

Discussion Papers

**Families Who
Left Welfare:
Who Are They and
How Are They Doing?**

Pamela Loprest

99-02



**Assessing
the New
Federalism**

*An Urban Institute
Program to Assess
Changing Social Policies*

Assessing the New Federalism

Assessing the New Federalism is a multiyear Urban Institute project designed to analyze the devolution of responsibility for social programs from the federal government to the states, focusing primarily on health care, income security, employment and training programs, and social services. Alan Weil is the project director. Researchers monitor program changes and fiscal developments. In collaboration with Child Trends, the project studies changes in family well-being. The project aims to provide timely, nonpartisan information to inform public debate and to help state and local decisionmakers carry out their new responsibilities more effectively.

Key components of the project include a household survey, studies of policies in 13 states, and a database with information on all states and the District of Columbia, available at the Urban Institute's Web site. This paper is one in a series of discussion papers analyzing information from these and other sources.

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Abstract

This study examines the economic status of a nationally representative sample of families who left welfare in the early period after federal welfare reform. It uses data from the National Survey of America's Families. I compare leaver families' outcomes with those of other low-income families who have not recently received welfare to aid interpretation of how leaver families are faring. I find that a majority of welfare leavers left because of work and were employed at the time of the interview. I also find that hourly wages, monthly earnings, and job characteristics all indicate that leavers are entering the low end of the labor market, where they are working in much the same circumstances as near-poor and low-income mothers who have not recently been on welfare.

I conclude that the considerable similarities in wages and other employment characteristics between leavers and low-income mothers who have not recently been on welfare suggest that policies to encourage and support work might usefully be focused more generally on low-income families with children rather than directing services specifically to former welfare recipients. I also conclude that there are continuing issues for concern about welfare leavers' transitions. Nearly a third of those who left welfare during this time period had returned to welfare and were receiving benefits in 1997. And a sizable proportion (about 25 percent) of leavers are not working and have no partner working. It should be noted that this research focuses on an early group of leavers in relation to welfare reform. Future groups of leavers may have different experiences, especially if they face a less favorable labor market.

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Families Who Left Welfare: Who Are They and How Are They Doing?

Introduction

One of the stated purposes of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, popularly known as welfare reform, was to “end the dependence of needy parents on government benefits by promoting job preparedness, work, and marriage.” To this end, this federal legislation, along with many other changes in state policies before and after passage, has increased incentives and requirements for families receiving benefits to move into work and eventually off welfare.

How do we know if the goal of ending dependence is being met? How do we evaluate if families have made a successful transition off welfare? Some would argue that the act of leaving cash assistance provides evidence that dependence has ended. Many point to the dramatic decline in cash assistance caseloads since 1996 as an indication of the success of welfare reform policy in this respect. But while the declining caseload means fewer persons are receiving cash assistance, it tells us nothing about the circumstances of the families that leave and whether they are making a successful transition off welfare.

In order to get a national picture of how families who left welfare at the early stages of welfare reform are faring, this paper takes a close look at the economic situation of families who have left cash assistance. Given the emphasis on work as the road to a successful transition off welfare, I focus largely on work among these families. But I also examine other sources of support, particularly government benefits that have potential for facilitating the transition off welfare. I include indicators of the economic struggles former recipients are encountering and a discussion of the situation of those who are not working.

Why study leavers? There has always been turnover in the cash assistance programs, but little study of how families fared after leaving welfare. Recent interest in leavers comes for several reasons. Changes in welfare policies have done more to explicitly “encourage” leavers. Many more recipients have left or will be leaving the roles than previously because they do not meet (or do not want to meet) program requirements or because they hit a time limit on benefits. Also, as caseloads rapidly decline, there is concern that some individuals will “fall through the cracks” of policies that encourage or require work.

In response to these concerns, a large number of studies have been conducted examining

recipients leaving the Temporary Assistance for Needy Families (TANF) program.¹ Most of these studies focus on specific state or substate areas. This study differs from other leaver studies in two ways. First, it gives a national picture of how former recipients are faring. Geographic area-specific studies are important, as they have the ability to connect state policies with outcomes. However, it is difficult to get an overall picture from these studies since they are from such a variety of places and do not exist for all areas. This national study is a way to put information together and provide context for the subnational studies.

Second, this study begins to address a question that few of the other leaver studies have examined. How do we interpret the current economic status of leaver families? Having a good description of the economic status of former recipient families is not enough to fully understand how they are doing or whether transitions are “successful.” Of course, these conditions are subjective and any measure is open to debate. However, we do need a context for interpreting the economic situation of leavers, a marker to which we can compare former recipients’ experiences.

In addition, it is important for policymakers to understand the degree to which welfare leavers differ from other low-income families. Connecting eligibility for program benefits such as Medicaid and childcare subsidies to former welfare status may be a questionable strategy if other low-income families are in similar situations. As welfare programs begin to consider postplacement and job retention supports for former recipients, it may be helpful to frame the question more broadly of how best to target funds to support low-wage workers with children.

In this paper, I focus on how former welfare recipients’ situations compare with other low-income families’ economic experiences. The formation of an appropriate comparison group depends, at least in part, on one’s expectations of how former welfare recipients “should be” doing. If ending welfare dependence means recipients are integrated into the labor market, one measure of this is how similar former recipients’ economic situations are to a broader group of families. Since I do not expect leavers to immediately look like the median worker, I choose to compare them with other low-income or “working poor” families. Also, since all former recipients have children and this inevitably impacts the employment and general economic situation of the family, I also limit my comparison to families with children. The main comparison group used in this paper is women with children under 18 who have low family incomes and have not received welfare in the past two years. I use two definitions of “low-income” to indicate how a specific income cutoff changes results: family income less than 150 percent of poverty in 1996 and family

¹ For reviews of some of these studies, see Brauner and Loprest (1999), Tweedie (1999), or Parrot (1998).

income less than 200 percent of poverty in 1996. These definitions describe fairly large comparison groups. Twenty-eight percent of all women with children under 18 had family income below 150 percent of poverty in 1996. Thirty-eight percent of all women with children under 18 had income below 200 percent of poverty.²

The paper uses data from the National Survey of America's Families (NSAF) conducted at the Urban Institute. I focus on the group of recipients who stopped receiving benefits³ at some point between 1995 and 1997, sometimes referred to as "welfare leavers." This group does not represent purely a pre or postwelfare reform group, both because the period spans the passage of federal legislation and because some states were already implementing reforms on their own during the period before federal legislation. It does represent an early picture of who welfare leavers are and how they fared in 1997 when federal welfare reform was beginning to be implemented. Future cohorts of leavers will likely differ from this initial group. For example, if recipients who can most easily find work leave welfare more quickly, future cohorts could possibly have higher numbers of recipients with obstacles to work, such as low job skills and experience. The findings from this study can be used for comparison with future cohorts, including the 1999 second wave of the NSAF data, to understand how leavers differ over time and how future groups of families fare after leaving welfare.

The paper is organized into the following sections. In the first section, I describe the characteristics of leavers and how they differ from other low-income families. I then turn to examination of the main questions in the paper. To what extent do leaver families rely on work and how "good" are the jobs they hold? Why are some families not working and how are they surviving? What is the role of nonwelfare government benefits in facilitating the transition off welfare? What are some of the continuing economic struggles of families who leave welfare? Finally, I provide a discussion of these findings and some implications.

Creating a Leaver Sample

The data for this paper come from the NSAF. The NSAF is a nationally representative survey of the civilian, noninstitutionalized population under 65 and their families. Interviews were conducted between February and November 1997. The survey collected economic, health, and social characteristics

² These percents include women who are former or current welfare recipients. Twenty percent of all women with children under 18 are in the comparison group of mothers with family income less than 150 percent of poverty who did not recently receive welfare. Thirty percent are in the under-200-percent-of-poverty group. I make no income cutoff for the leavers group, so it is possible for them to have incomes greater than 150 or 200 percent of poverty.

³ Throughout this paper, the term Awelfare@ refers exclusively to either Temporary Assistance for Needy Families (TANF) or its precursor, Aid to Families with Dependent Children (AFDC). Other means-tested cash assistance programs are not included.

for 44,000 households, oversampling households with incomes under 200 percent of poverty and households in each of 13 targeted states. A second wave of the survey is being conducted in 1999.

There are several advantages of the NSAF data used in this study. The survey's oversample of low-income families generates a larger sample size of welfare leavers than most national surveys, allowing reports for some key subsamples. The unweighted sample of leavers used here is 1,289.⁴ The data contain a rich variety of information about former recipients' family and economic circumstances not commonly available in other data sources. With these data I am able to examine the status of former welfare recipients in 1997. The sample consists of those who received welfare benefits at some point between 1995 and 1997 and report having stopped receiving these benefits for at least one month during that time period. While this analysis combines leavers who left only several months ago with those who left more than a year ago, the sample size for either one of these groups alone becomes small. Where appropriate, I discuss some differences between the two groups.

There are several limitations to the NSAF data as well. Since they are cross-sectional and not longitudinal data, there are some questions we cannot answer, such as how long a spell of nonemployment has lasted. In some topic areas the survey bolsters cross-sectional information by asking timing questions, such as about past welfare receipt. But due to issues of recall and interview length, the survey cannot include complete welfare or employment histories. For this reason, I cannot separate leavers who are cyclers, meaning they have come on and off welfare a number of times, from those who were long-term continuous recipients.

Also, the structure of the NSAF is such that, although I can measure work and earnings at the time of the interview, I do not have information on other nonwork sources of income in the few months previous to the interview. The NSAF follows the CPS format in collecting income information for the calendar year previous to the interview, in this case 1996. I cannot use the 1996 income information for leavers because many left welfare within the year previous to the survey. For these recent leavers, previous year income is a mixture of cash assistance benefits,

⁴ The NSAF questions about current and former welfare receipt are asked of the adult in the family who is most knowledgeable about the children. This sample of leavers is therefore not exactly all adults who left welfare but one adult per family who reports they or their children received AFDC/TANF at some point since 1995. Since most respondents are the children's mothers and most AFDC recipients were women, this corresponds closely to a sample of mothers who left welfare. However, some single fathers and a small number of fathers in two-parent families (who are the adults most knowledgeable about the children and reported leaving welfare) are also included.

earnings while on welfare, and earnings after welfare. Therefore I cannot develop a total postwelfare income or poverty measure for these leavers. I do rely on 1996 family income to define my comparison group. While there can also be changes in income for this group, I believe it is less of a problem than for leavers because this group is not defined based on a major income-related transition. If there is any bias in the comparison group estimates, it will lead to an overstatement of work and earnings of nonleaver, low-income families, because some who were low-income last year are no longer low-income.

In this paper I examine the entire group of leavers regardless of reasons for leaving. Not all leavers may themselves be trying to transition off welfare, in particular, those who lose benefits because they do not comply with requirements and are sanctioned.⁵ Some of these sanctioned leavers may be trying to get back on benefits, either by coming into compliance or waiting out a sanction period. The potential differences in these leavers may argue for separating out sanctioned cases. However, the limited available data (including results from the NSAF discussed below) suggest that around the time of this survey, relatively few leaver families nationwide had left due to sanction and even fewer would have left for this reason before 1997.⁶ For this reason, I do not attempt to separate leavers by reason for leaving. As the use of full-benefit sanctions grows over time, separating sanctioned leavers will be more important.

Who Are Welfare Leavers?

For the most part, the leavers I focus on are those who have left and remain off welfare at the time of the interview in 1997. It is for this group who are not receiving welfare benefits that we want to know current employment and economic circumstances. However, one important indicator of an unsuccessful transition into the labor market and off welfare is a return to welfare. These leavers may face the worst hardships. Of the 2.1 million adults who report they left welfare for at least a month between 1995 and 1997, almost a third (29 percent) had returned to welfare and were receiving benefits in 1997 (chart 1). As the option of returning to welfare diminishes over time, due to benefit time limits, stricter work requirements, and stronger sanctions, these individuals will make up a greater part of all leavers who remain off welfare.

⁵ Because I only consider as leavers those who left for more than one month, I hope to minimize inclusion of those who were temporarily cut because of administrative problems that were quickly rectified.

⁶ The National Emergency TANF Datafile, which includes state reports from 39 states for July to September 1997, indicates that 6.4 percent of closures during this time were due to sanctions. Prior to welfare reform, sanctions of the entire benefit could only be made under waiver authority. The amount of cases closed due to sanction varies considerably across states, so separation of sanctioned cases may be more important for some state leaver studies than others. A few studies have examined sanctioned leavers separately, for example, Michigan Family Independence Agency (1997) or Bureau of Business and Economic Research (1998).

The group of former recipients who have not returned to welfare have been off for differing lengths of time, weighted toward fairly recent leavers (chart 2). About a quarter left welfare within the last three months. Another 30 percent have been off for four months to a year. Thirty-seven percent have been off for more than a year. The remaining percent of leavers did not report the date they exited.

Who are these welfare leavers? As is true of current recipients, former welfare recipients are for the most part female, under 35, and have children (table 1). Former recipients differ in some ways that might impact work behavior from the larger group of low-income women with children who have not recently been on welfare. Although the tables include both mothers under 150 percent and 200 percent of poverty, for simplicity I focus this discussion on women with family income less than 200 percent of poverty (hereafter referred to as low-income mothers). For the most part, the characteristics of women with family income less than 150 percent of poverty are similar to those at less than 200 percent of poverty.

