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TANF/Welfare Client Decline and Community Context in the Rural South, 1997-2000 *

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Abstract This article examines the extent to which declines in welfare rolls relate to five major dimensions of community: (1) local demographic composition, (2) local labor market conditions, (3) local civic capacity, (4) local spatial characteristics, and (5) changes in local economic opportunities. Results based on data from the Mississippi Department of Human Services indicate that demographically, economically, and socially advantaged

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communities were more likely to experience high declines in welfare rolls. Rurality was associated with lower likelihood of high declines in welfare rolls across Mississippi counties. Clearly, a combination of a stronger local economy and social support in a local area increases the likelihood of larger decline in welfare rolls. The analysis presented in this article suggests that there is substantial local variation in the decline in welfare rolls that is associated with local economic and social conditions. The success of welfare reform policies clearly hinge on local conditions. What this analysis cannot reveal is the extent to which decline in welfare rolls is the result of recipients marrying, finding good jobs, or simply running up against time limits imposed by the welfare reform legislation.

Welfare rolls have declined by over half in the United States since the enactment of Federal welfare reform legislation in 1996. But, there has been substantial variation in the reductions across regions and states. Evidence on variation in the decline in welfare rolls across local areas is less available. One feature of welfare reform is the emphasis on devolution of responsibility to state and local levels. Because of this, states took very different paths towards implementing welfare reform (Nathan and Gais 2001). Thus, looking at change in one state is important to understanding how local variations affect levels of welfare receipt, while holding state welfare reform implementation constant. This study documents the reduction in welfare rolls across Mississippi counties, and identifies county characteristics that are associated with declines in welfare rolls that are greater than the state average.

Policy Background and Current Evidence

August of 1996 was a watershed month for those working for welfare reform in America. President Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act (PL104-193) into law. The Act replaced the previous federal cash assistance program, Aid to Families with Dependent Children (AFDC), with block grants to states and renamed the program Temporary Assistance for Needy Families (TANF). With this change the Act placed more responsibility on the shoulders of the state, the local community, and the client. Under the new law, the state is required to shoulder more responsibility for program design, implementation, and allocation of resources; the

community is asked to provide and deliver public services to the needy through local civic organizations; and the client must meet work requirements and time limits for cash assistance. Specifically, a TANF client cannot be on cash assistance longer than two continuous years, after which the client must engage in work activities, and periods of assistance cannot total more than five years in the client's lifetime. These changes in the roles and responsibilities of the state, the local community, and the client are aimed at: (1) enhancing program flexibility so that the opportunities and constraints inherent in local populations can best be addressed; (2) overcoming excessive federal program expenditures; and most importantly; (3) promoting welfare-to-work transitions (Tickamyer et al. 2000a, 2000b). Put simply, shifting the bulk of the responsibility away from the federal government was viewed by liberals and conservatives alike as the centerpiece of ending "welfare as we know it." Politically, the Act can be best characterized as the culmination of a sixty-year bipartisan effort to end welfare dependency.

After five years of its implementation, it is unclear if the Act has been effective in achieving its objective: changing welfare from being an entitlement to being a means to achieve self-sufficiency. At the present time, there is a split between those who view the Act as effective and those who do not. Those who view it as effective claim that the Act has opened new opportunities to low-income populations. In contrast, those who do not view it as effective indicate that the Act is further eroding the sustainability of economically and socially disadvantaged communities because it forces communities to bear the costs of their own disadvantages (Beaulieu et al. 2000; Garkovich 1998; Parisi, Gill, and Taquino 2000; Parisi et al. 2001). Specifically, advocates of the second view see the Act as posing serious challenges for welfare clients in their efforts to achieve self-sufficiency in communities across the rural South (Cook and Dagata 1997; Tootle 1999). These mixed views suggest that a fair assessment of the Act requires an understanding of three major areas: (1) the trends in cash public assistance in the United States, (2) the conditions necessary to achieve self-sufficiency, and (3) the demographic, economic, social, and geographical context in which these conditions operate.

Under the new cash welfare system, the number of individuals on public assistance in the United States dropped from over 12.6 million in 1996 to just under 5.8 million in 2000, accounting for on

overall decline of 54.3 percent in welfare rolls (see Figure 1). As a result of this dramatic decline, today's percentage of welfare clients to the total population, which is a little more than two percent, is reminiscent of the early 1960s (see Figure 2); a trend suggesting that welfare reform has reduced the burden on American taxpayers. Worth noting is that the annual growth of welfare rolls has, for the first time, been held at a value less than zero for six consecutive years (see Figure 3), raising substantial optimism about ending welfare dependency once and for all. Though the present statistics might bring many to believe that welfare reform is a success, they are not an indication that former recipients have made a permanent welfare-to-work transition, that those finding work have substantially improved their family incomes, or that those leaving welfare have found work at all.

