which they may be entitled. Policymakers concerned about why more former recipients are not receiving food stamps, for example, need to widen their concern to include nonwelfare families who may also be slipping through the cracks.

What the Differences Suggest

Almost 30 percent of those who left welfare during the study period returned to welfare. In addition, a sizable proportion of welfare leavers (20 percent) were not working, had no partner working, and were not receiving government disability benefits. Finally, a third to a half faced serious struggles providing food for their families and about one in five had problems paying their housing costs. These struggles were considerably more pervasive among welfare leavers than among near-poor or low-income families with children. This combination of factors strongly underscores the need for continuing policies to help former welfare recipients with their transition from welfare to work.

A Final Caution

The group of welfare leavers described here should be viewed as a benchmark group, plausibly the best suited of the caseload for the nonwelfare world. Also, they left welfare for a more favorable labor market than has been seen for a great many years. Those who leave welfare in the future may have more barriers between them and a job, even in a good labor market. And future leavers and low-income nonwelfare families alike may face a less hospitable job market. For both reasons, this description of welfare leavers is only a beginning. Continued monitoring of the characteristics and experiences of families who leave welfare is fundamental to a complete understanding of welfare reform and its outcomes.

Notes

1. For reviews of some of these studies, see Brauner and Loprest (1999) and GAO (1999).

2. The first wave of the NSAF collected economic, health, and social information on 44,000 households between February and November 1997. The survey oversamples households with income under 200 percent of poverty and households in each of 13 targeted states. NSAF provides information on a nationally representative sample of the civilian, noninstitutionalized population under age 65 and their families. A second wave of this

survey is being fielded in 1999. For more information on the survey methods and data reliability, see Kenney et al. (1999).

3. The NSAF questions about welfare receipt are asked of the adult in the family who is most knowledgeable about the children. This corresponds closely to a sample of mothers who have left welfare but includes a very small number of single fathers and fathers in two-parent families.

4. My comparison samples are women who have not been on welfare during the past two years. I make no income cutoff for the welfare leavers, so some of them may have family incomes above 200 percent of poverty.

5. I use "partner" to refer to spouses as well as to unmarried partners.

6. This monthly earnings estimate for leavers who are working translates into annual earnings of \$13,788, which is about the 1997 poverty line for a family of three. It underestimates families' incomes to the extent that they receive child support, the Earned Income Tax Credit, or other cash income. It overestimates to the extent that earners have periods when they are not working or are working fewer hours than they did in the survey month.

7. Receipt of these and other sources of income is asked about for 1996, the year before the interview. Many respondents had not yet left welfare during 1996, so not all information on sources of income is included. However, since child support, Social Security, and SSI received in one year are likely to continue, I report receipt of these benefits. Additional leavers may have begun to receive these benefits in 1997.

8. Vroman (1998).

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This series presents findings from the National Survey of America's Families (NSAF). First administered in 1997, the NSAF is a survey of 44,461 households with and without telephones that are representative of the nation as a whole and of 13 selected states (Alabama, California, Colorado, Florida, Massachusetts, Michigan, Minnesota, Mississippi, New Jersey, New York, Texas, Washington, and Wisconsin). As in all surveys, the data are subject to sampling variability and other sources of error. Additional information about the survey is available at the Urban Institute Web site: <http://www.urban.org>.

The NSAF is part of *Assessing the New Federalism*, a multiyear project to monitor and assess the devolution of social programs from the federal to the state and local levels. Alan Weil is the project director. The project analyzes changes in income support, social services, and health programs. In collaboration with Child Trends, the project studies child and family well-being.

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About the Author

Pamela Loprest is a senior research associate in the Urban Institute's Income and Benefits Policy Center. Her research focuses on barriers and supports for work among low-income families and persons with disabilities. Her recent work examines welfare reform and work policies and families recently leaving welfare.

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