

FORMER WELFARE FAMILIES NEED MORE HELP

Hardships await those making transition to workforce

by Heather Boushey

When President Clinton signed the welfare reform legislation in 1996, he said that a critical component of the legislation was to “make work pay.” Five years later, many families who have left welfare and begun full-time employment are finding that work hasn’t paid them enough to meet all their basic needs. Among families that left welfare between 1997 and 1999 for full-time employment, nearly half experienced hardships such as going without food, necessary medical care, or housing.

Families took on the responsibility of leaving welfare and finding jobs. Most former welfare recipients—about two-thirds—are working and four out of five have worked at some point after leaving welfare. Because of the strong economy of the latter half of the 1990s, nearly any able-bodied adult who sought work was able to find it, and most did, thereby fulfilling the “work” part of President Clinton’s plan. However, the kinds of employment these former welfare recipients found often failed to provide them with enough income to keep them and their families from experiencing hardships.

Measuring the hardships these families face is an important indicator of welfare reform’s success. Given low unemployment and growing wages among the lowest paid workers, families who left welfare in the late 1990s should have been better off than those who left in the mid-1990s. Unfortunately, this is not the case: the level of hardships among those who left the welfare rolls did not improve in 1997 or 1999.

- In 1999, 47.0% of families that recently left welfare for full-time, full-year employment experienced one or more critical hardship, such as going without food, shelter, or necessary medical care. This is higher than in 1997, when only 37.7% of similar families experienced critical hardships.

- In 1999, 45.8% of all families that recently left welfare experienced one or more critical hardships, while only 33.4% of those remaining on welfare did.
- In the late 1990s, many more working families who recently left welfare had difficulties paying housing bills and finding adequate child care.

Although reduced caseloads are often cited as evidence of welfare reform's success, such numbers say nothing of the quality of life these families find waiting for them once they have entered the labor market. It is their experiences that tell us whether the 1996 reform really worked. By this measure, the reform's success is less than laudable. Even in optimal conditions, with record-low unemployment helping to boost their earnings, many families that moved off welfare found that the labor market simply did not offer them a way out of poverty. In many cases, the standard of living did not improve for former welfare recipients after they moved from the welfare rolls to the payrolls.

Measuring family hardships

For the purposes of this analysis we consider two levels of hardship — critical and serious.¹ *Critical hardships* immediately threaten a family's health and well-being. These include lack of food, eviction, or inability to receive needed medical care. *Serious hardships* are the day-to-day difficulties that, although not life-threatening, can have long-term consequences for family well-being. Examples of serious hardships include lack of health insurance or access to regular and preventive medical care, worries about food, and the inability to pay housing bills on time.

Food insecurity. To go without food is the most basic critical hardship. Families that report food insufficiency have been found to have lower food expenditures and lower intake of calories and nutrients than other families (Rose 1999).

Critical food insecurity is measured as skipping meals “sometimes” or “often” in the last 12 months or not having enough food to eat. Less severe though still serious food problems include worrying about whether food will run out before a family is able to buy more, or having enough food but not having the kinds of food a family would like to eat.

Housing problems. Housing hardships are defined as the negative consequences of failing to pay housing bills. Eviction, utility disconnection, and moving in with others because of inability to pay bills are measures of critical housing hardship. Not paying the full amount of the housing bills constitutes a serious housing hardship.

Inadequate child care. Although lack of adequate child care is not considered a critical hardship because it is not an immediate basic need, it is considered a serious hardship due to the long-term consequences for a family's well-being. A serious hardship in child care occurs when it involves any child in the household.

When measuring child care hardships, we assume that families are providing the best quality child care they can afford and assess quality by the adult-to-child ratio in the child care setting.

For school-age children, we look at the type of non-school care a child receives, which has been shown to influence a variety of aspects of a child's well-being (Capizzano, Adams, and Tout 2000). We use two measures of quality: whether the child cares for him- or herself and whether the child is involved in activities. Children who care for themselves during non-school hours are at greater risk of physical and psychological harm and are at a greater risk of being victims of crime. Self-care has also been linked to poor school performance and an increased chance of engaging in risky behaviors (smoking, alcohol and drug use, sexual activity, and crime). Children involved in extracurricular activities have been shown to perform better in school and to adjust better socially.

Insufficient access to health care. A critical hardship in health care is measured by whether in the past 12 months any individual in the family did not get or postponed necessary medical care. A serious hardship is defined as a lack of access to preventive care. Although having health insurance is a key element in one's ability to access preventive care, even families with health insurance can still lack access to this kind of care—some health insurance plans do not cover preventive care and some families simply cannot afford the out-of-pocket costs (Beverly 2001).