For welfare reform to promote self-sufficiency, two conditions must be met. First, clients must be equipped with the job skills and experience necessary to gain permanent employment of high enough quality to move the families above poverty. Second, local communities must be endowed with economic and social resources sufficient to absorb the influx of welfare recipients into a job market that provides employment opportunities at a livable wage. Where these two conditions are more likely to be met, higher declines would be expected. Unfortunately, this is not always the case (Goetz et al. 1999).

Across the United States, the South, the most socially, economically, and geographically disadvantaged region (Beaulieu 1999), has experienced the highest decline in welfare recipients from 1996 to 2000--55.4 percent. This region is followed by the West, Northeast, and the Central regions with 49.4, 43.5, and 42.8 percent decline, respectively (U.S. Department of Health and Human Services 2000a). Many local communities across the southern region typically have limited access to employment opportunities and income resources (Beaulieu et al. 2000, Zimmerman and Garkovich 1998). Such communities are generally characterized by high unemployment rates, high poverty rates, high percentages of minorities, low levels of social structural resources, and an industry structure dominated by employment in extractive, low-skill manufacturing, and low-paid services industries. Communities with these characteristics are often home to clients who tend to be characterized by low levels of human capital resources such as educational attainment, job skills, and job experience (Duncan and Lamborghini 1994; Summers 1986;

Figure 1. Number (in millions) of Individuals on Cash Assistance (AFDC/TANF) in the U.S.

Source: U.S. Department of Health and Human Services (2000b).

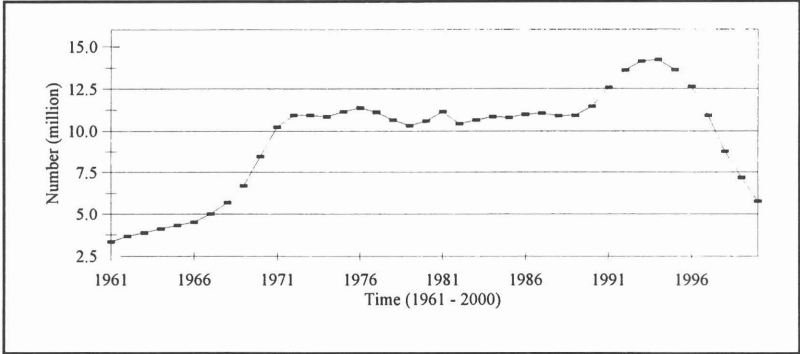


Figure 2. Percent of U.S. Population on Cash Assistance (AFDC/TANF).

Source: U.S. Department of Health and Human Services (2000b).

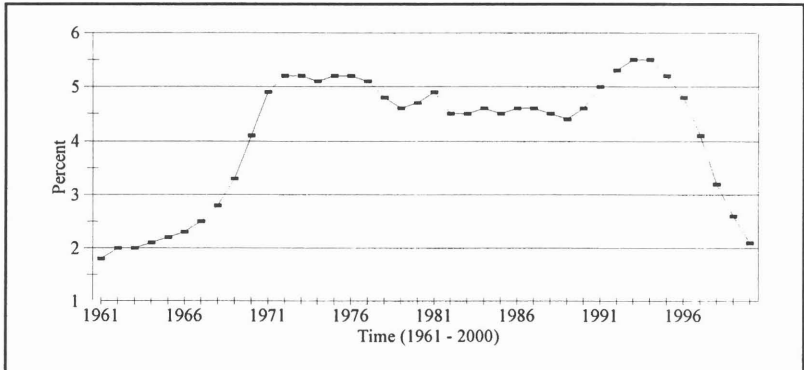
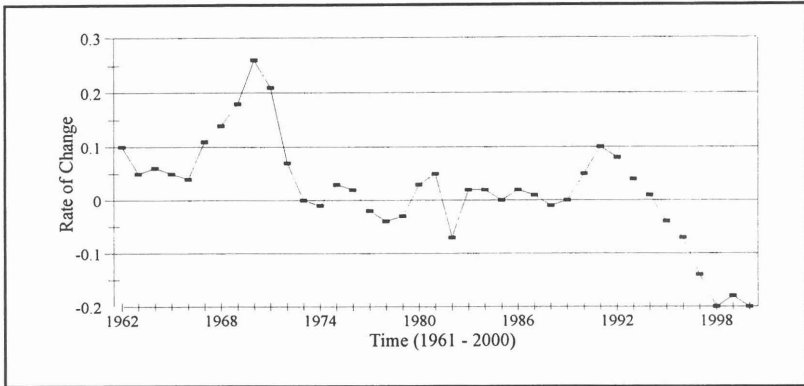


Figure 3. Rates of Change in the Population on Cash Assistance (AFDC/TANF).

Source: U.S. Department of Health and Human Services (2000b).