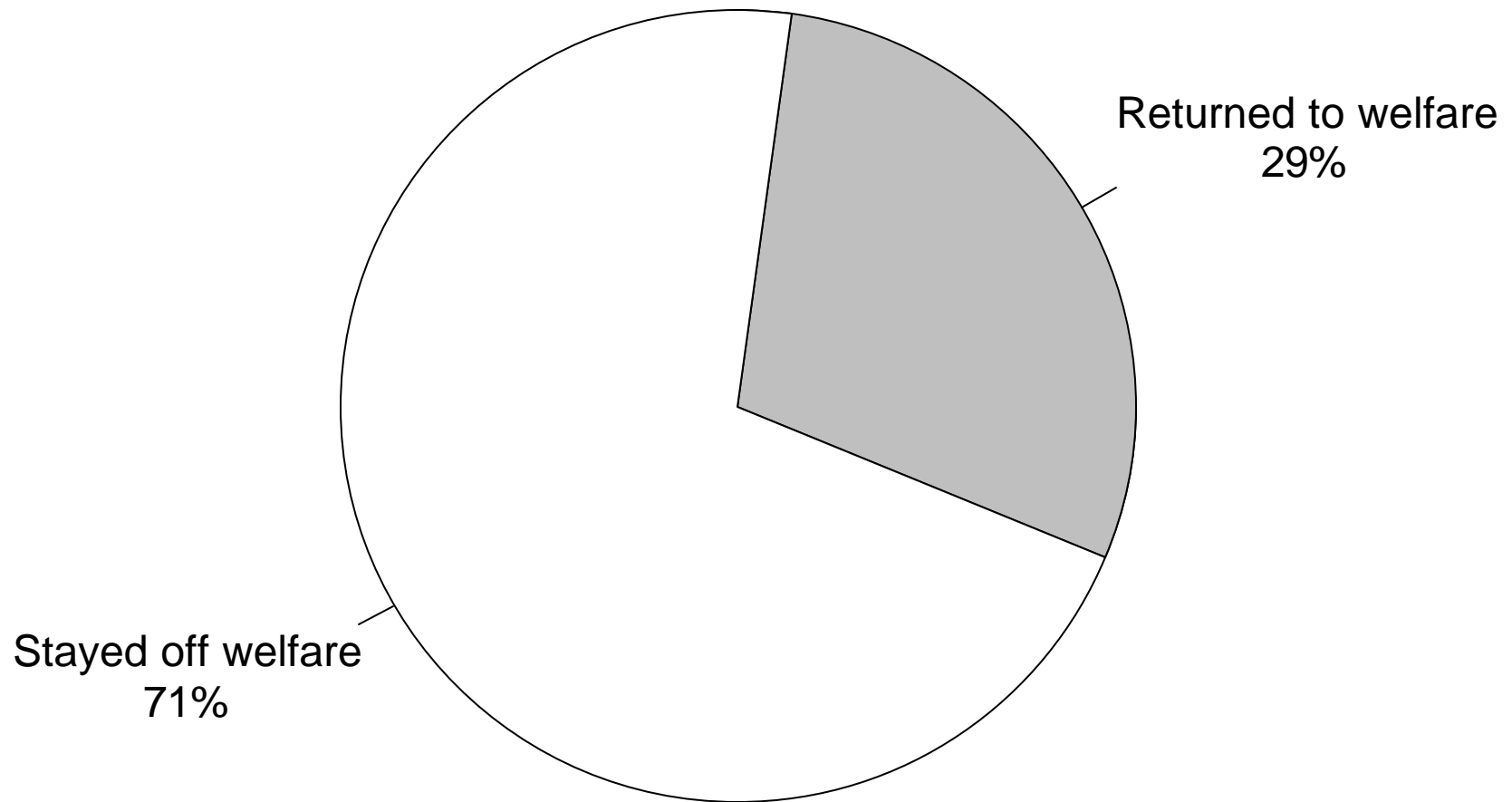
Former recipients are younger on average than low-income mothers. Almost a third of former recipients are under 25 while only 16 percent of low-income mothers are this young. And 39 percent of low-income mothers are ages 36 to 50, compared with 24 percent of former recipients. A similar percentage of both groups are white. However, more low-income mothers are Hispanic and fewer are nonwhite, non-Hispanic.

The median number of children in leaver families is two, although 14 percent of families have more than three children. The number of children in the families of low-income mothers is not significantly different. However, the youngest child in leaver families is younger than in other low-income families, which could make working outside the home more difficult for the mother. Slightly more than a quarter of leavers have a child age 1 or younger, while about a third of leavers' youngest children are school age, 6 years old or older. In almost half of low-income families, the youngest child is school age.

Marital status is one of the biggest differences across these two groups. Many more former recipients are single parents than other low-income mothers. Sixty-one percent of former recipients are single and without a partner compared to only 32 percent of low-income mothers.

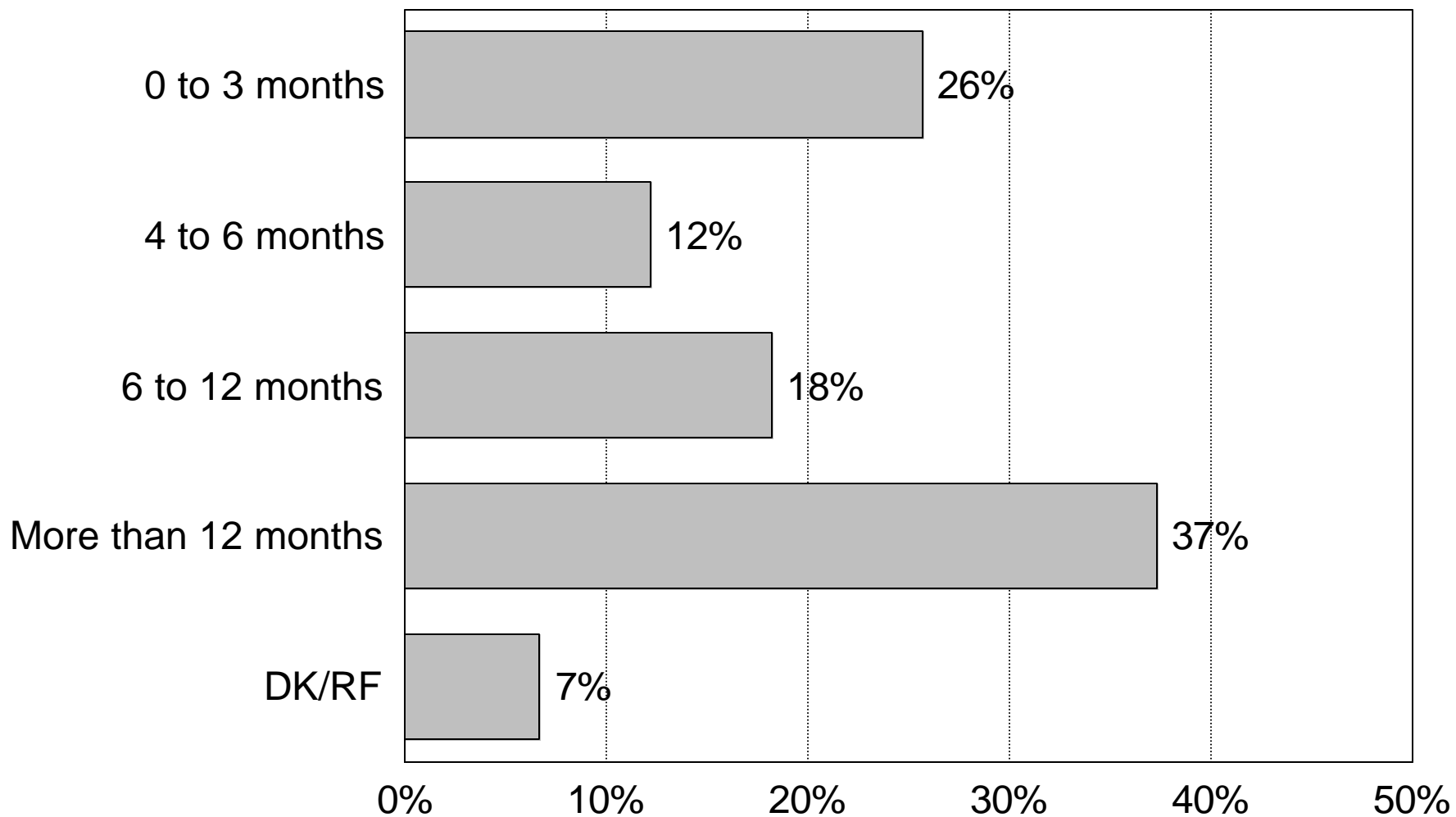
Former recipients and low-income mothers have very similar levels of education and disability status. Virtually the same percentage of both groups have less than a high school

Chart 1
***Those Who Left Welfare between 1995 and 1997
by Welfare Status at Time of Interview (1997)***



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

Chart 2
***Months Since Leaving Welfare
for Leavers Remaining off Welfare***



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

TABLE 1
Characteristics of Former Welfare Recipients and Low-Income Mothers

Characteristic	Former Recipients (%)	Low-Income Mothers <150% Poverty (%)	Low-Income Mothers <200% Poverty (%)
<i>Sex</i>			
Male	6.5	0.0	0.0
Female	93.5	100.0*	100.0*
<i>Age</i>			
18 to 25	30.5	16.5†	16.0†
26 to 35	44.0	42.8	42.9
36 to 50	23.5	38.1	38.9
51 to 65	1.9	2.6	2.2
<i>Race</i>			
Hispanic	13.1	27.7†	24.0†
White	52.2	49.9	55.9
Nonwhite, non-Hispanic	34.7	22.4	20.1
<i>Number of children in family</i>			
One	31.5	29.1	29.6
Two	35.1	33.4	36.4
Three	19.7	22.7	21.3
More than three	13.6	14.8	12.8
<i>Age of youngest child in family</i>			
Less than 3 years old	41.8	32.3†	31.6†
Between 3 and 6 years old	25.4	23.8	22.5
6 to 12 years old	25.9	32.4	32.5
13 years or older	6.9	11.5	13.1
<i>Marital status</i>			
Married	26.8	54.2†	59.6†
Unmarried partner	10.6	6.1	6.1
Widowed/ divorced/ separated	29.8	22.4	20.4
Never married	31.6	13.9	11.4
Married spouse not interviewed ^a	1.3	3.2	2.5
<i>Education</i>			
Less than HS	28.9	33.9	28.7
GED or HS diploma	37.2	36.1	37.3
Some college	27.3	21.7	24.3
College degree	6.0	6.9	8.5
DK/RF/NA	0.6	1.4	1.2
<i>Condition that limits work</i>	15.8	14.2	13.0
<i>Geographic area</i>			
Northeast	9.2	18.0†	17.7†
South	42.3	40.4	40.2
Midwest	26.7	16.2	18.3
West	21.8	25.4	23.8

Notes: (a) This category includes those who report themselves married, but no spouse was present in the household or they were not interviewed.

* Indicates a significant difference relative to former recipients at the 90% confidence level. † Indicates distribution is significantly different relative to former recipients at 90% confidence level.

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

education (29 percent) or a high school diploma/GED (37 percent). Among those with additional schooling, slightly more low-income mothers are college graduates than former recipients. Mothers with income less than 150 percent of poverty have less education than either of these groups, with 34 percent having less than a high school diploma. Only a slightly higher percentage of former recipients (16 percent) than low-income mothers (13 percent) report having a mental or physical condition that limits work.

A final difference between leavers and other low-income mothers is that they live in different areas of the country. More leavers are from the midwest (27 percent) and fewer are from the Northeast (9 percent) than mothers under 200 percent of poverty (18 percent from both regions).

Overall, former recipients and low-income mothers have similar family sizes, education, and disability status. However, the children of former recipients tend to be younger (consistent with these mothers being younger on average) and they are more likely to be single parents. I discuss these differences in the context of employment in the next section.

Employment among Leavers

One of the main emphases of welfare reform is reducing the need for cash assistance through work. To what extent do these leavers rely on work and earnings to support themselves?

Reasons for Leaving Welfare

A first piece of evidence about the role of work in leavers' movement off welfare is their reasons for leaving. The NSAF data give us leavers' own reports of why they left welfare. In some ways this data source is superior to data from welfare agencies for assessing the reason for leaving. Agency-based data reflect only the administrative reason a case is closed. For example, the case of a recipient who finds a job and ends contact with the welfare office may be closed for administrative reasons if the agency does not know the person found a job. However, in a survey the recipient would likely report they left because of work. Thus, self-reports of reasons for leaving can vary from administrative reports for the same group.

Work is the most common reason for leaving welfare among this group of leavers (chart 3).⁷ More than two-thirds (69 percent) reported leaving welfare because of increased earnings or hours on an ongoing job or because of a new job. The second most common reason for leaving was administrative problems or hassles, reported by 10 percent of leavers. About 7 percent reported no longer needing or wanting to receive benefits. Another 6 percent reported a change in family situation, which includes marriage or ineligibility due to youngest child turning 19. A small percentage (1 percent) report leaving because of the end of a time limit, consistent with only a few recipients being subject to time limits in 1997.

While these results are not strictly comparable to past research on reasons for leaving, they suggest that a higher percentage of recipients are leaving for work now than in the past. Pavetti (1993) found that 46 percent of recipients left welfare due to an increase in earnings. This percentage leaving for work is in turn higher than results for earlier periods (Ellwood 1986).⁸

Employment Rates

The reasons reported for leaving welfare reflect work (and expectations of work) at the point of leaving or losing benefits. At the time of the interview, I can more fully examine the extent of work among leavers, including how much they are working, the work of other family members, and the types of jobs they are working at. I also compare this with employment of other low-income women.