To determine whether families are actually accessing preventive care, we looked at the use of the emergency room as a usual source of care. If the emergency room is the primary care source, then this is a sign that the family is not receiving adequate preventive care; that the care it does receive is episodic and non-comprehensive; and that the care lacks the benefits of a continuous relationship with a physician (Weissman and Epstein 1994).

Hardships among welfare populations²

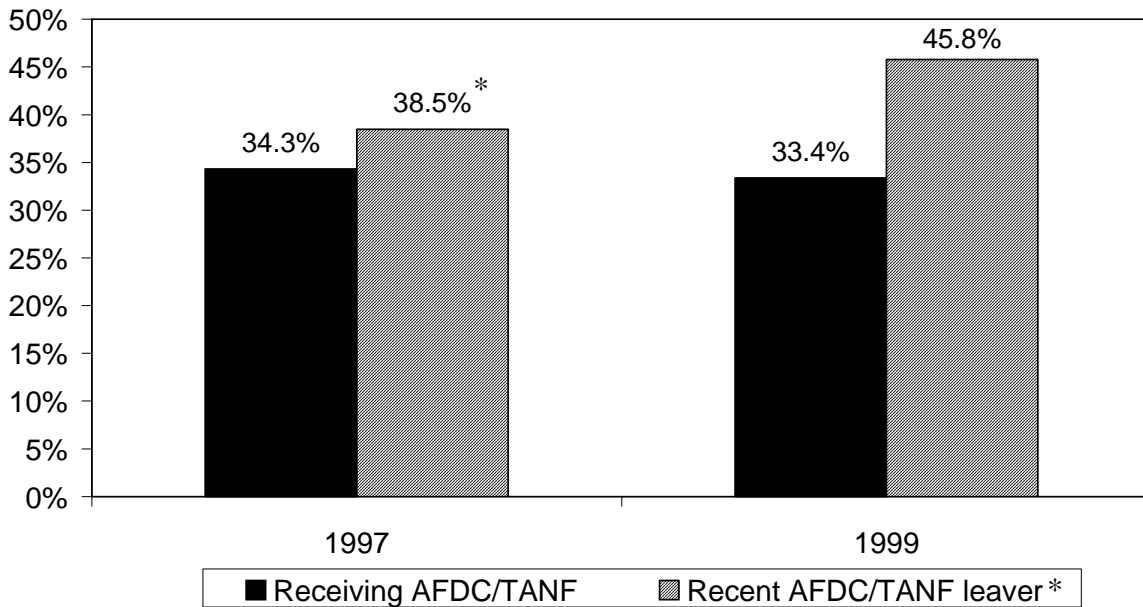
With the release of new survey data, it is now possible to compare welfare-to-work trends in 1997 to those in 1999. The families examined in each survey year are divided into two groups. The first group consists of families who received Aid to Families With Dependent Children (AFDC) or Temporary Assistance to Needy Families (TANF) at the time of the survey.³ The second group—recent AFDC/TANF leavers—represents families that received AFDC/TANF between 1995 and 1997 (in the 1997 survey) or between 1997 and 1999 (in the 1999 survey), but were off welfare at the time of the survey.⁴

Among those remaining on welfare, the proportion experiencing critical hardships did not change between 1997 and 1999 (**Figure A**). However, among the group of recent welfare leavers, the proportion experiencing one or more critical hardships increased from 38.5% to 45.8%. Among those experiencing two or more critical hardships, the proportion decreased slightly, from 11.4% to 10.3% (Table 1). The proportion experiencing serious hardships fell slightly.

It is those who recently left welfare for employment who have experienced the largest increase in hardships (see **Table 1**). Among individuals in families with a welfare leaver and a full-time worker, the share experiencing one or more critical hardships increased by nine percentage points. The share of part-time workers experiencing such hardships increased by eight percentage points. Also among those who

FIGURE A

Percent of individuals with one or more critical hardships by welfare status, 1997-99



* Indicates difference is statistically significant across years at .025 level.

Source: Author's analysis of the National Survey of American Families, 1997 and 1999.