Tickamyer and Duncan 1990; Wilkinson 2000). Not surprisingly, as many as 50 percent of those who left welfare in the South remain unemployed because of their inability to gain a job or the lack of actual jobs (Beaulieu 1999; Haleman et al. 2000; Howell 2000). Most importantly, of those who are employed, many are working in part-time positions and in temporary jobs, concentrated primarily in the lower-paid sector of the service industry (Beaulieu 1999; Zimmerman 2000). The conditions that characterize the South cast doubt on the prospect that many former clients have achieved adequate incomes.

All factors considered, it is apparent that the 1996 welfare reform legislation poses a great challenge for many communities across the South. Although the potential implications of welfare reform on disadvantaged communities are well specified (Cook and Dagata 1997; Zimmerman and Garkovich 1998), we do not have a comprehensive understanding of how differences in local social and economic conditions of communities in the South might impact the success of welfare reform. This paper investigates the extent to which local conditions relate to above average declines in welfare rolls.

Data from the Mississippi Department of Human Services, combined with U.S. Census data and other data sources, are used to

Figure 4. Percent Change Rate in TANF by State in the Southern Region.

Source: U.S. Department of Health and Human Services (2000b).

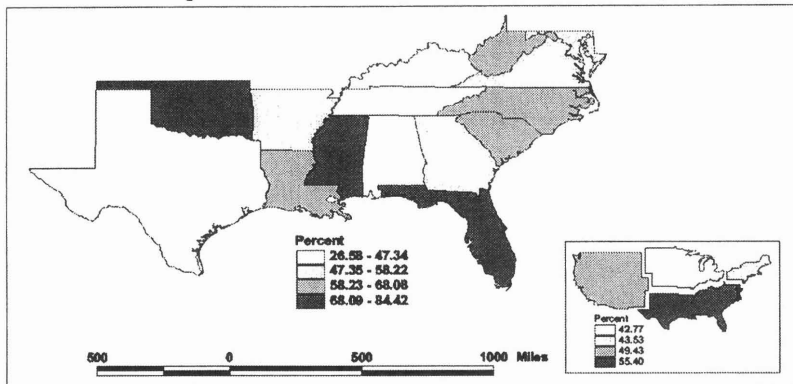
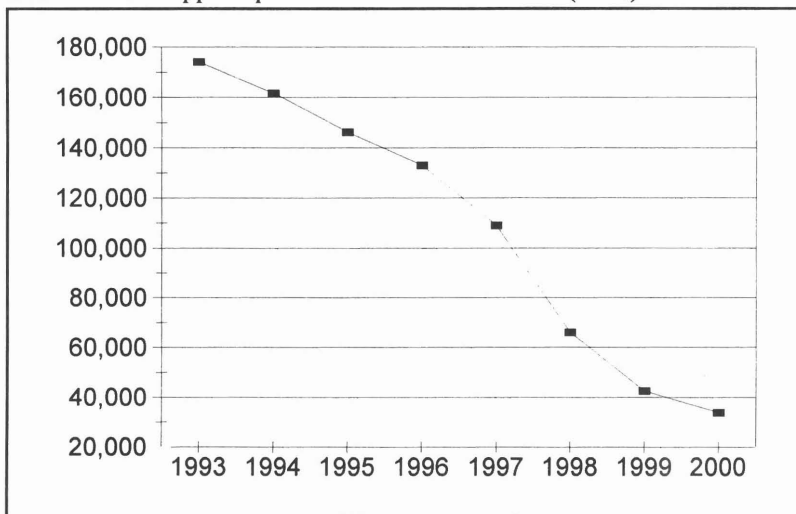


Figure 5. Number of Individuals on Cash Assistance (AFDC/TANF) for Mississippi.

Source: Mississippi Department of Human Services (2000).



examine the decline in welfare rolls. Although the analysis is limited to the state of Mississippi, we believe that Mississippi is a good test case for the southern region because it is one of the three southern states with the highest decline in welfare rolls (See Figure 4). Specifically, since 1993 Mississippi has experienced a dramatic decline characterized by three general phases (See Figure 5). In the first phase, 1993 through 1996, Mississippi experienced a percent change rate of 23.6. There was a percent change rate of 50.4 in the second phase, 1996 through 1998, and a 48.8 percent change rate in the last phase, 1998 through 2000. This translates into an overall 80.6 percent change rate in welfare recipients between 1993 and 2000. In addition, Mississippi is one of the most vulnerable rural states when it comes to local communities providing resources for promoting welfare-to-work transitions (Beaulieu 1999).

Factors Influencing Declines in Welfare Rolls

A comprehensive understanding of how local economic, social, and geographic conditions impact the success of welfare reform requires an analysis of five dimensions of community: (1) demographic composition, (2) labor market conditions, (3) local civic capacity, (4) spatial characteristics, and (5) changes in economic conditions. These dimensions are viewed as central in determining the likelihood of welfare-to-work transitions, and therefore, the extent of decline in welfare rolls in any given community. Though present research acknowledges the importance of each of these dimensions, it fails to incorporate them into a single conceptual and analytical model. Incorporating these dimensions of community into a single model allows for a better assessment of the implications of the welfare reform Act for decline in welfare recipients in local communities.