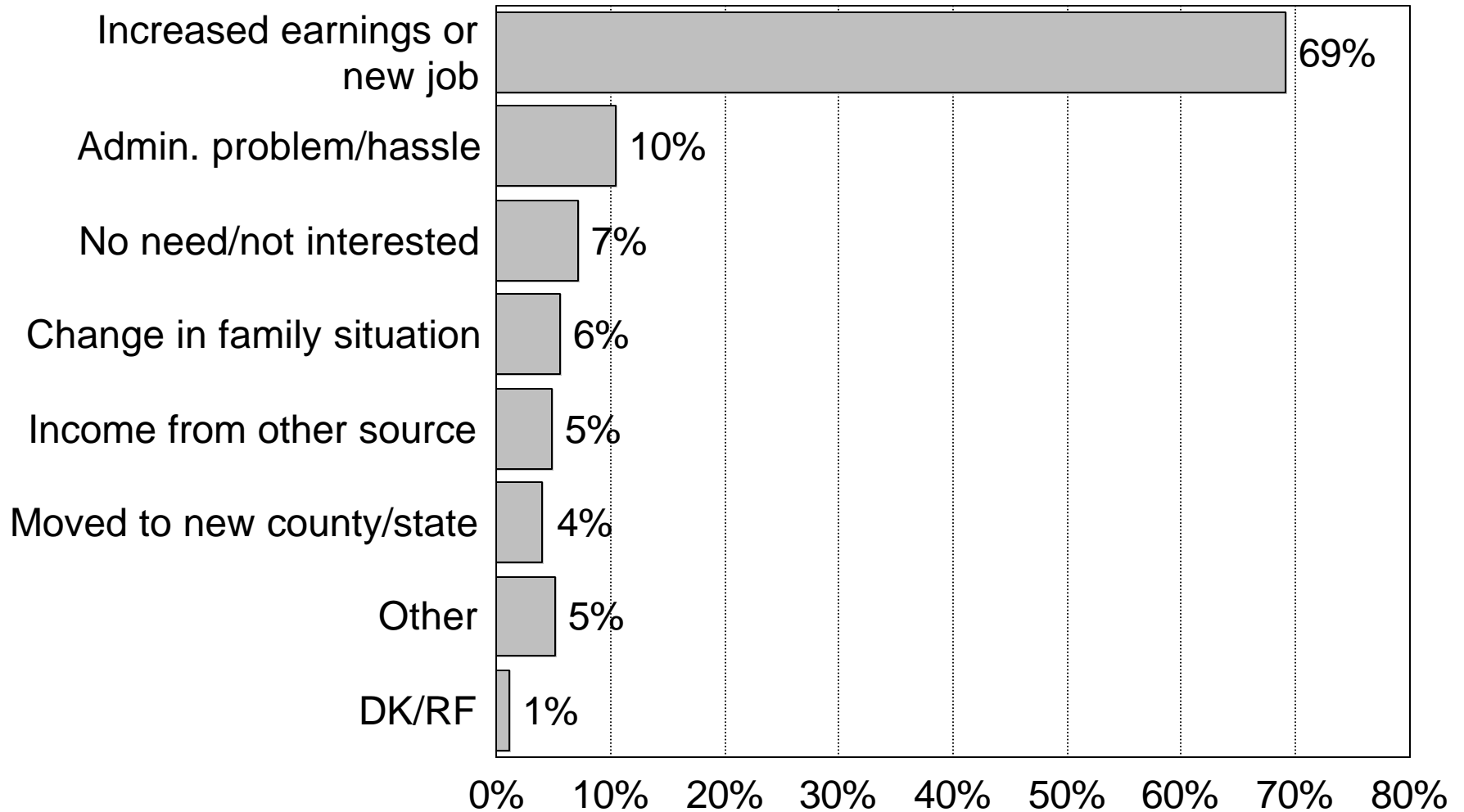
Sixty-one percent of leavers who are still off welfare at the time of the interview are working (chart 4). The employment rate for these leavers is higher than for mothers in low-income families under 150 percent of the poverty line (50 percent) or under 200 percent of the poverty line

(54 percent). In addition, more former recipients are actively looking for work (searched in the past

⁷ Survey respondents gave open-ended answers that were then coded into categories. Leavers could report multiple reasons for leaving, but only about 5 percent did. This description of reasons for leaving excludes about 30 percent of leavers because they did not report a reason for leaving. A subset of respondents were not asked this question because of an error in the survey skip pattern based on prior inconsistencies in responses. These individuals are included in the sample of leavers in the rest of this analysis. Because the missing data are not refusals to answer, I assume the reasons given by the rest of the sample reflect the true distribution of reasons left.

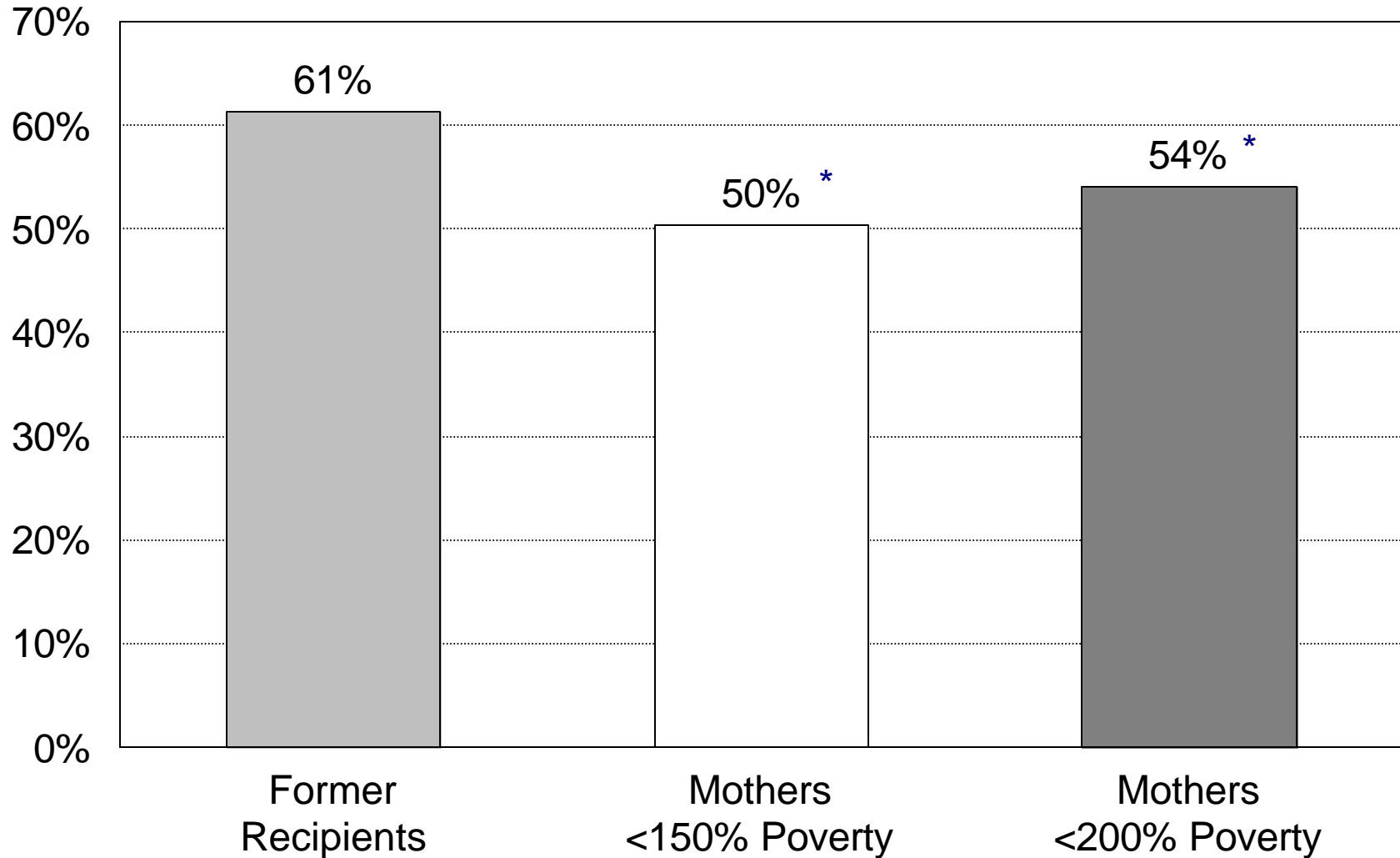
⁸ The data used in Pavetti (1993) differ in many ways from the NSAF. NSAF uses the former recipient's answer to an open-ended question on reason for leaving and Pavetti's study uses longitudinal data on reported earnings and demographics to infer reason for leaving. Also, there is only a short recall period in her study compared with a varying recall period up to almost two years for NSAF respondents. Finally, Pavetti focuses on younger women rather than the whole age range of recipients. The Ellwood study found an even lower percentage of recipients leaving due to work relative to Pavetti, some of which is due to actual increases in leaving for earnings and the rest due to differences in data sources and methods.

Chart 3
Leavers' Reports of Reason Left Welfare



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

Chart 4
Employment Rates:
Former Welfare Recipients and Low-Income Mothers



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

* Indicates numbers are significantly different from former recipients.

month) than mothers in low-income families, 16 percent versus 11 and 9 percent, respectively.

In part, differences in employment reflect the differences in marital status across these groups described above. A mother may be less likely to work in a two-parent than in a single-parent family, but the family can still be relying on the work of the other parent. More than a third of former recipients are in two-parent families,⁹ but nearly twice as many low-income families have two parents. To take into account this difference in family composition, I examine the percentage of leavers and low-income mothers who are working or whose spouse is working, what I call the “family” employment rate.

Former recipient families have somewhat lower family employment rates than other low-income families with children. Three-quarters of former recipients are in families where either they or their spouse/partner is working (chart 5). A slightly higher percentage of families under 150 percent of poverty have at least one employed member, although this difference is not statistically significant. In families with income less than 200 percent of poverty, 86 percent have an employed adult. These family employment rate differences are mostly due to the mix of single- and two-parent families (chart 6). For single and two-parent families, the employment rates across former recipient and low-income families are very similar. Employment within family type is similar, but there are more single-parent former recipients.

Type and Quality of Jobs

In addition to employment, job quality is an important aspect of welfare leavers’ economic circumstances. Even if employment is similar or higher than for other low-income mothers, are the types of jobs held similar? Here I examine quality along several dimensions: whether jobs are part-time, the sector of work, integration of work schedules and child care, and employer health benefits. Finally, I discuss the hourly wages of jobs, one of the most important indicators of job quality. Across most of these dimensions I find that the types and quality of jobs held by former recipients are similar or better than those held by other low-income mothers.¹⁰

Part-Time Work and Job Tenure

Employed former recipients work the same or more hours than other employed low-income

⁹ In this paper, two-parent families refers to those families where the former recipient or mother is married or has an unmarried partner. I group these categories together because these families have another adult (the spouse or partner) whose earnings are likely to contribute to the family.

¹⁰ In this section, I focus discussion on mothers with income less than 200 percent of poverty and refer to them, for simplicity, as low-income mothers. Results for both comparison groups are reported in the tables. Low-income mothers with income less than 150 percent of poverty have job characteristics more similar to the larger group of low-income mothers than to former recipients.

mothers. More than two-thirds of employed former recipients are working 35 hours or more (table 2). Only 6 percent are working less than 20 hours a week. Fewer low-income mothers work full time (64 percent) and more (10 percent) work less than 20 hours a week. The greater amount of part-time work among low-income mothers could reflect a greater flexibility to choose these hours because they more often have a second adult in the family working.

Employed former recipients have relatively short job tenure, shorter than other low-income mothers. Three-quarters of former recipients have worked at their current employer for less than a year and a third for less than six months. Only half of low-income working mothers have been on their job for less than a year. If these short tenures reflect difficulties retaining jobs, they are problematic. However, this difference could merely reflect the fact that many former recipients only recently left welfare. It is surprising that shorter tenures of former recipients are not reflected in lower wages, as we shall see later.¹¹

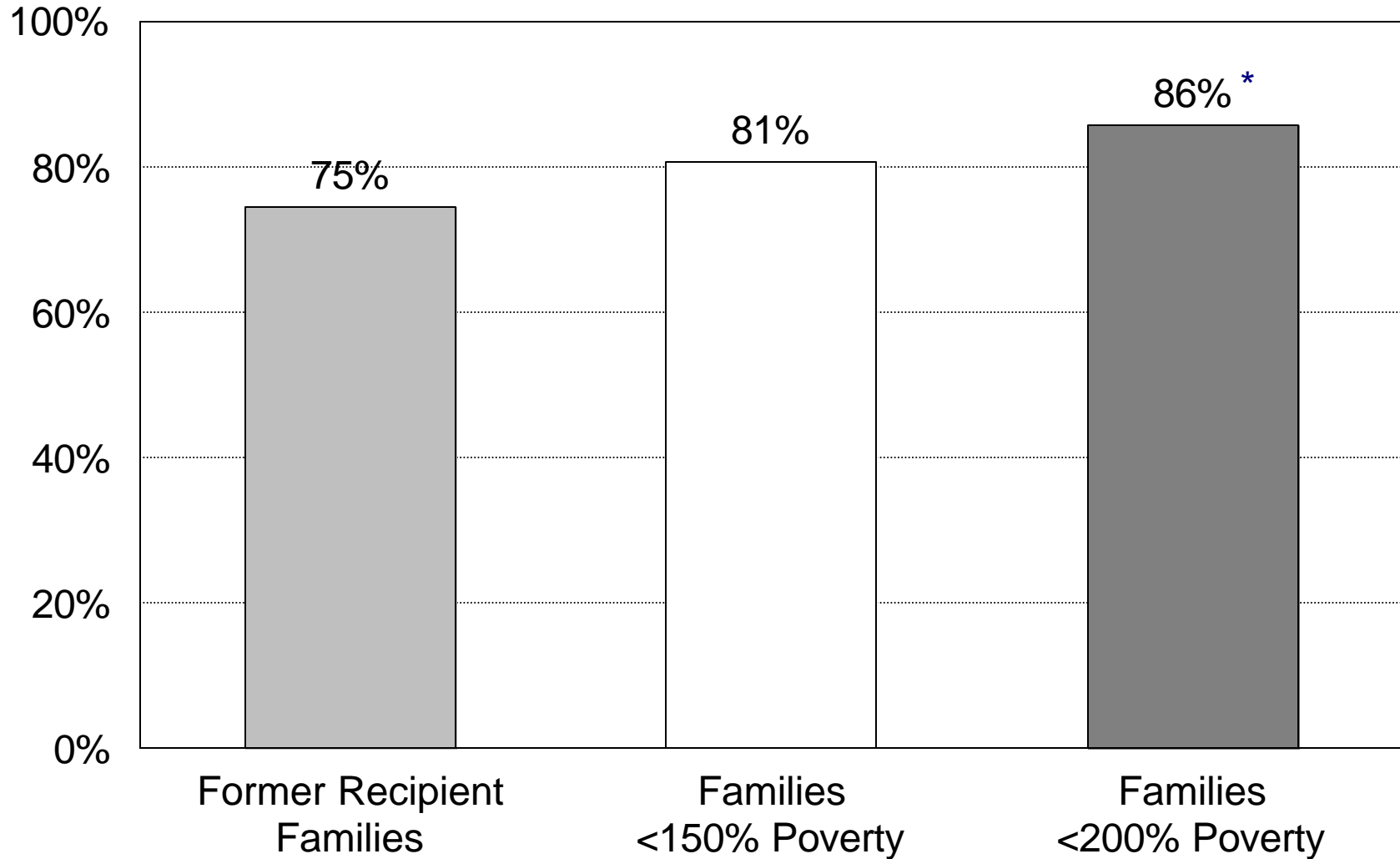
Type of Work

The jobs held by former recipients are concentrated in occupations and industries with greater numbers of low-wage, entry-level work. Many former recipients are in service occupations (38 percent), although not the majority. The main industries in which they work include services (46 percent) and wholesale/retail trade (24 percent). For the most part, former recipients work in similar occupations and industries as low-income mothers. Services is the largest occupation for low-income mothers (33 percent) and only slightly less common than for former recipients. Even within service occupations, the distribution of employment is similar (e.g., food services versus cleaning services, not shown). The distribution of jobs across industries is also similar for former recipients and low-income mothers. Again, services is the most common industry category for low-income mothers (48 percent) and similar to former recipients.