TABLE 1

Share of people experiencing critical or serious hardships, by welfare and work status

	One or more hardships		Two or more hardships	
	1997	1999	1997	1999
Critical hardships				
Receiving AFDC/TANF	34.3%	33.4%	8.1%	6.7%*
Recent AFDC/TANF leaver	38.5	45.8*	11.4	10.3*
Working, but not full time, full year	40.0	47.8*	12.0	22.1*
Working full time, full year	37.7	47.0*	7.8	1.8
Serious hardships				
Receiving AFDC/TANF	82.2%	79.2%*	49.0%	46.0%
Recent AFDC/TANF leaver	86.3	81.4*	59.0	50.2*
Working, but not full time, full year	89.1	89.1	60.3	55.1
Working full time, full year	81.2	74.3*	51.5	42.5*

Critical hardships immediately threaten a family's health and well-being. These include lack of food, eviction, or inability to receive needed medical care. *Serious hardships* are the day-to-day difficulties that, although not life-threatening, can have long-term consequences for family well-being. Examples are lack of health insurance and access to regular and preventive medical care, worries about food, and the inability to pay housing bills on time.

* Indicates difference between 1997 and 1999 is statistically significant at at least the 10% level.

Source: Author's analysis of National Survey of American Families, 1997 and 1999.

TABLE 2
Hardships among persons in households that recently left AFDC/TANF,
by work status of the family

	Part time		Full time	
	1997	1999	1997	1999
Critical hardships				
Food insecurity				
Skipped meals	22.8%	25.1%	24.2%	27.4%
Insufficient health care				
Skipped necessary medical care	22.1	33.3*	20.9	19.9
Housing problems				
Doubling up	8.4	11.7	1.2	1.4
Serious hardships				
Food insecurity				
Worry about food	58.8%	69.3%*	54.9%	48.7%
Insufficient health care				
Emergency room is main source of care	9.5	1.3	3.7	0.7
No health insurance	37.9	46.1*	45.0	23.2*
Housing problems				
Didn't pay rent/mortgage and/or utilities	42.2	47.9	32.7	44.3*
Child care problems				
Child cares for self	10.5	4.7	5.5	7.9
Child not in activities	27.4	37.3	20.7	25.6
Ratio of children to adults below recommended number	13.0	11.5	9.0	8.5

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Source: Author's analysis of National Survey of American Families, 1997 and 1999.

recently left welfare, serious hardships decreased for those families with a full-time worker, but not for families with only a part-time worker.

The specific hardships that recent welfare leavers are experiencing are shown in **Table 2**.⁵ Among individuals in families with a full-time worker, the largest hardship increases were an inability to pay housing bills and child care. Among families with only a part-time worker, there was a marked increase in lack of health insurance.⁶ These families also saw increases in their food insecurity and were more likely to not pay their housing bills. Both kinds of families were less likely to use the emergency room as their usual source of health care, and families with a full-time worker worried less about food in 1999 than families that had recently left welfare in 1997.

Compared to the total population, the prevalence of hardships did not change much between 1997

TABLE 3
Share of people experiencing critical or serious hardships, by poverty level

	1997		1999	
	One or more hardships	Two or more hardships	One or more hardships	Two or more hardships
Critical hardships				
Below 100% of poverty line	29.4%	6.8%	30.1%	6.5%
Between 100% and 200% of poverty line	24.5	4.6	22.2*	3.9
Above 200% of poverty line	10.7	0.9	10.9	1.1
Serious hardships				
Below 100% of poverty line	73.0%	41.6%	73.2%	41.3%
Between 100% and 200% of poverty line	62.0	32.2	61.0*	29.6*
Above 200% of poverty line	30.0	7.7	24.9*	7.1

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Source: Author's analysis of National Survey of American Families, 1997 and 1999.

and 1999 (**Table 3**). The only significant drop in critical hardships was among families between 100% and 200% of poverty. Overall, among individuals above 200% of poverty, one in 10 experienced at least one critical hardship and one in three experienced at least one serious hardship in either time period.

The prevalence of hardships among families on and off welfare is much greater than among the overall population, even among those in poverty. By this measure, families on welfare are certainly not better off than other poor families. However, this analysis shows that the transition off welfare into employment is fraught with economic challenges. In moving off welfare, many families lose their health coverage under Medicaid, their housing subsidies under public housing or Section 8, and many also have not retained access to Food Stamps. Critically, just when these families need child care assistance the most, their movement into employment may make them ineligible for subsidies or less likely to receive them relative to current welfare recipients. The high rate of hardships in all these areas points to the fact that earnings for those who have recently left welfare are not enough; these former welfare families need increased assistance in order to make ends meet.

More troubling is that hardships did not decrease among current or former welfare families over the late 1990s as the economy surged forward. This may be because of the higher barriers to employment and greater needs among welfare families than among low-wage families more generally, especially in the areas of health care and child care.

Policy implications

The period from 1997 to 1999 was marked by strong economic growth, strong wage growth among low-wage workers, and falling welfare caseloads. But families with a recent welfare leaver may not have shared in the late 1990s prosperity. In fact, many recent welfare leavers experienced growth in both critical and serious hardships over this period, primarily among families with a worker active in the labor force.