Community Demographic Characteristics

Of all the demographic characteristics, race and education are most commonly associated with welfare-to-work transitions (Bane and Ellwood 1983; Blank 1989; Ellwood 1986; McLanahan and Garfinkel 1989; O'Neill, Bassi, and Hannan 1984; O'Neill, Bassi, and Wolf 1987). For example, black welfare clients are generally more likely to remain on public assistance than are their white counterparts. Findings also

indicate that when other demographic characteristics are held constant, clients with higher levels of human capital resources earn their way off welfare rolls through employment faster than their counterparts. In contrast, for those clients with lower levels of human capital, the most effective route off the welfare rolls is through marriage, rather than through employment (Bane and Ellwood 1983; Ellwood 1986). In poor socioeconomic conditions, however, the route off welfare through marriage is the least realistic (Lichter et al. 1992), suggesting that race and education are the two most powerful demographic factors in explaining individual welfare-to-work transitions. In addition, a high concentration of minorities has been associated with underinvestment in social and economic infrastructure and development (Colclough 1990; Zekeri 1997), which would result in lower declines in welfare rolls because of fewer economic opportunities and social support services. Furthermore, discrimination against minorities in the labor market would also contribute to lower rates of decline in welfare rolls (Cohen 1998; Holzer 2000). As a result, we formulate the following hypothesis:

A community with a high percentage of minorities or a high percentage of people with low human capital is less likely to experience a high decline in welfare rolls.

Community Labor Market Characteristics

According to Harris (1993; 1996), local labor market conditions determine the strategy undertaken to move from welfare check to paycheck. Clients situated in a labor market characterized by low-paid, part-time jobs are likely to combine welfare with paid work. When a client has access to temporary employment, such as seasonal jobs, the most likely strategy is to cycle between a welfare check and a paycheck. In contrast, when a client has access to lucrative full-time jobs, a permanent transition from welfare to work is more likely to be made. Regardless of the employment strategy, in the long run, any involvement in the labor market has favored the movement of clients off the welfare rolls (Bane and Ellwood 1983; Ellwood 1986; O'Neill et al. 1984; O'Neill et al. 1987). In addition to job availability, the size of the local labor force, as well as the level of concentration of poverty, are central factors reflecting the conditions of the local labor market.

Generally, a community with few employment opportunities, a small labor force, and a high concentration of poverty are characterized as having weak labor market conditions (Lichter and Jensen 2000). This can be synthesized into the following hypothesis:

A community with weak labor market conditions is less likely to experience a high decline in welfare rolls.

Community Local Civic Capacity

For the government to be effective in alleviating poverty, its efforts must be complemented by the efforts of local civic organizations (Blank 1997). The powerful impact of local civic capacity is described under the term *social capital* (Coleman 1988; Lin 2001). In community development, social capital refers to the features of the local social structure, which consist of a comprehensive network of associations that serves as a channel of communication and resource distribution across various local social and economic groups. A community that lacks social capital is likely to reduce the impact of government intervention in the effort to alleviate poverty, making poverty more persistent (Duncan 1999). This suggests that to win the war on poverty, private citizens and civic institutions must work with the government (Blank 1997). Specifically, under the new cash welfare system, local churches are asked to participate in the provision and delivery of public services (Chaves 1999). It follows that:

A community with lower social capital is less likely to experience a high decline in welfare rolls.

Community Spatial Characteristics

In studying declines in welfare reliance, the geographic setting of a community is critical because it creates the circumstances that help shape the economic, demographic, and social context of the community in which a client is situated (Hirschl and Rank 1991; Rank and Hirschl 1988). For example, the present labor market conditions in many rural areas are characterized by low wage service sector employment and by part-time and temporary jobs that presumably limit access to good sources of employment and income for welfare clients (Beaulieu 1999; Beaulieu et al. 2000; Bloomquist et al. 1993; Gorham 1992; Lichter

and McLaughlin 1995). This situation is exacerbated by the fact that rural residents have limited means of transportation to places where good jobs are available, lower availability of child care, and lower levels of human capital in terms of levels of education, job experience, and job skills (Beaulieu 1999; Beaulieu et al. 2000; Haleman et al. 2000; Lichter and Jensen 2000). In addition, the out-migration of those with higher levels of education and better job skills has further reduced human capital in rural settings (Lichter, McLaughlin, and Cornwell 1995). Consequently, the geographic setting, specifically rurality, can be viewed as a fundamental cause of differences in rates of welfare exit. This suggests the following hypothesis:

A more rural community will experience lower declines in welfare rolls.