We might expect that a disproportionately high number of former recipients would work in government or nonprofit organizations, because of specific welfare-to-work-related hiring

¹¹ This measure of time on the job is not the same as total work experience, since it doesn't include time worked at other jobs. It could be that work experience (which is unavailable in these data) is more similar across groups than job tenure, although this seems unlikely given the recent reciprocity and younger age of former recipients.

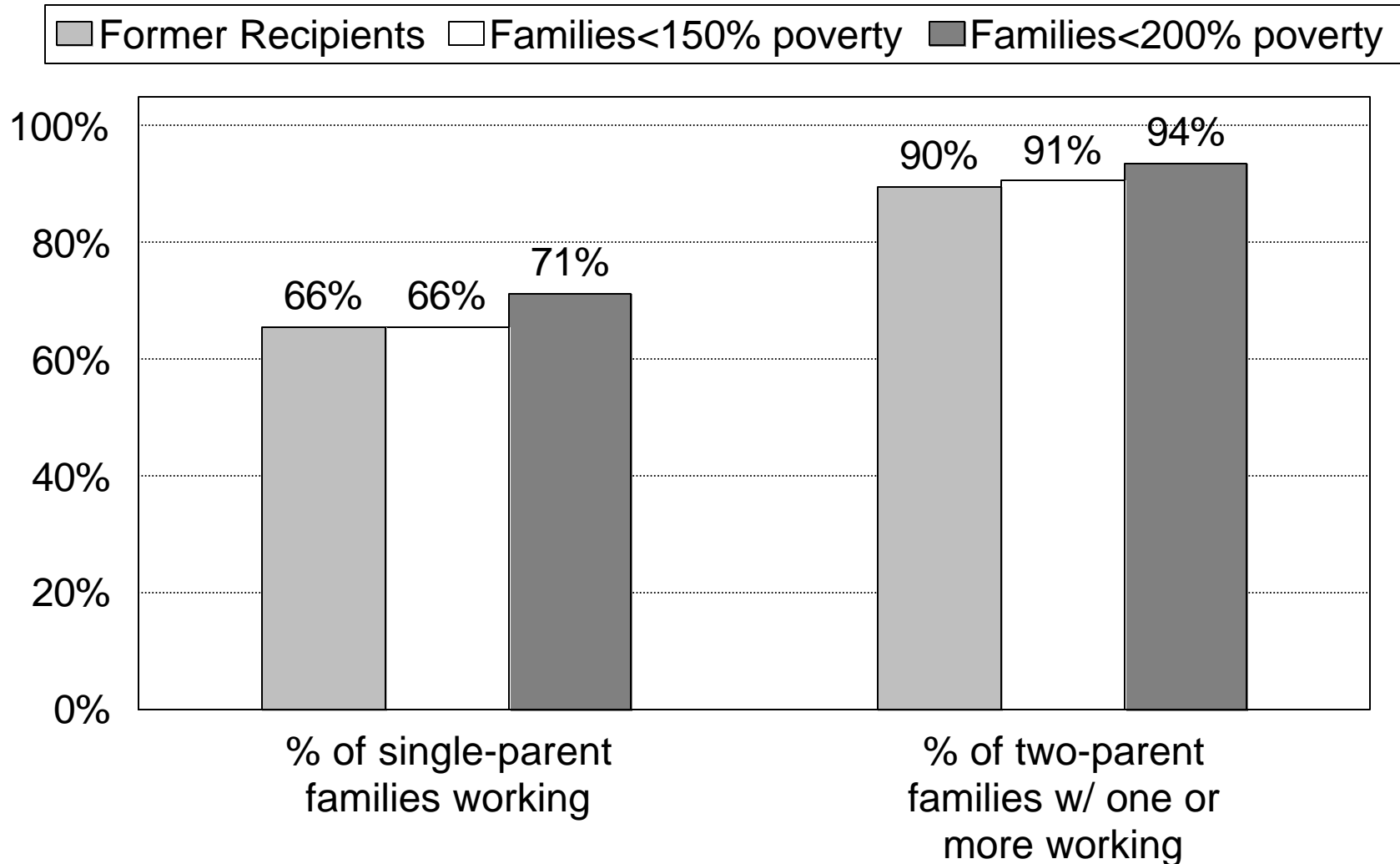
Chart 5
Family Employment Rates:
Former Welfare Recipient and Low-Income Families



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

* Indicates numbers are significantly different from former recipients.

Chart 6
Family Employment Rates by Family Type:
Former Welfare Recipient and Low-Income Families



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

* Indicates numbers are significantly different from former recipients.

TABLE 2
Job Characteristics of Those Currently Working

Job Characteristic	Former Recipients (%)	Low-Income Mothers <150% Poverty (%)	Low-Income Mothers <200% Poverty (%)
<i>Hours of work</i>			
<20	6.1	11.6†	10.4†
20 to 35	24.5	26.8	25.3
More than 35	69.4	61.5	64.2
<i>Occupation</i>			
Professional/Managerial/Technical	13.7	14.8	16.9
Sales	11.5	12.0	12.0
Clerical/Administrative Support	19.0	18.0	19.6
Service	38.0	37.3	32.7
Craft/Repair	7.3	2.9	3.3
Operators/Transportation	6.9	12.2	11.8
Laborers	3.3	2.6	3.5
<i>Industry</i>			
Construction	3.6	0.9†	1.0†
Manufacturing	14.0	14.1	15.3
Transportation/Communication/Utilities	5.4	3.4	3.4
Wholesale/Retail Trade	24.2	25.4	23.6
Finance/Insurance/Real Estate	5.4	3.7	3.9
Services	46.2	50.2	48.1
Agriculture/Forestry/Public Administration	0.9	4.3	4.5
<i>Class of work</i>			
Government	11.4	13.3†	13.4†
Private company	76.9	67.1	66.7
Nonprofit organization	4.9	7.1	7.7
Self-employed ^a	6.8	12.6	12.2
<i>Mostly work between 6 a.m. and 6 p.m.</i>	71.8	71.4	74.5
<i>Coordinated schedule w/ spouse for child care ^b</i>	62.4	58.4	52.1
<i>Multiple jobs (2 or more)</i>	8.0	8.8	9.0
<i>Health insurance through employer</i>	23.2	31.8	35.8
<i>Time at current employer ^c</i>			
Less than 6 months	31.2	22.5†	19.9†
6 months to 1 year	42.8	26.3	24.7
1 to 2 years	16.2	12.2	13.4
More than 2 years	9.7	38.9	41.9

Notes: (a) Includes a small number without a regular employer who only work occasionally. (b) Asked only of two-parent families with both working and a child under 13 years old. (c) Excludes selfemployed. Numbers may not add to 100 percent due to rounding or in some cases a small percentage of “don’t know” or “refuse” answers.

† Indicates distribution is significantly different relative to former recipients at the 90% confidence level.

Source: Urban Institute calculations from the National Survey of America’s Families.

programs or a more positive predisposition to former recipients in these sectors. This is not the case. In fact, a slightly lower percentage of former recipients work in government (11 percent) and nonprofits (5 percent) than low-income mothers (13 and 8 percent respectively).

The biggest difference in the type of work done by former recipients and low-income mothers is that low-income mothers are almost twice as likely to be self-employed. Anecdotal and ethnographic information indicating that many recipients have small self-employment endeavors while receiving benefits (Edin and Lein 1997) might lead to an expectation that a greater proportion of former recipients would be self-employed. However, only 7 percent of former recipients are self-employed, compared with 12 percent of low-income mothers. This may indicate that for many, self-employment does not pay as well as other employment. Alternatively, in two-parent families, self-employment may be more likely to serve as a part-time supplement to the earnings of another adult.

Work Schedules

A potential concern for former recipients and all working mothers is how the work schedule interacts with child care. For those who work night hours (measured here by usually working outside of the hours 6 a.m. to 6 p.m.), finding child care can be difficult and, if nonrelative care is needed, expensive. More than a quarter of working former recipients are working mostly night hours. A similar percentage of low-income mothers work night hours. In two-parent families, some mothers may work night hours while a spouse or partner works day hours as a way of coordinating work and child care needs. When asked whether spouses or partners worked different hours so they could take turns caring for their children, 62 percent of former recipients and 52 percent of low-income mothers answered affirmatively.¹²

Working more than one job can be a sign of inability to make ends meet with one job or inability to get enough hours on the first job. Finding child care can also be harder for leavers holding multiple jobs. While most former recipients are working at only one job, 8 percent hold two or more jobs. Former recipients are not more likely to work multiple jobs than low-income mothers. In fact, a slightly greater percent of low-income mothers, 9 percent, work more than one job.

¹² This question was only asked of two-parent families, where both parents were working and they had at least one child under age 13.

Employer-Sponsored Health Insurance

Another important marker of job quality is the availability of employer-sponsored health insurance. Most working former recipients do not have health insurance through their employer; only 23 percent of employed former recipients report having this coverage. A higher percentage of working low-income mothers (36 percent) are getting insurance through their employer. Similarities in industry sector and low-income mothers' higher rates of self-employment and part-time work would lead us to expect opposite results. However, employees often do not become eligible for employer insurance until after an initial waiting period. Many former recipients may not yet be eligible for this benefit because of short job tenures. Overall, for both groups, the rate of employer coverage is low compared with the 1997 national rate of 55 percent for all workers under age 65 (Employee Benefit Research Institute 1998).

Wages

Wages are one of the strongest indicators of job quality and successful transition into the labor market. The median hourly wage of employed former recipients is \$6.61 (chart 7).¹³ Although this is substantially higher than the national minimum wage of \$4.75 (prior to September 1997), it is only the 20th percentile of hourly wages for all workers.¹⁴ Even when compared with hourly wages for all female workers, former recipients' median wage is only between the 20th and 30th percentile. Twenty-five percent of former recipients are earning more than \$8 an hour, and another 25 percent are making less than \$5.29 an hour.

The wages of former recipients are as high or higher than other low-income mothers. The median hourly wage for working mothers whose family income is less than 200 percent of poverty is \$6.06, less than that of former recipients. These differences persist at the 25th and 75th percentiles. Hourly wages of mothers with family incomes less than 150 percent of poverty are even lower. These data show that at least 25 percent of low-income mothers earned less than the minimum wage. One explanation for this is that their jobs may be in sectors not covered by minimum wage laws, such as waitressing or agriculture.

Why are wages of former recipients higher than wages of low-income mothers? Wages can vary because of differences in individual and job characteristics. Differences in marital status, education level,

¹³ All hourly wages reported here exclude self-employed workers because of the greater difficulty in calculating a meaningful hourly wage.

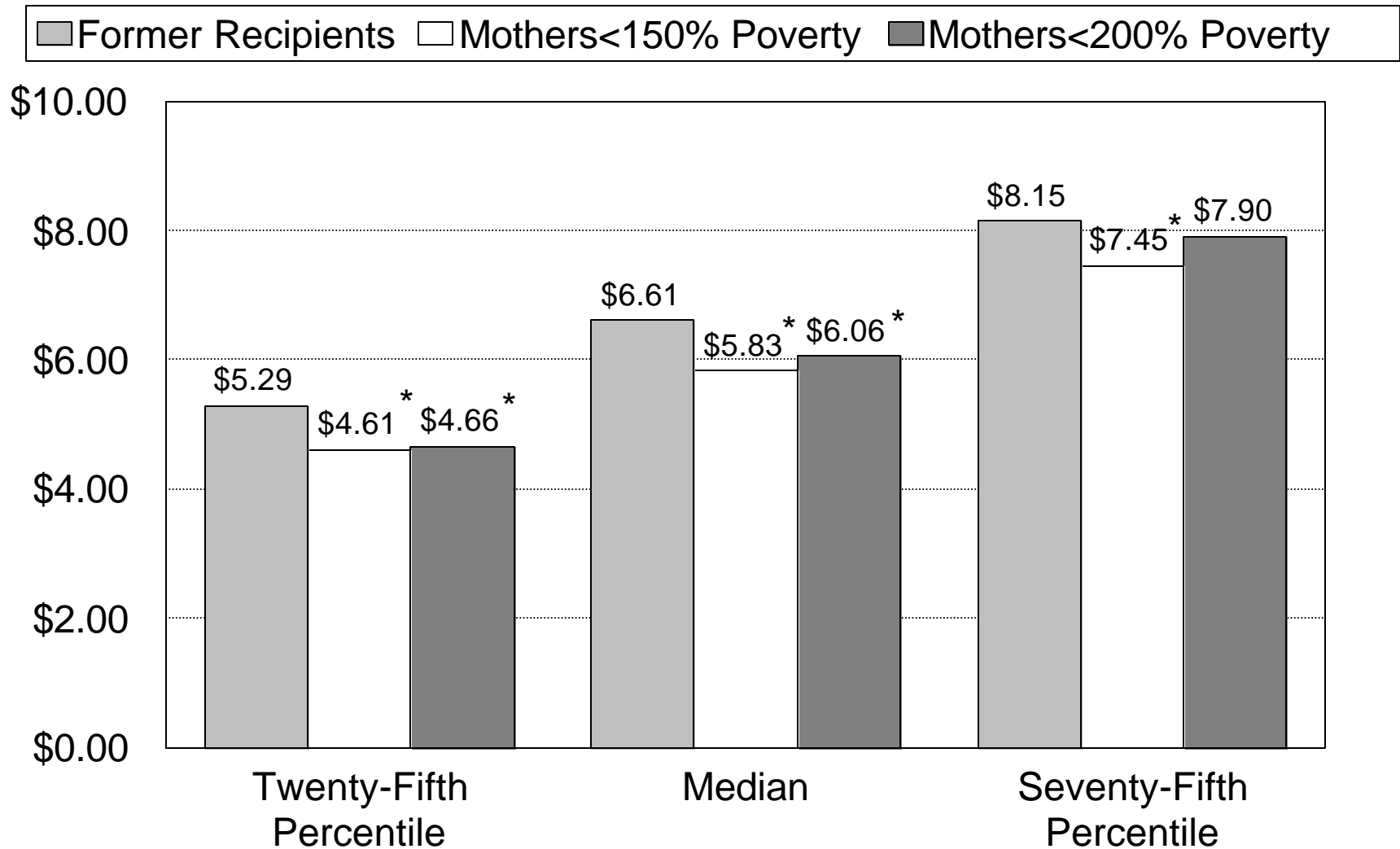
¹⁴ In 1997, the 20th percentile of average hourly wages for all workers was \$6.74, about the median wage for former recipients. Hourly wages for all workers and all female workers are calculated from the U.S. Census Bureau Current Population Survey Outgoing Rotation Group data. They include all workers reporting hourly or weekly earnings.