As a part of welfare reform in 1996, many states increased spending on work support programs to assist low-wage workers. The major areas of reform have been child care, health care, food stamps, and housing. It is critical that these work supports implemented as a part of TANF are not cut, especially in the face of rising caseloads.

In terms of child care, the total federal dollars available have nearly doubled since the early 1990s, and states may now use TANF monies for child care expenditures. However, only 12% of eligible families received assistance through the Child Care and Development Fund in 1999 (Layzer and Collins 2001; U.S. Department of Human Services 1999), and Head Start serves less than half of the children actually eligible (Blank, Schulman, and Ewen 1999). Despite increased federal funding on child care over the past decade, wages for child care workers stagnated, resulting in continued problems with recruiting and retaining qualified teachers (Whitebrook, Howes, and Phillips 1998).

Many families who have moved from welfare to work also cannot afford health care. If a working-poor family is not offered employer-based health care or cannot afford the plan offered, in most cases it cannot rely on governmental assistance for health coverage. In a typical state, a worker earning over \$7,992 (59% of the poverty line) with a spouse and one child is not eligible for Medicaid coverage (Guyer and Mann 1999). Former welfare recipients—even those with a full-time worker in their family—have high rates of health-related hardships. They experience levels of health hardships similar to those of welfare families, and higher than those of poor families overall. Although the Children's Health Insurance Program (CHIP) has been expanded, there are still more than nine million children in the United States without health care coverage, 5.8 million of whom are eligible for CHIP or Medicaid.⁷

Adding to the burden borne by these families is the fact that welfare reform legislation did not recognize the large role of housing in the budgets of poor families. A recent report found that few of the states studied had a separate housing allowance provided in connection to TANF or a specific provision for housing costs in the TANF benefit (Wright, Ellen, and Schill 2001). The report concludes that, "as a rule, the states reviewed in this study made no special provision for how sanctions imposed on clients for noncompliance with a TANF eligibility requirement would affect any payments made through TANF for housing costs" (Wright, Ellen, and Schill 2001, 46). Families are experiencing high rates of housing hardships as a result: among parents who recently left welfare, nearly half report being unable to pay housing or utility bills. Furthermore, there is evidence that homelessness has been increasing in some localities.

Clearly, the situation for welfare recipients who have joined the labor market has been worsened by the recession. But the troubling gap between earnings and the costs of basic necessities persists regardless of the business cycle. Even during the boom of the late 1990s, having a job was simply not enough to ensure that families would avoid hardships. What is needed are long-term, fundamental reforms to finally close the gap between earnings and needs.

Thanks to Matthew Walters for research assistance.

Endnotes

1. More details on family hardships can be found in *Hardships in America* (Boushey et al. 2001). There are a number of slight differences between the analysis conducted in this report and in *Hardships in America*. This report does not include lack of access to a telephone as one of the serious hardships because this variable is not yet available from the 1999 data. Furthermore, the variables that define work status, welfare use, and health insurance have changed slightly between the surveys done in 1997 and 1999. We have chosen to make comparisons across time consistent rather than require consistency between definitions in this paper and previous reports. None of these significantly alter our findings or conclusions.
2. This analysis uses data from the National Survey of American Families (NSAF). The NSAF is a cross-sectional survey of the economic, health, and social characteristics of children, adults under the age of 65, and their families. The survey was conducted in 1997 and 1999, providing two years of data. Our sample only includes families that have at least one person between the ages of 18 and 64. We use person-weights for all our analysis. See Boushey et al. (2001).
3. The 1996 welfare reform changed the name of the cash assistance program from AFDC to TANF.
4. This is slightly different than the definition we used in previous work (Boushey and Gundersen 2001). Here, we use the NSAF question that asks whether the respondent was on welfare in the past two years, rather than looking at what the last year of AFDC/TANF receipt was. The skip patterns in the 1999 data changed from the 1997 data, requiring a change in the variables used.
5. The large increase in the prevalence of one or more critical hardship is consistent with the lack of increases in specific hardships because families were more likely to have only one critical hardship in 1999. Thus, in 1997, the families with food insecurity were also more likely to have other critical hardships.
6. Lack of health insurance appears to have changed dramatically, but this could be due to changes in the survey question. In the 1997 data, 33% of adults most knowledgeable about the household's children had missing information for this variable. However, in the 1999 data, missing values are imputed.
7. These data are available at http://www.childrensdefense.org/hs_chipmain.php.

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