Changes in Community Economic Conditions

In determining the effectiveness of a social program, changes in economic conditions cannot be ignored because they change the employment opportunities that exist for low-income populations (Blank 1997). This is especially true for welfare reform. The initiation of this program coincided with one of the longest economic expansions in the U.S. economy, thus it is very difficult for policy analysts to determine if the decline in welfare rolls is the result of welfare reform policies or the booming U.S. economy. Since there has been substantial variation in the extent to which local economies shared in the national economic boom, examining the influence of local changes in employment on the decline in welfare rolls would provide important information about this debate.

Over the last three decades, the United States underwent a rapid process of economic change characterized by two interrelated events: (1) a decline in employment in manufacturing and extractive industries, and (2) a shift to a service-oriented economy. This process was largely a result of economic globalization, which made labor more cost-effective abroad than domestically. Entry into the global market created a situation of economic stress in many local communities due to the rapid dislocation of low-skilled employment. This was paralleled by the development of a domestic service-oriented labor market, which was polarized into low- and high-paying jobs. The largest share of high-paying jobs is being produced in urban settings, as opposed to

rural settings. As a result, in many communities in rural settings, access to quality sources of income and employment became limited (Beaulieu et al. 2000). At the same time, many communities in rural settings were not able to generate new jobs to replace those that were lost. On the other hand, the low-skill jobs that have been created in many rural economies fit the needs of low-skill workers, such as welfare recipients. This is especially true of job creation in the retail trade and services sectors. Competition for these jobs may be high as displaced workers seek to return to the labor market. These trends suggest two hypotheses:

Communities that experienced a shift in industrial structure toward service-oriented sectors or retail trade are more likely to experience a high decline in welfare rolls.

Communities that experienced a loss of jobs without replacement are more likely to experience a low decline in welfare rolls.

Data and Measurement

Data. Data for this study come from several sources. Data on welfare decline were secured from the Mississippi Department of Human Services. These data provide information on all TANF clients in Mississippi from June 1997 through April 2000. Aggregated data from the individual TANF client records were generated in three steps. In the first step, clients were geocoded by ZIP Code. In the second step, the clients were mapped and overlaid on county boundaries. This step assigned a geographic identification code (county-ID) to individuals falling within the county boundaries. In the third step, individual records were aggregated by county-ID's. Data on demographic, labor market, and spatial characteristics come from the Summary Tape Files of the 1990 U.S. Decennial Census of Population and Housing (Bureau of Economic Analysis 2000). The data on social resources come from the U.S. Department of Commerce (1997), which provides information on the geographic locations of churches. Aggregate data for this dimension of community were generated using the same three-step procedure used for the TANF data. The data on changes in community economic conditions were obtained from the Regional Economic

Information Service (Geolytics 1998). These data were used to provide information on employment and industrial structure changes from 1997 through 1999. Each source of data was then merged into a single master file, which was used to conduct our analysis. The analysis of these data was based on the 82 counties in Mississippi.

Measurement. The dependent variable is welfare decline. Between 1997 and 2000, Mississippi as a whole experienced an overall decline in welfare rolls of 70 percent. The decline was so widespread that 74 percent of the counties experienced declines a little less than the overall state decline, and 24 percent of the counties experienced declines greater than 70 percent. The question we examine is whether there was a difference in community characteristics associated with percentage declines in welfare rolls above and below the mean for the state. If the county experienced a decline in TANF clients that exceeded 70 percent, the value for the dependent variable was coded 1; otherwise it was coded 0. The independent variables in this study are measures of the five dimensions of community.

The demographic dimensions of community that affect welfare decline include racial composition and level of educational attainment. To gauge the impact of race on welfare decline, community racial composition was measured as the percentage of the county population that was African American. Because educational attainment is the most widely accepted measurement of an individual's ability to gain permanent employment (Beaulieu, Barfield, and Stone 2001), an aggregate measure was developed. The level of human capital in a county was measured as the percentage of the population (25 + years old) with less than a high school education. The descriptive statistics for the independent variables are reported in Table 1.

The community labor market conditions are measured in terms of employment, female labor force participation, and the spatial concentration of low-income populations. The availability of jobs, as reflected by the industrial composition of the county, is measured as the percentage employed in manufacturing, extractive (agriculture, mining, fishing, and forestry), and service industries. The labor force participation rate assesses the proportion of the working-age population in the local labor market. Generally, small rates are understood to mean that the community may have a weak economy due to few employment opportunities, a high level of discouraged workers who have dropped out of the labor market, or residents whose skills do not match

requirements of the local industries. In any of these cases, communities are expected to experience a low decline in welfare rolls. Because welfare recipients are predominantly women, we used the female labor force participation rate, computed as the percentage of the total female population (>16 years old) in the labor force. Spatial concentration of low-income populations is argued to reduce the stigma associated with welfare programs and provide a setting in which welfare dependency is more likely to be accepted (Hirschl and Rank 1991; Rank and Hirschl 1988). In addition, those who qualify for welfare, but who are not located in areas of concentrated poverty, may be less likely to have access to public assistance because of more limited knowledge and geographic isolation from welfare offices (Beaulieu et al. 2000). Consequently, places with high concentrations of poverty are more likely to experience lower decline in welfare rolls. Community spatial concentration of poverty was measured as the total percentage below poverty in the county found within its compact areas.