Chart 7

Hourly Wages:

Former Welfare Recipients and Low-Income Mothers

(excludes self-employed)



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

* Indicates numbers are significantly different from former recipients.

race/ethnicity, part-time work, tenure with employer, and region of the country are all associated with different wage levels. After controlling for these factors in a simple wage regression, differences in hourly wages between recipients and low-income mothers disappear. This means that the observed differences in these characteristics completely account for why the wages of leavers are higher than those of low-income mothers.

The important conclusion from these wage levels is that former recipients are doing at least as well as other low-income mothers in terms of wages and are finding similar if not better jobs. However, in the context of the entire labor market, the jobs both groups hold are relatively low paying.

Income from Work

These wage rates suggest that former recipients have jobs similar to other low-income mothers. But wage rates do not tell how much former recipient families are relying on work income. Family earnings include not only the former recipient's (or low-income mother's) wage, but her hours of work and, where applicable, the earnings of her spouse or partner.¹⁵

Across the earnings distribution, working former recipient families have similar or higher earnings than working low-income families. Median combined monthly earnings of leavers and their spouses/partners is \$1,149 (chart 8). This includes only families with at least one worker. Median monthly earnings of former recipients' families (\$1,149) are higher than families with income less than 150 percent of poverty (\$1,031) and slightly less (although not significantly) than families with income less than 200 percent of poverty (\$1,240). This pattern holds across the earnings distribution. Earnings are more similar than wages, in part, because higher wages and hours of former recipient mothers are balanced out by more low-income mothers having working spouses/partners.¹⁶

On an annualized basis, this level of median monthly earnings of former recipients, \$13,788, is roughly the 1997 poverty level for a family of three. This does not include any other sources of cash income, such as child support, nor does it take into account the Earned Income Credit, which can add substantially to income (Acs et al. 1998). On the other hand, adults in the family may work fewer hours

¹⁵ Monthly family earnings here only include earnings from the first job. As discussed earlier, roughly 8 percent of both samples hold multiple jobs. Earnings are calculated as the hourly wage multiplied by the average hours of work per week, assuming four weeks in a month. Self-employed workers directly report monthly earnings and these are included.

¹⁶ An examination of mean monthly earnings (as opposed to median) shows similar results, although earnings of families with income less than 200 percent of poverty are higher and the difference is statistically significant. For all these groups, mean earnings are higher than median earnings because of the uneven distribution of earnings around the median.

over the year or work only a portion of the months in a year, leading to lower annual earnings than these levels suggest.

These results show that working former recipient families have levels of monthly earnings similar to the larger group of working low-income families. However, a somewhat larger percentage of low-income families have at least one worker. When considering all families' reliance on earnings, including those families that do not include a worker, the results differ. All former recipient families, including those without workers, tend, on average, to have the same level of monthly earnings as families under 150 percent of poverty, but less earnings, on average, than families under 200 percent of poverty.

Characteristics of Nonworkers

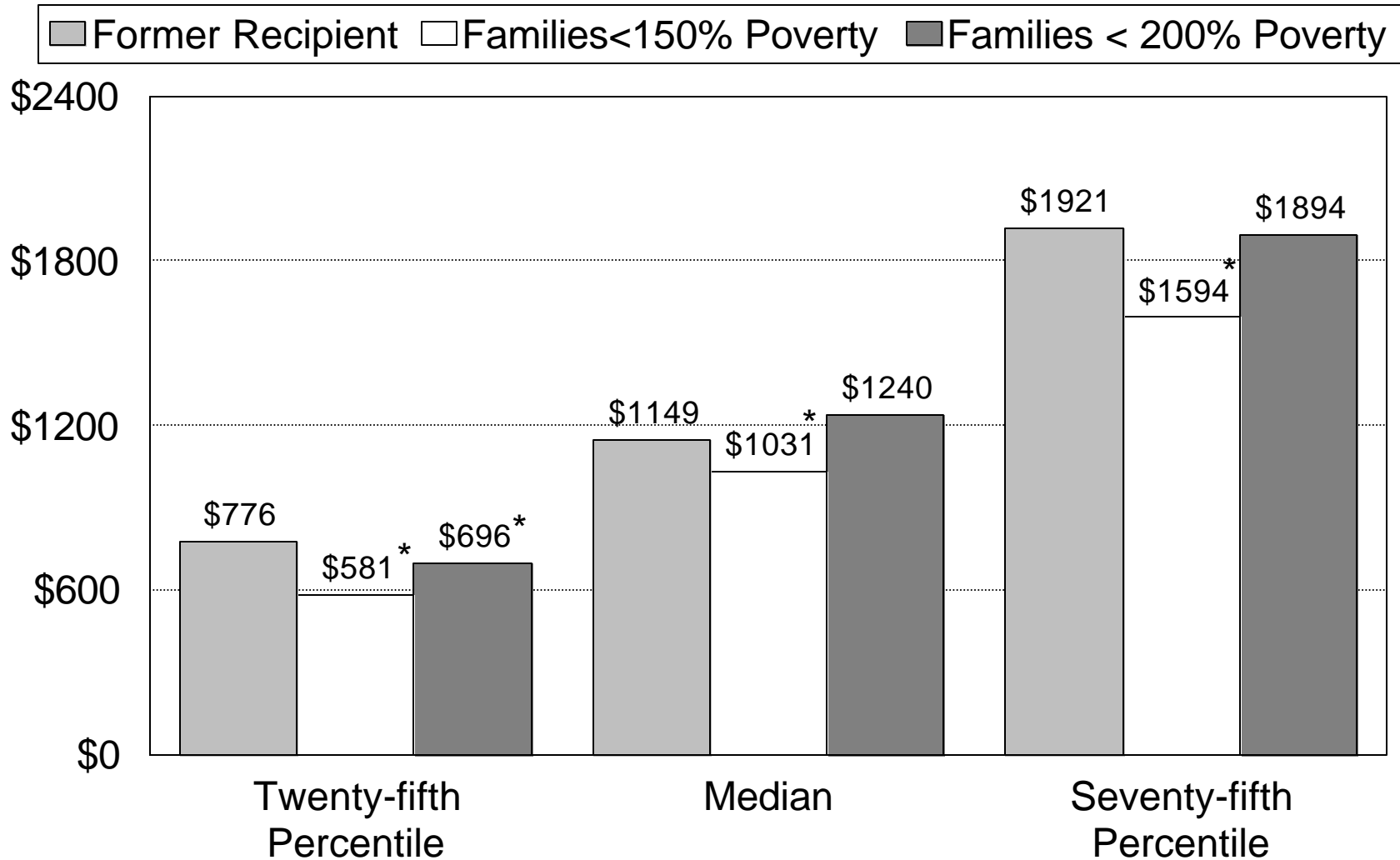
Working former recipients' job types, wages, and earnings compare favorably with mothers in low-income families in many ways. But more than a third of former recipients are not working. Who is this group and how are they surviving?¹⁷

Some nonworking former recipients rely on the earnings of a spouse or partner. As we saw earlier, 14 percent of former recipients are not working but have a working spouse or partner. This leaves 25 percent of all former recipients who are not working and either do not have a spouse or their spouse is not employed. For the rest of this section I examine the situation of these former recipients without a worker in the family.

Nonworking former recipients may be experiencing a spell of unemployment between jobs. For some this could be a short period of transition with minimal hardship. For others it could be a more prolonged period, possibly exacerbated by problems finding child care or transportation. Still others may not be actively searching for work because of more permanent obstacles to work, such

¹⁷ The nonworkers discussed here are former recipients who had not returned to welfare at the time of the interview. Other recipients who left welfare during the same time period, 1995 to 1997, had already returned to welfare. One reason for this return could be the loss of a job, and some of the nonworkers discussed here may return to welfare at a future time. Because it excludes returners, this sample of nonworkers overrepresents those who will not return to welfare, either because they do not want to or are not eligible to.

Chart 8
Total Family Monthly Earnings:
 Former Welfare Recipient and Low-Income Families



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

* Indicates numbers are significantly different from former recipients.

as illness or disability. Finally, some may not be searching for work themselves, but have an unemployed spouse who is searching.

While I cannot identify the exact length of time a leaver has been without work, I can separate those who last worked fairly recently from those who have not worked in a long time. Twenty-three percent of those not working last worked in 1997, the year of the interview (table 3), another 30 percent last worked at some point in 1996, and almost half have not worked since 1995 or earlier. It is not necessarily true that the more recently employed are not experiencing hardship due to unemployment, especially since they could have been without work for anywhere from a month to over a year. However, their more recent work experience suggests they may have less trouble finding a new job than those who have not worked for a relatively long period.

Why aren't these former recipients working? Leavers' open-ended answer to this question gives us an indication of the obstacles they are facing in finding work, as well as whether they are able to or want to work (table 3). A large percentage of nonworking former recipients (27 percent) report they are ill or disabled and unable to work. This includes people who have a health problem that makes work impossible. It could also include those whose health problem would only limit the amount or type of work possible but who have been discouraged from searching by an inability to find appropriate work.

Other nonworkers report lack of access to jobs or work supports are keeping them from working. Fifteen percent report they cannot find work. Lack of child care on transportation or the distance from available jobs is the reason given by 12 percent. A greater percentage of all former recipients than this may lack access to these work supports, but for this group it is the main reason they are not working. Interestingly, very few report that lack of skills is the reason they are not working (1 percent).

A large number report they are not working because of involvement in nonwork activities. Twenty-six percent report they are taking care of their home or family. Another 9 percent report they are in school and 1 percent say they have no need or desire to work. The remaining nonworkers (about 10 percent) give a variety of reasons for being out of work. A number are in transition, having just lost or left a job. Others have a temporary health problem. Still others have recently moved. It is not clear whether these nonworkers will end up spending a short or long amount of time out of work.

Across most of these reasons for not currently working, many nonworking recipients have actively looked for work in the last month. Excluding those who say they are unable to work because of poor health, 69 percent are looking for work. Even many of those reporting a nonwork activity, such as caring for family or being in school, are also actively seeking work.

Sources of Support among Nonworkers

For these former recipients without earnings from their own work or a spouse's work, what are their means of support? There are a number of sources of income these families may be relying on. Some unemployed workers may receive unemployment insurance benefits. However, because of low earnings, short work histories, and other reasons, only a small percentage of recent former recipients may be eligible for these benefits (Vroman 1998). Some nonworkers may be able to rely on savings, although this is probably rare and, if available, the amount is likely small, especially among recent leavers. Between 1995 and 1997, the amount of savings recipients were allowed to have in most states and remain eligible for benefits was very low.

Other sources of income nonworkers may rely on include child support payments and benefits from nonwelfare government programs. Thirty-four percent of these nonworking families received child support payments (chart 9). Social Security benefits, likely received as a survivor or dependent of a covered worker, were received by 17 percent of nonworker families.¹⁸

For the more than a quarter of nonworkers who report they cannot work due to health, receipt of public disability benefits, primarily Supplemental Security Income (SSI), could be a source of support. SSI benefits for an individual are on average higher than welfare cash assistance benefits. Because of the generally lengthy application process for SSI benefits, many eligible individuals (adults and children) rely on welfare benefits until accepted by the SSI program. Thus, one of the reasons people leave the welfare program is to begin receiving SSI. In this sample of nonworking leavers, 23 percent report a family member received SSI during 1996. About half of those who say they cannot work due to disability report receiving SSI in 1996.

Altogether, 47 percent of nonworkers report at least one of these sources of cash income. We

¹⁸ Child support, SSI, and Social Security receipt are reports of having received any of these income sources in 1996. Although many former recipients were still on welfare for at least part of 1996, these benefits tend to be less transient sources of income over time. If a person had them in 1996, they are likely to continue to receive them in 1997. These percentages are likely an undercount of receipt because after leaving welfare and/or losing work additional former recipients may have received these sources of income in 1997.

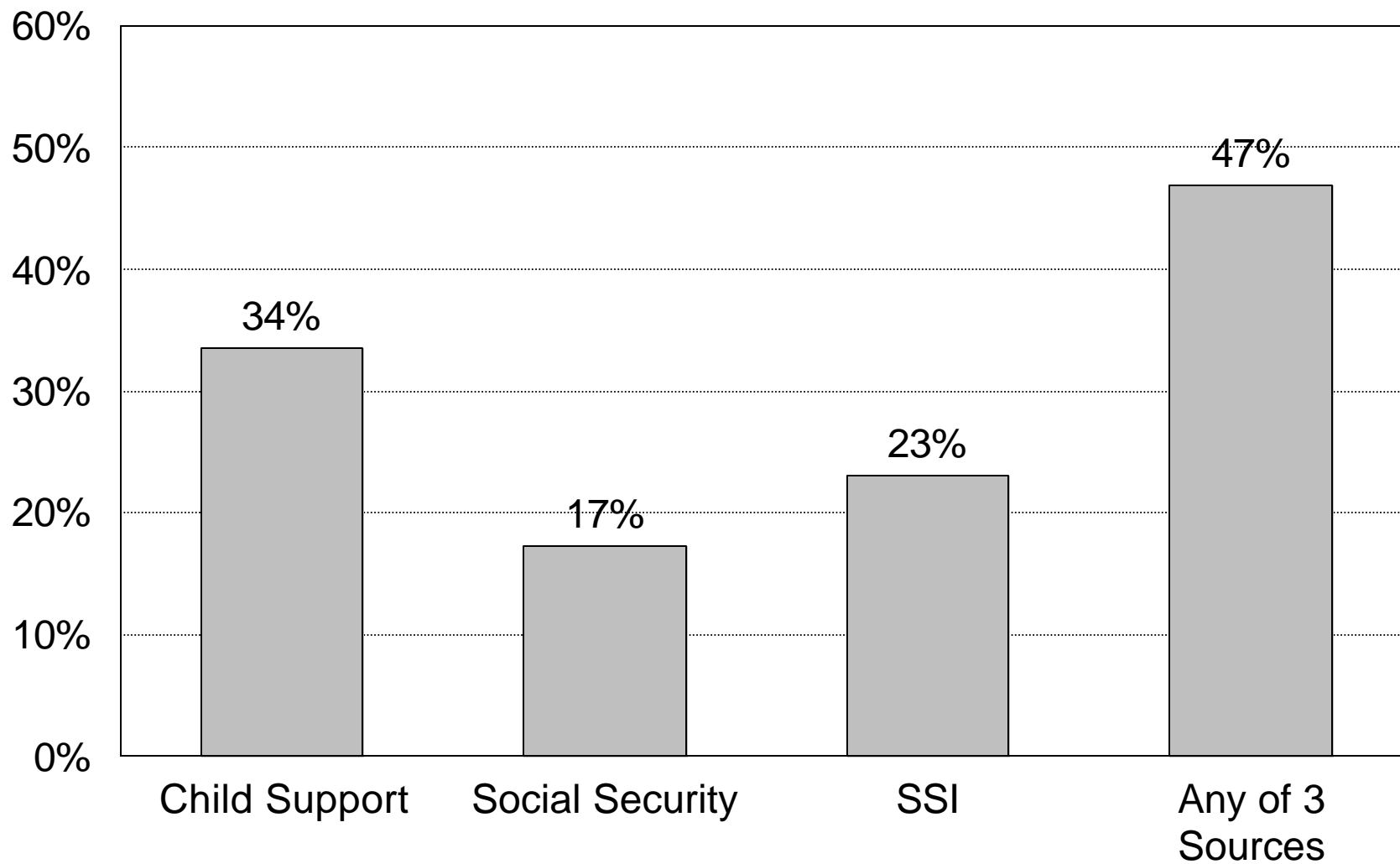
TABLE 3
Time Since Last Worked, Reason Not Working, and Whether Looking for Work
(For Those Not Currently Working)

	Nonworking Former Recipients (%)
<i>Calendar year last worked</i>	
1997	23.2
1996	29.8
1995 or earlier	43.9
Never worked	3.0
<i>Reason not currently working</i>	
Ill or disabled and unable to work	26.8
Cannot find work	15.1
No child care or transportation/distance from work problem	11.7
No skills	1.1
Taking care of home/family	25.8
In school	8.9
No need or desire to work	1.0
Other ^a	9.6
<i>Actively looked for work in last 4 weeks^b</i>	69.4

Notes: (a) Other includes laid off, fired, quit, end of seasonal/temporary work, moved, and temporary illness. (b) Only asked if main reason not working was other than ill/disabled and unable to work, or retired.

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

Chart 9
Sources of Income Other than Work:
Nonworking Former Welfare Recipients



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

cannot tell from these data the sources of income for the other half of nonworking former recipient families (or about 12 percent of all former recipients). They could be receiving help from families, friends, or community or church groups. Some also receive food stamp benefits, which are discussed further in the next section.

Government Support in Transitioning off Welfare

There are a number of noncash government benefits available to families that can help support their transition off welfare. For the most part these benefits are means-tested, that is, available only to those with low incomes. As incomes grow, use of these benefits will ultimately decline. Important questions for policy arise around what role these benefits play in supporting transitions off welfare.

Past literature has examined how much postwelfare benefits can affect participation.¹⁹ But as work and benefit time limits hit, and recipients are required to work or leave welfare, the incentive effect may be less important. In the current policy context, we also need the answers to additional questions. How many recent welfare leavers use benefits and which ones? Can we interpret not receiving benefits as a sign of “successful transitions,” that is, a reduced need for support? How long does it take, if ever, for leavers’ incomes to grow so that they no longer need these supports? I examine here the use of a set of noncash government benefits, both in the first months after leaving and later on. Comparison of benefit use by former recipients with other low-income families also provides context to interpret their reliance on these benefits. I also present results that are suggestive of changes in use of these benefits over time. Finally, I examine the use of some private-sector benefits and draw comparisons.

Examples of nonwelfare government benefits that may be available to former recipients include food stamps, housing assistance, child care payment assistance, and government medical insurance. Public assistance agencies may provide other transitional supports, such as help with transportation costs, finding a job or job training, and other work expenses. Emergency help with expenses such as utility payments is sometimes also available. Other in-kind support of a more emergency nature is provided by community groups and local governments, such as homeless shelters, soup kitchens, and food pantries.

As discussed earlier, recipients leaving welfare for work are entitled to at least one year of transitional Medicaid, provided they continue to meet certain eligibility criteria. Some states have extended this period beyond one year. Children in low-income families are eligible under more generous income criteria. Working low-income parents are also eligible for subsidized child care, and many states give priority to former recipients over other low-income mothers. Many households have low enough

¹⁹ For example, Blank (1989) examines Medicaid availability and welfare participation.

income, even while working, to qualify for food stamps or housing assistance. Former recipients no longer eligible for transitional benefits as well as those who have never received welfare benefits may still be eligible for these benefits.

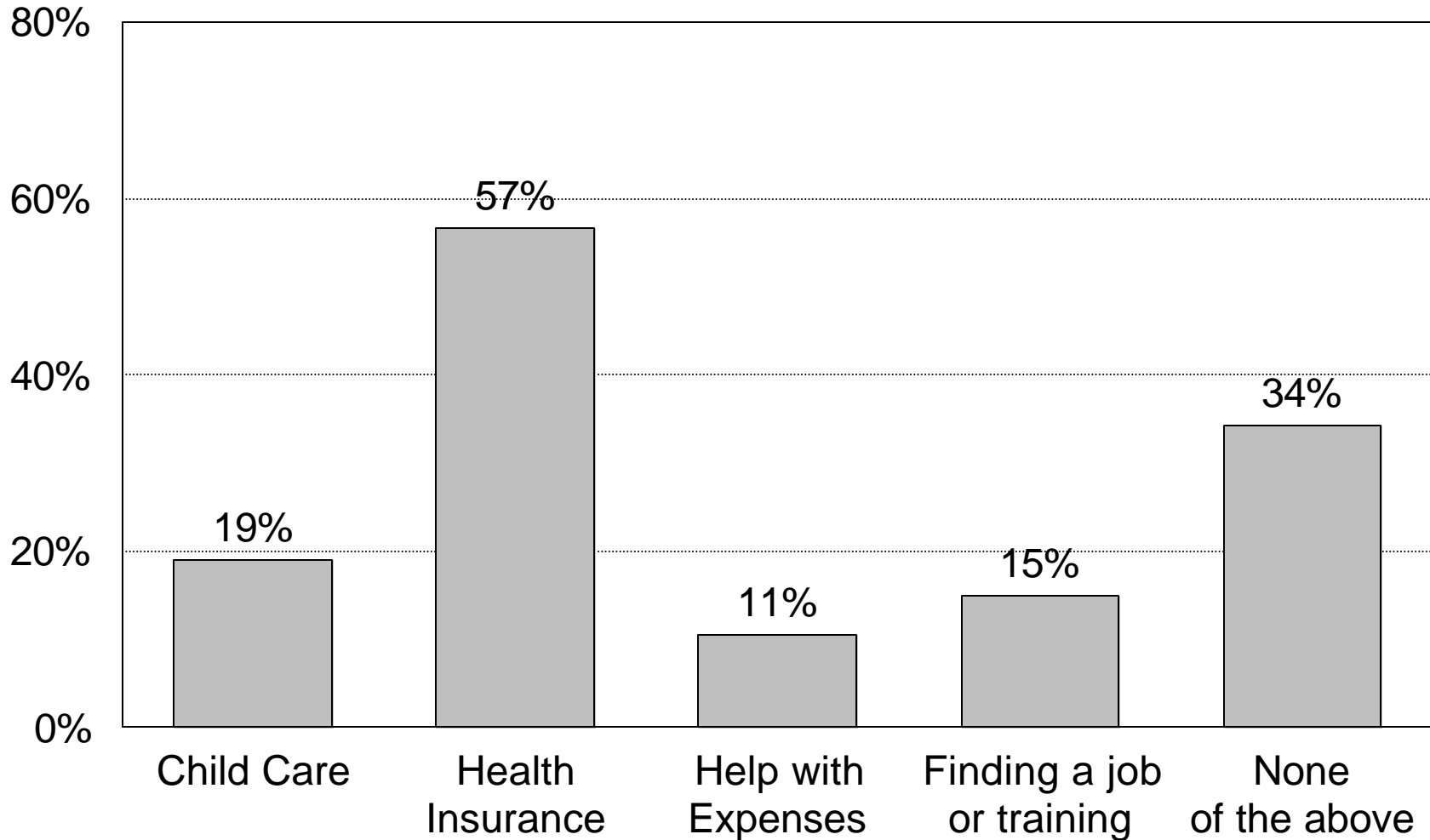
The first three months after leaving welfare is an early period of transition. We might expect the highest use of benefits at this point, since recipients are for the most part just beginning to work and have had recent contact and likely knowledge of government benefit rules. Of course later problems, such as job loss, could also lead to increasing use of benefits. During these first three months, about 20 percent of former recipients report having used child care assistance and 57 percent report Medicaid coverage (chart 10). In addition, 11 percent report they received some government help with expenses, which might include emergency aid, transportation expenses, or other work expenses. Fifteen percent report help in finding a job or job training. Almost a third reported no use of this set of government benefits in the initial three months after leaving.²⁰

At the time of the interview (some time within about two years after leaving), less than half of former recipients are making use of food stamps and Medicaid (chart 11). Only 34 percent of adult former recipients report Medicaid coverage, and about 47 percent of children in leaver families have this coverage. Thirty-one percent of leaver families are receiving food stamps.

These rates of government benefit receipt seem relatively low, especially as government benefits are there in part to help ease the transition off welfare. Low use of child care assistance or help with expenses, finding a job, or training could simply mean former recipients did not need this assistance. It may also reflect differences in availability and access to these benefits across areas. Medicaid and food stamp eligibility rules are more consistent across states. Other studies have pointed out large declines of Medicaid and food stamp receipt coincident with leaving welfare (Garrett 1999, United States Department of Agriculture 1999). Low rates of use could be due to several reasons. Some families may no longer be eligible because of their earnings. This group

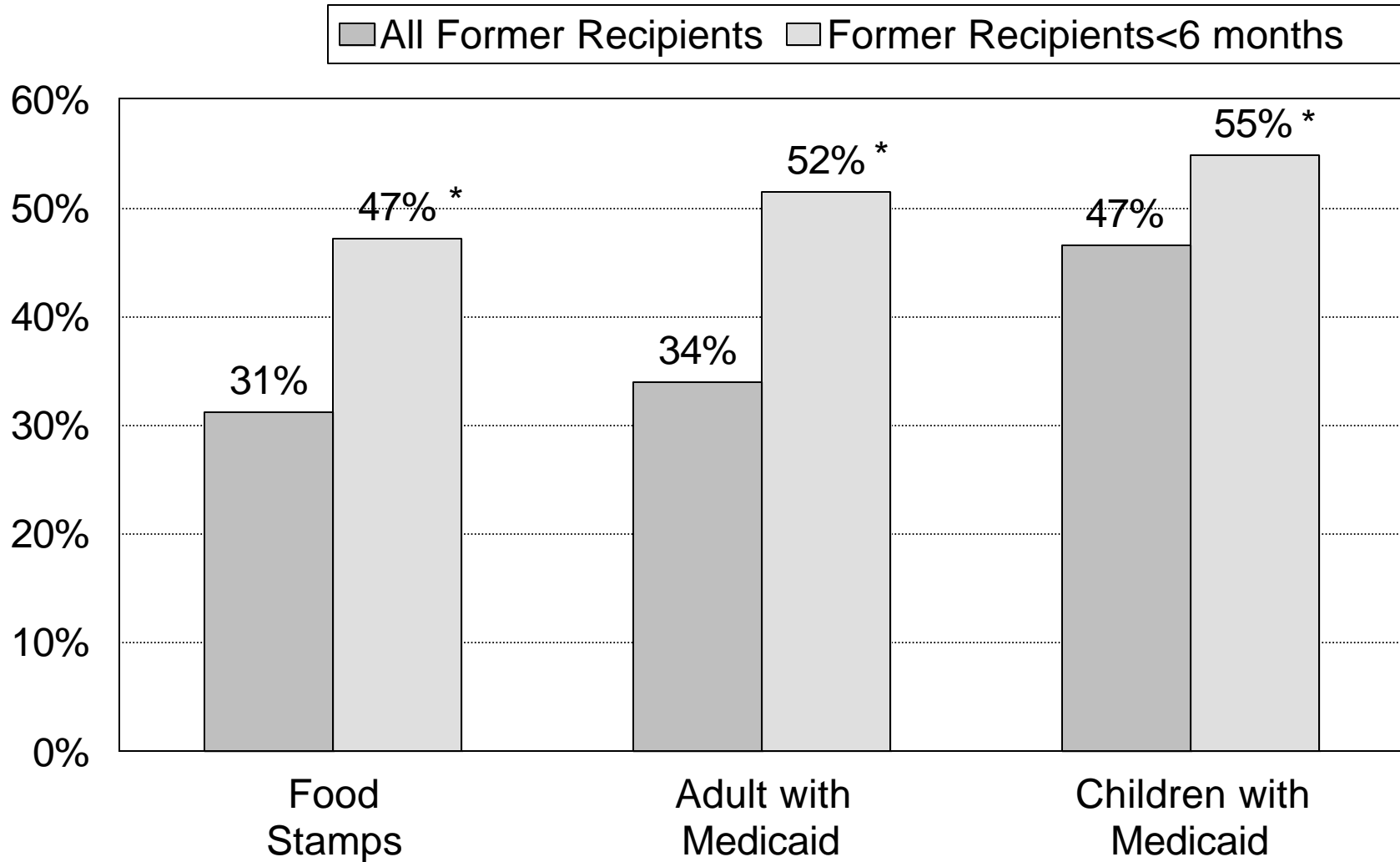
²⁰ The answers for those who left in the last year, who have a shorter recall period, are similar. Responses about government help and private help (discussed later) in the first three months after leaving welfare are missing for the same subset of respondents as the group missing the reasons for leaving welfare. I assume these missings are random and the distribution of the remaining answers is representative of all leavers. See footnote 7.