Compact areas are geographic areas around Census Defined Places, such as cities, towns, and villages within county boundaries. The measurement of concentration of poverty within county boundaries is important because two counties with the same poverty rate might have different spatial distributions of their low-income populations. Compact areas within counties were identified by aggregating census block groups around a Census Defined Place. A full description of the aggregation procedure and the data development for geographic units below the county level can be found in Parisi, Gill and Taquino (2000).

Community local civic capacity was measured by the number of churches per 1000 population in the county. In the context of welfare reform and faith-based initiatives, churches are viewed as a comprehensive network that serves as a channel of communication to mobilize resources for groups and organizations seeking assistance (Wood 1999). It follows that a high rate of churches would generate a higher decline in welfare rolls.

Community spatial characteristics were gauged using two different measures. The first measure reflects the level of rurality in the county, and was defined as the ratio of the numbers of compact areas classified as rural to the total number of compact areas within the county. Higher levels of rurality are expected to correspond with lower declines in welfare rolls.

The second measure of community spatial characteristics

Table 1. Descriptive Statistics.

Variables	Mean	SD	Min	Max.	Source
Welfare Decline	0.26	0.44	0	1	MDHS ¹
<u>Community Demographic Characteristics</u>					
Percent African American	38.21	18.98	3.56	85.81	Census ²
Percent with Less Than High School Educ.	41.39	7.82	24.89	56.32	Census
<u>Community Labor Market Characteristics</u>					
Percent of Females in the Labor Force	48.98	4.96	37.92	60.51	Census
Percent Employed in Manufacturing	28.00	10.29	10.26	50.59	Census
Percent Employed in Extractive Industry	6.96	5.68	1.51	34.27	Census
Percent Employed in Services	30.26	6.53	20.23	51.48	Census
Percent of Poverty in Compact Areas	57.55	17.28	11.08	91.85	Census
<u>Community Local Civic Capacity</u>					
Number of Churches/1000 Population	4.78	2.29	0.41	13.10	U.S.D.C. ³
<u>Community Spatial Characteristics</u>					
Level of Rurality	14.75	14.93	0.00	79.80	UCES ⁴
Region					UCES

Table 1 Continued.

Delta	17	-	-	-	
Northeast	28	-	-	-	
Southeast	14	-	-	-	
Southwest	14	-	-	-	
Metro	9	-	-	-	
<u>Change in Community Economic Conditions</u>					
Employment in 1997	17,460	25,607	675	183,978	REIS ⁵
% Change in Employment	2.39	5.11	-16.11	14.71	REIS
% Change in Manufacturing Employment	-3.99	19.26	-100	28.27	REIS
% Change in Service Employment	3.96	27.19	-97.83	34.42	REIS
% Change in Retail Trade Employment	1.27	17.74	-100	30.30	REIS
% Change in Government Employment	3.95	5.42	-23.02	22.58	REIS

(1) 1997-2000 Mississippi Department of Human Services.

(2) 1990 Decennial Census Data.

(3) 1997 U.S. Department of Commerce.

(4) 2000 Unit for Community and Environmental Studies, Social Science Research Center, Mississippi State University.

(5) 1997-1999 Regional Economic Information Service.

indicate where a county is geographically located. Mississippi is divided into four major rural geographic regions: The Delta, Northeast, Southeast, and Southwest. The boundaries of each region are based on distinctive geographic, cultural, social, demographic, and economic characteristics (Allen-Smith, Wimberley, and Morris 2000). To analyze geographic differences in welfare decline, a set of dummy variables was developed to compare counties in the four rural regions with counties in Metropolitan areas.

Changes in community economic conditions were measured in terms of change in overall employment and employment in different industry sectors between 1997 and 1999. Changes were measured as the percentage change between 1997 and 1999. Specifically, percentage change was calculated for employment in the following industries: (1) manufacturing, (2) extractive, (3) service, (4) retail trade, and (5) government. A decline in each of the industries is expected to result in a lower decline in welfare rolls. Similarly, a gain in overall employment is expected to correspond to a higher decline in welfare rolls.