Chart 10
Receipt of Government Help by Type
in First 3 Months after Leaving Welfare:
Former Welfare Recipients



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

Chart 11
Current Receipt of Government Benefits:
Former Welfare Recipient Families



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

* Indicates numbers are significantly different from former recipients.

may have made a rapid transition away from dependency on government benefits. On the other hand, eligible recipients may not be receiving benefits. Some former recipients may feel applying or recertifying for these benefits is a hassle, possibly interfering with work schedules. Others may feel use of these benefits is stigmatizing and no longer want to participate. Even though these reasons are in the realm of choice, if common they suggest program changes that could make benefits more useful. Finally, some eligibles may not be aware that they are or continue to be eligible for government benefits after leaving welfare.

We cannot distinguish between individuals no longer needing benefits and eligibles not receiving benefits without a formal calculation of eligibility, which is beyond the scope of this paper. However, by examining receipt for only those leaving in the last six months we get a suggestion of whether receipt might be declining over time since leaving welfare. Those who left in the last six months have a much higher percent of participation in food stamps and Medicaid (chart 11). Forty-seven percent received food stamps, compared with 31 percent of all former recipients. Fifty-two percent of adults and 55 percent of children were covered by Medicaid. Higher benefit use by those who left welfare in the last six months could indicate that reliance on these benefits is declining over time. However, since we are only including those who remain off welfare, it could also indicate that those with the most difficult economic situations return to welfare, and those in better situations (including not needing food stamps or Medicaid) are able to remain off welfare. True longitudinal data, observing the same group of leavers at several different points since leaving, are necessary to know for sure if leavers reduce their use of Medicaid and food stamps over time.

Although in one sense receipt of benefits by former recipients seems low, it is higher than receipt of these benefits by low-income families that have not recently received welfare. Only 13 percent of low-income families (with income less than 200 percent of poverty) report receiving food stamps (chart 12). Only 12 percent report Medicaid coverage, and 24 percent of children have Medicaid coverage. Families with income less than 150 percent of poverty have somewhat higher benefit use, but still lower than former recipients. Again, we cannot sort out whether higher rates of use among former recipients reflects greater need than other low-income families or merely less stigma or greater knowledge of benefit programs. It is clear that in this respect, former recipients differ from other low-income families. Even those who had been off welfare for more than a year still had higher rates of receipt. For example, 23 percent of former recipients who left more than a year ago receive food stamps while only 13 percent of other low-income families receive these benefits.

Another context for interpreting the use of government benefits is how it compares with the use of private-sector sources of support. After being asked about government benefits in the survey, former recipients were asked whether in the first three months after leaving welfare they got “help from anyone else, such as through a church, family, or a community center?” The question is not explicit about whether the help is financial or of another form, and respondents could give multiple answers. Relatively few leavers reported using private sources of help (chart 13). Less than 10 percent report using community centers or churches, while 17 percent report help from family. Perhaps most surprising is that almost three-quarters of leavers report they received no private help in the first three months after leaving welfare. While this could again reflect lack of need, it certainly indicates that recipients are making greater use of government benefits than these private sources, at least when they first leave welfare.

Economic Struggles

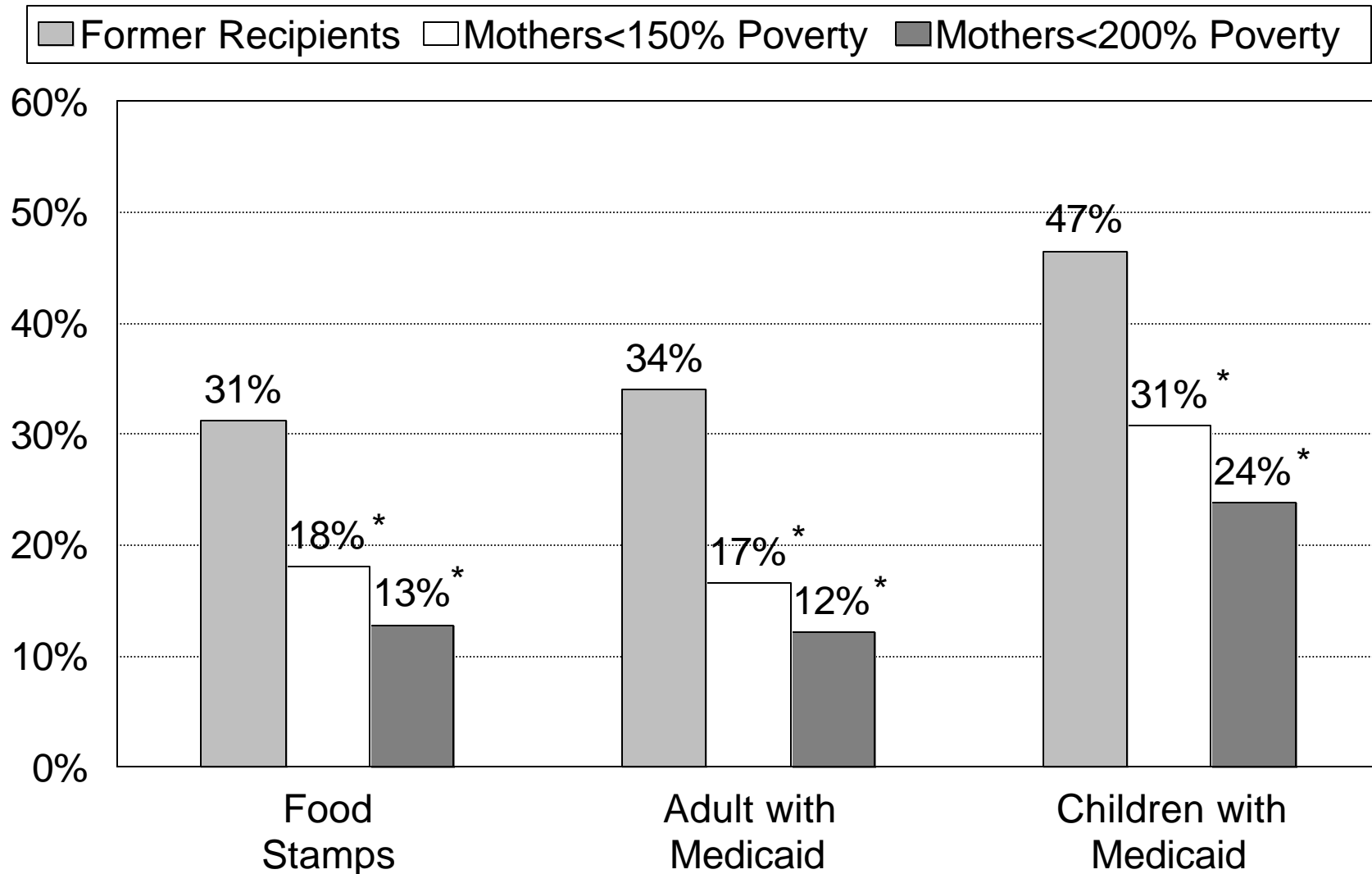
Work, earnings, and use of government benefits do not give the entire picture of the economic situation of families. A final set of indicators available in NSAF data allow us to examine the extent to which families are experiencing a set of economic struggles over the past year. These indicators of problems buying food or paying utilities and rent give more detail on how former recipients are coping. Comparison with the larger group of low-income mothers yields a marker for interpreting the extensiveness of these struggles.

The first set of indicators are about problems with buying and providing enough food in the past year. A third of former recipient families have had to cut the size of or skip meals in the last year because there wasn’t enough money for food (table 4). Fifty-seven percent reported they often or sometimes worried food would run out before getting money to buy more. About half reported that often or sometimes food didn’t last until the end of the month and they did not have money for more.

Problems with housing expenses were also reported. Thirty-nine percent reported there was a time in the last year when they were unable to pay rent, mortgage, or utility bills. A smaller percentage, 7 percent, faced the more serious situation of having to move in with others because they couldn’t pay bills.

All of these economic struggles are more common among former recipients than low-income families under 150 or 200 percent of poverty. Fewer low-income families (under 200

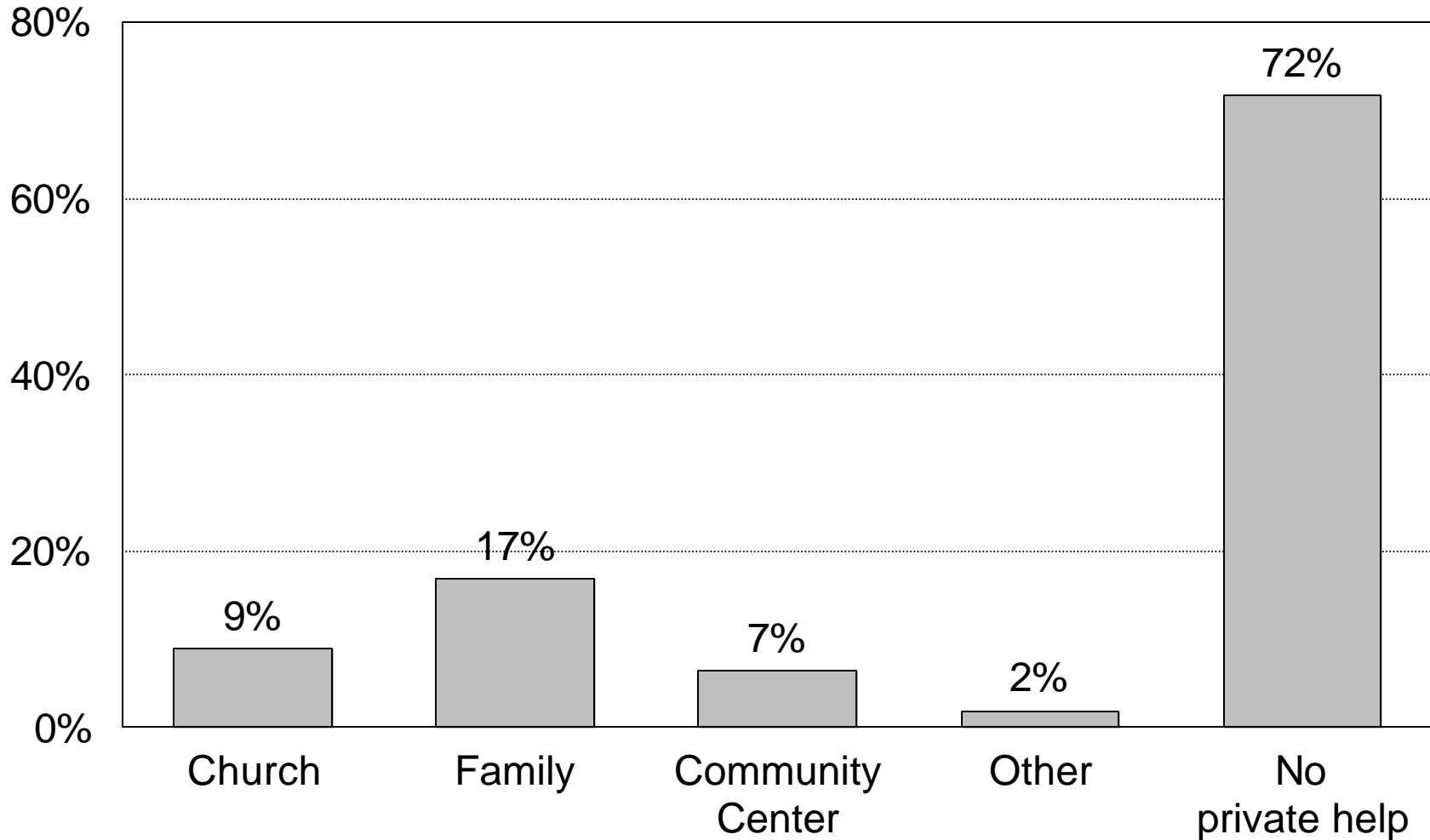
Chart 12
Current Receipt of Government Benefits:
 Former Welfare Recipient and Low-Income Families



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

* Indicates numbers are significantly different from former recipients.

Chart 13
Receipt of Private Sector Help by Source
In First 3 Months After Leaving Welfare:
Former Welfare Recipients



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

TABLE 4
Indicators of Economic Struggles over the Previous Year

Indicator	Former Recipients (%)	Low-Income Mothers <150% Poverty (%)	Low-Income Mothers <200% Poverty (%)
Had to cut size of meal or skip meals because there wasn't enough food	33.4	24.7*	22.7*
Worried that food would run out before got money to buy more			
Often true	17.9	14.0	12.5*
Sometimes true	39.0	32.4*	31.0*
Food didn't last and didn't have money for more			
Often true	11.8	9.3	8.3
Sometimes true	37.6	29.1*	27.3*
A time in last year when not able to pay mortgage, rent, or utility bills	38.7	28.9*	27.6*
Moved in with other people even for a little while because couldn't afford to pay mortgage, rent, or utility bills ^a	7.1	2.1*	1.9*

Notes: 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.

* Indicates a significant difference relative to former recipients at the 90% confidence level.

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

percent of poverty) report having to cut the size of or skip meals (23 percent), often or sometimes worrying about having enough food (44 percent), often or sometimes having food not last through the month (36 percent), problems paying housing bills (28 percent), or having to move in with others (2 percent). This is true even though former recipients are more likely to receive government benefits such as food stamps.

In addition to food and housing issues, a substantial percentage of former recipients are uninsured: 41 percent of adults and 25 percent of children (chart 14). Despite higher rates of Medicaid coverage, former recipients still have rates of uninsurance similar to low-income mothers under 200 percent of poverty. Former recipients are slightly less likely to be uninsured than low-income families under 150 percent of poverty. Of low-income families under 200 percent of poverty, 38 percent of mothers and 25 percent of children are uninsured.

Why are former recipients more likely to report some of these economic struggles, even while more are receiving government benefits and employment and earnings are similar? Compared with other low-income families, this difference could be a sign that former recipients are still making the transition off welfare. Former recipients may feel less secure in their job situation or may still be learning how to budget, having spent less time on the job than other working low-income mothers. Also, compared with families under 200 percent of poverty, fewer former recipient families are working, which in itself suggests that as a group they may have less income even though among workers earnings are similar.

Finally, more former recipient families are single-parent families, and the additional stress of having only one adult to rely on for earnings may be related to these struggles. Single-parent families do report higher rates of these economic struggles than two-parent families, although the differences among former recipient families are not large. For example, more single-parent than two-parent families have had to cut the size of or skip meals in the past year (chart 15). But still, the rates of struggle within family type are higher for former recipients than for other low-income families. This relationship is true across all of these indicators. The high rates of struggles among both single- and two-parent former recipient families suggest that there are some differences among former welfare recipient families and other low-income families, despite other similarities in their economic circumstances.

Discussion and Conclusions

This paper started with the question of whether leavers are making a successful transition off welfare and into the labor market. Examination of the economic situation of families recently leaving welfare helps policymakers to judge whether ongoing postwelfare policy intervention or changes in welfare policies may be needed. Assessing how former recipients' economic situations compare with those of other low-income families provides a context for making these judgments and creating new policy.

It would not be surprising to most people to discover that recent welfare leavers are not doing as well economically as the average worker. It is not clear if society expects the average former recipient to ever attain this level. However, a more modest goal may be considered whether former recipients have achieved the economic status of the average low-wage mother. Asking whether recent former recipients are similar to all low-income mothers who have not recently received welfare gives a sense of where former recipients are "fitting into" the larger labor market. The low-income comparison groups we use are large, accounting for a third of all mothers with children.

It is clear from the start that these groups are different. The broader group of low-income mothers are more likely to have a spouse or partner, are older, and have older children. Also, and maybe most important, former recipients have experienced some situation that has led them to seek government support in the form of welfare benefits. Despite these differences, the comparison with other low-income mothers' economic situations is a measure of where former recipients are in their transition off welfare.

How are welfare leavers doing and are their economic circumstances similar to other low-income mothers? The answer is mixed, with different implications for policy.

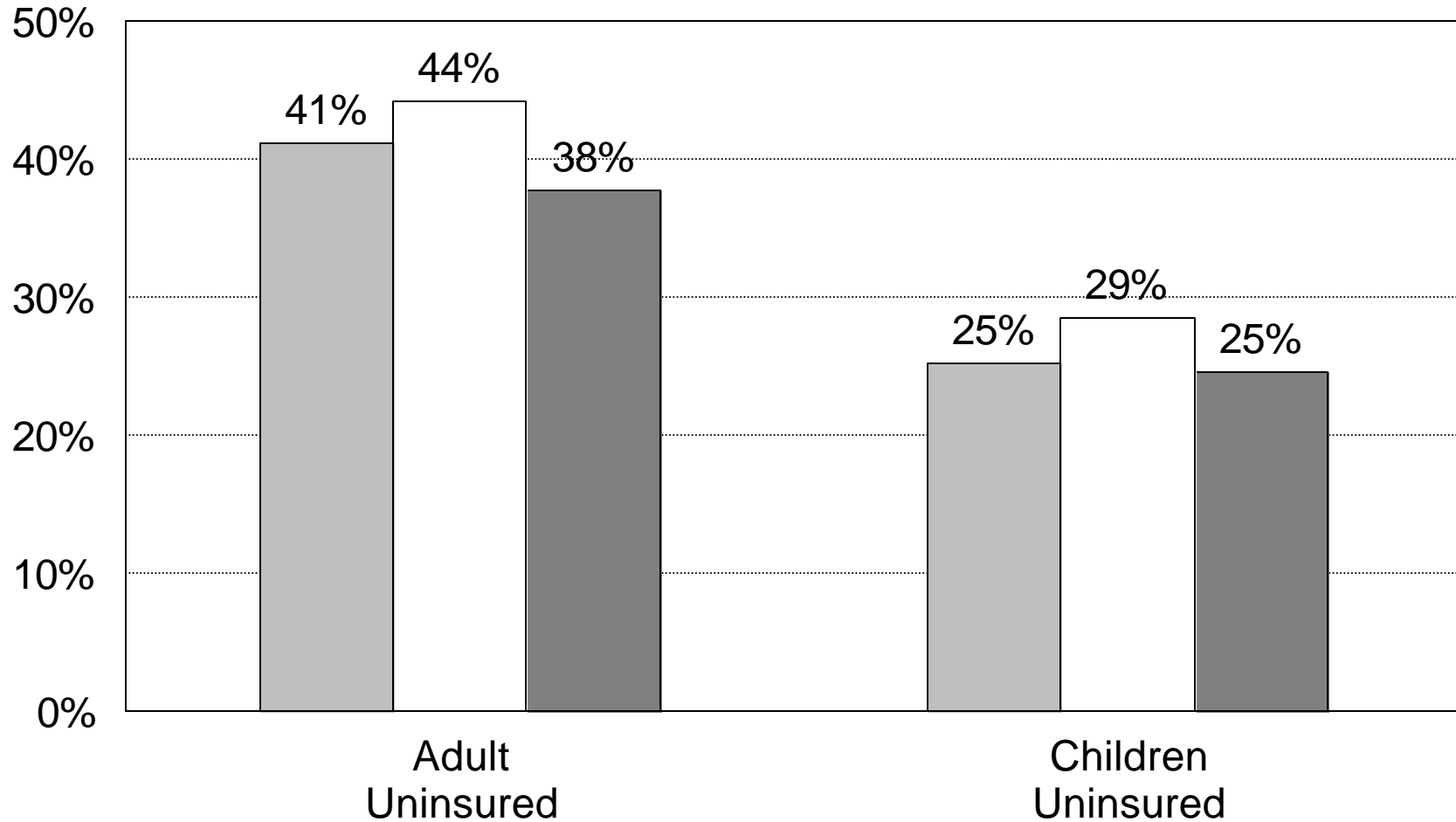
The majority of women who left welfare between 1995 and 1997 are working. Their rates of employment are higher than other low-income mothers. However, their rates of family employment (employment of themselves or their spouse/partner) are somewhat lower. The differences are almost totally due to differences in family structure. Single-parent former recipients work at about the same rate as single-parent, low-income families, and the same is true for two-parent families. But more former recipients are single-parent families. This suggests that policies to encourage and support work might benefit from focusing on how to support single-parent families generally rather than necessarily targeting former welfare recipients.

Once employed, former recipients' jobs are very similar to those of all low-income mothers. The biggest differences are that more low-income mothers are self-employed and they have been with their current employer longer. Employed low-income mothers are also more likely to have employer health

Chart 14
**Indicators of Economic Struggles,
Currently Uninsured:**

Former Welfare Recipient and Low-Income Families

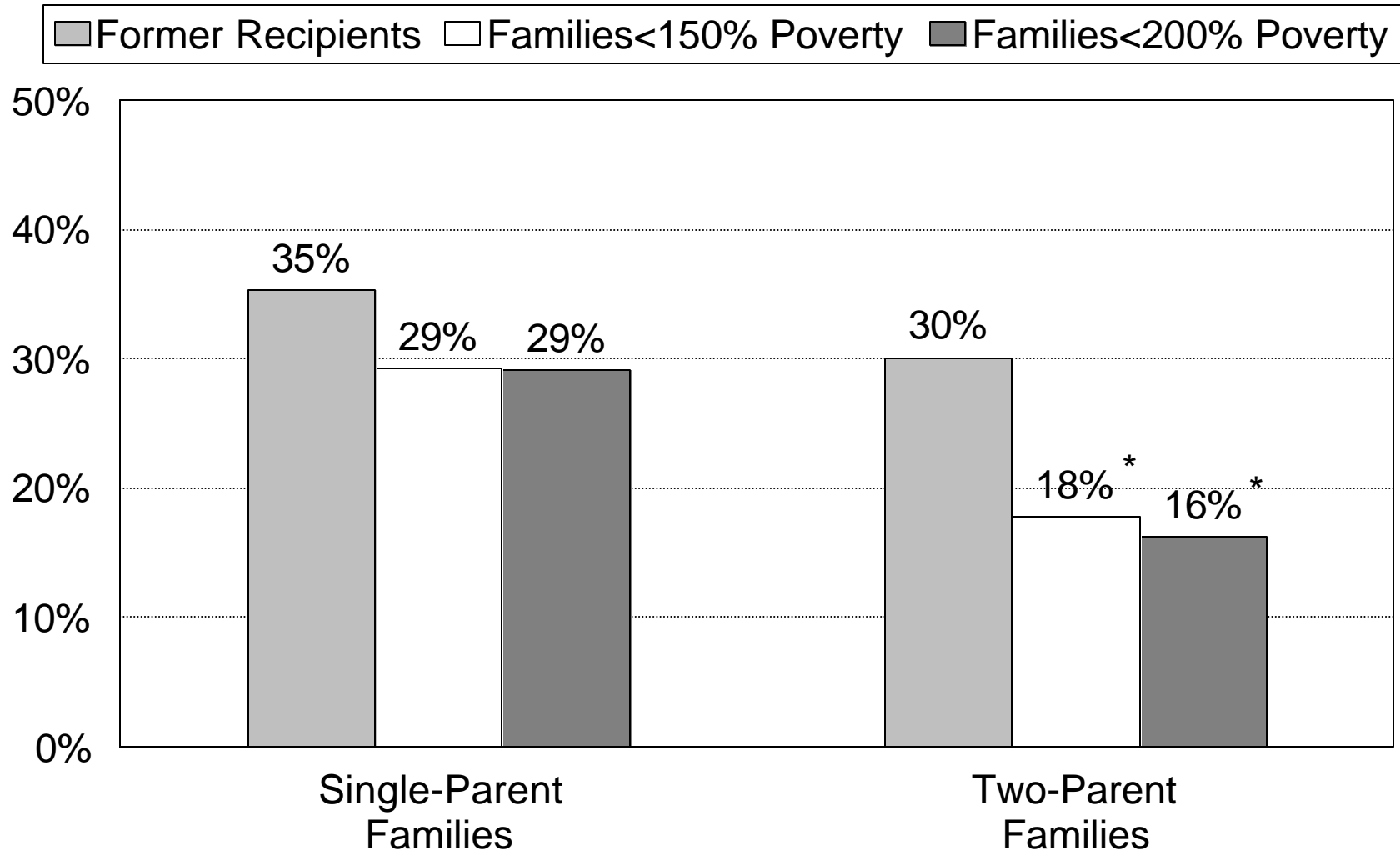
Former Recipients Families <150% Poverty Families <200% Poverty



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

* Indicates numbers are significantly different from former recipients.

Chart 15
Cut Size of Meals in Past Year:
Former Welfare Recipient and Low-Income Families



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

* Indicates numbers are significantly different from former recipients.

insurance, possibly due to a greater likelihood of having passed an initial eligibility period given their longer job tenures. In perhaps the most important indicator of job quality, former recipients' wages are similar to or higher than those of low-income mothers. In addition, monthly earnings of former recipients are similar to most low-income mothers. Former recipients' median monthly earnings fall in between those of families under 150 and 200 percent of poverty.

These results suggest former recipients are "fitting in" to the labor market in a way similar to the much larger group of low-income mothers. However, it is important to remember that these groups fit in at the low end of the labor market. These mothers mainly work in low-wage occupations and industries. More than a quarter work night schedules, and over half are struggling with coordinating work schedules and child care. At least two-thirds do not have insurance from their employer. And the median wage of these groups is roughly at only the 20 percentile of hourly wages for all workers. Given the similarities of the workers in these groups, policies to help former recipients move up from initial low-wage jobs could also provide benefits for most of the larger group of low-wage women with children.

These findings cannot give us a definitive answer on which or how many former recipients are "falling through the cracks." However, the 25 percent of former recipients with no work income certainly are potential candidates. While about half of these receive child support, Social Security, or SSI disability benefits, we do not know very much about how long these recipients will be without work and how they are surviving.

Nonwelfare government benefits continue to be a source of support for families leaving welfare, although receipt is lower than some would expect. More research is needed to understand to what extent this represents lack of need versus lack of or difficulty in attaining access. These results suggest that benefit receipt may be higher for very recent leavers than for those who left earlier, but additional confirmation is needed. That receipt of benefits such as food stamps and Medicaid is higher among former recipients than low-income families under 150 percent of poverty is potentially a concern, given the similarity in employment and family monthly earnings of these groups. While differences in other sources of income not examined here may mean low-income families have less need, it is also possible that eligible low-income families do not have the same access to or knowledge of benefits. This suggests that the same discussions and concerns

taking place on access to benefits for former recipients could be expanded to include a broader group of low-income families.

These results also suggest room for continuing concerns targeted at former recipients' transition off welfare. A sizable group of former recipients, about 20 percent, are not working, do not have a spouse that is working, and are not relying on government disability benefits. In addition, from one-third to one-half of former recipients report serious economic struggles around providing food and almost 20 percent report problems paying rent. Former recipients are experiencing these struggles more than other low-income mothers despite other similarities. This could be because former recipients are still becoming accustomed to balancing work expenses or, for some, budgeting without food stamps. Finally, 29 percent of those who left during the study time period returned to welfare. In the future, as the options for returning to welfare diminish, this may be a group of leavers that will face greater economic hardships than those described here.

There are some important factors that need to be kept in mind while interpreting these results. This group of leavers is in a way a "baseline" group of leavers, spanning the period right before and after welfare reform. As caseloads continue to decline and policies such as time limits continue to be implemented, future groups of leavers will be different from the group studied here. If those who are most amenable to work leave welfare "first," then future cohorts of leavers may face greater obstacles to work or find lower-quality jobs, and the similarities across leavers and low-income mothers may decline. Also, future cohorts of leavers will include those who would have returned to welfare but no longer have that option. In addition, the positive labor market conditions at the time of this study obviously affect the economic status of both leavers and low-income mothers. Future cohorts may face a less positive labor market with different consequences for well-being. For all these reasons, these results are not the last word on leavers, but a beginning. Continuing examination of future cohorts of leavers is necessary.

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Pamela J. Loprest is a labor economist and senior research associate with 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, the status of families leaving welfare, and welfare-to-work policies for persons with disabilities.