Methods

The analytical strategy is to estimate logistic regression models that include each dimension of community:

$$\log\left(\frac{P_i}{1 - P_i}\right) = \beta_0 + \beta X_i$$

P_i = Estimated expected probability of experiencing a high decline in welfare rolls (1);

$1 - P_i$ = Estimated expected probability of experiencing a low decline (0);

β_0 = Estimated vector of log odds of the probability of experiencing a high decline when the vector β_1 equals 0;

β_1 = Estimated vector of the log-odds of the probability of experiencing a high decline for each unit change in the corresponding vector of independent variables;

Here, the log-odds $[\ln(P_i/1-P_i)]$ of the probability of experiencing a high decline is a linear additive function of the vectors of the independent variables. However, because log-odds (logit) make little intuitive sense, this model can be transformed into the following multiplicative probability model:

$$\left(\frac{P_i}{1 - P_i} \right) = e^{\beta_0 + \beta_i X_i}$$

This exponential relationship implies that, for every unit increase in the independent variable, there is a multiplicative effect on the odds of the probability of experiencing a high decline.

Findings

The findings are based on two analyses. The first analysis investigates how decline in the welfare rolls relates to community (1) demographic composition, (2) labor market conditions, (3) local civic capacity, and (4) spatial characteristics. The second analysis investigates how economic changes in community employment and industry structure between 1997 and 1999 relate to welfare decline.

Relationship of County Structural Conditions to the Decline in Welfare Rolls

The results of this analysis are reported in Table 2. Model 1 includes only the community demographic characteristics. Neither percent African American nor percent with less than a high school education were statistically significant. This seems to contradict existing research indicating that these two variables are key to explaining variability in welfare dependency. A possible explanation is that, while these two demographic characteristics make a difference in the life of low-income individuals, they are not influential as community level characteristics.

Model 2 adds the community labor market characteristics. All variables, with the exception of percent of females in the labor force, were statistically significant. Of these, three were associated with high welfare decline. Counties with a one percentage point greater percent employed in manufacturing, extractive, or service industries have odds

Table 2: Logistic Regression of Temporary Assistance to Needy Families (TANF) Decline on Community Characteristics.*

Variables	(1)		(2)		(3)		(4)	
	B (S.E.)	p-value	B (S.E.)	p-value	B (S.E.)	p-value	B (S.E.)	p-value
Intercept	0.355 (1.329)	0.79	-7.754 (6.982)	0.27	-3.771 (7.704)	0.62	-0.061 (11.138)	0.99
<u>Community Demographic Characteristics</u>								
Percent African American	0.010 (0.016)	0.54	0.006 (0.023)	0.80	-0.007 (0.025)	0.79	-0.028 (0.029)	0.34
Percent with Less Than a High School Education	-0.044 (0.037)	0.23	-0.117 (0.085)	0.17	-0.190 (0.101)	0.06	-0.330 (0.131)	0.01
<u>Community Labor Market Characteristics</u>								
Percent of Females in the Labor Force	-	-	-0.026 (0.074)	0.72	-0.003 (0.077)	0.97	-0.083 (0.118)	0.48
Percent Employed in Manufacturing	-	-	0.186 (0.075)	0.01	0.113 (0.081)	0.16	0.213 (0.111)	0.05
Percent Employed in Extractive Industry	-	-	0.252 (0.095)	0.01	0.157 (0.107)	0.14	0.367 (0.167)	0.03
Percent Employed in Services	-	-	0.254 (0.112)	0.02	0.190 (0.119)	0.11	0.270 (0.161)	0.09
Percent of Poverty in Compact Areas	-	-	-0.041 (0.019)	0.03	-0.037 (0.021)	0.08	-0.048 (0.025)	0.06

Table 2 Continued.

<u>Community Local Civic Capacity</u>								
Number of Churches per 1000 Population	-	-	-	-	0.558 (0.223)	0.01	0.726 (0.285)	0.01
<u>Community Spatial Characteristics</u>								
Level of Rurality	-	-	-	-	-	-	-0.057 (0.036)	0.11
Region (Metro as Reference)								
Delta	-	-	-	-	-	-	0.825 (2.122)	0.70
Northeast	-	-	-	-	-	-	1.474 (1.806)	0.41
Southeast	-	-	-	-	-	-	-2.080 (1.893)	0.27
Southwest	-	-	-	-	-	-	1.370 (1.812)	0.45
<hr/>								
<i>-2 Log Likelihood</i>	91.875		76.327		68.986		56.169	

*The values in parentheses are standard errors

of being a high welfare decline county that are higher by 20.4 percent (odds = $e^{-0.86} = 1.204$), 28.6 percent, and 29.0 percent, respectively. These results suggest that higher levels of employment, regardless of type, may facilitate exits from welfare. Each one percent increase in the percent of poverty in compact areas in a county is associated with a county being four percent less likely to have high welfare decline. This finding has two implications. First, the concentration of poverty may in fact be the result of underinvestment in socioeconomic conditions, and second, welfare clients may have a stronger acceptance of welfare when they cluster in the same geographic area. Overall, these findings suggest that a strong local labor market might in fact play a substantial role in welfare declines.

Model 3 adds the community local civic capacity variable - churches per 1000 population. As expected, a larger number of churches per 1000 was associated with higher decline in welfare rolls. Specifically, each one unit rise in the rate of churches in a county corresponds with a 74.7 percent increase in the odds of experiencing a decline higher than the state average. When this variable was added to the model, two things occurred. First, percent with less than a high school education became significant and in the expected direction. Communities with less human capital were less likely to experience a high decline. Second, the significance of the remaining variables was dramatically reduced. The implication is that the measure of social capital we used may be related to other characteristics of a county, thus its introduction may cause changes in other coefficients.

Model 4 adds the community spatial characteristics. Of the two spatial characteristics, only the level of rurality of the community was found marginally significant, and in the expected direction. Counties one percentage point greater on rural hierarchy are six percent less likely to experience a high decline in welfare rolls. This finding indicates that rurality corresponds with a lower likelihood of experiencing a high decline in welfare rolls, once the demographic, economic, and social characteristics of a county are controlled. In this model, all of the community characteristics, with the exception of percent African American and percent of females in the labor force, were statistically significant. Thus, measures from each of the conceptual categories of community factors are important in determining the extent to which counties will have a decline in welfare rolls greater than the average.

Consequences of Economic Change for Welfare Roll Decline

The results of the analysis of the relationship between economic change and the decline in welfare rolls are reported in Table 3. Model 1 reports the association of the percentage change in total employment and the log odds of a county having a higher than average decline in welfare rolls. In this model, the total employment in 1997 was included to provide the baseline size of the labor market. Percentage change in total employment indicates whether the county experienced growth in the local economy. This variable was found to be statistically significant at $p=.01$, indicating that an increase in employment was associated with a higher probability of a county having a high decline in welfare rolls. Model 2 adds changes in employment by industry. In this model, only change in total employment was significant at $p=.01$. The other measures of change in employment were not statistically significant at $p<.10$. Only percent change in retail trade was significant at $p=.10$. An increase in retail trade employment was associated with lower odds of high welfare decline.

Model 3 adds three variables to investigate the extent to which the changes in community economic conditions vary when some structural conditions of the community are controlled. Of the three control variables, the number of churches per 1000 and level of rurality were found to be statistically significant, confirming the findings of the previous analysis. Of all the economic change variables, three became significant ($p < 0.10$), again indicating possible correlations between number of churches per 1000 population and economic change. Percent change in total employment remained statistically significant and associated with higher odds of high welfare decline. An increase in government employment also was associated with greater odds of experiencing high welfare declines. A plausible explanation for this finding is that, given the political devolution toward more local responsibility, communities that experienced an increase in government employment might have put more human resources into the welfare reform programs to become more effective in program implementation. Each one percent increase in manufacturing employment is associated with 65 percent lower odds of high welfare decline. This finding is consistent with previous research, suggesting that welfare clients might be subject to gender and racial job discrimination, or they don't have the job skills to compete for new positions in the manufacturing sector.

Table 3: Logistic Regression of Temporary Assistance to Needy Families (TANF) Decline on Changes in County Economic Characteristics.*

Variables	(1)		(2)		(3)	
	<u>B (S.E.)</u>	<u>p-value</u>	<u>B (S.E.)</u>	<u>p-value</u>	<u>B (S.E.)</u>	<u>p-value</u>
Intercept	-1.089 (0.393)	0.01	-1.439 (0.575)	0.01	-1.602 (1.724)	0.35
<u>Change in County Economic Conditions</u>						
Employment in 1997	0.000 (0.000)	0.17	0.000 (0.000)	0.27	0.000 (0.000)	0.75
% Change in Employment	0.156 (0.066)	0.01	0.258 (0.096)	0.01	0.263 (0.101)	0.01
% Change in Manufacturing Employment			-1.043 (0.735)	0.16	-1.479 (0.844)	0.08
% Change in Service Employment			-0.019 (0.012)	0.14	-0.013 (0.013)	0.34
% Change in Retail Trade Employment			-0.032 (0.022)	0.10	-0.046 (0.026)	0.07
% Change in Government Employment			0.118 (0.073)	0.11	0.148 (0.87)	0.09

Table 3 Continued.

<u>Control Variables</u>	
Number of Churches per 1000 Population	0.482 (0.269)
% of Poverty in Compact Areas	-0.023 (0.022)
Level of Rurality	-0.075 (0.046)
-2 Log Likelihood	66.367
	85.813
	60.645

*The values in parentheses are standard errors

Similarly, an increase in retail trade employment corresponds with slightly lower odds of high welfare decline. These findings suggest that, despite an increase in employment opportunities, the type of employment in some industries may not provide the quality of jobs necessary for making a successful welfare-to-work transition. An alternative explanation is that welfare recipients may not have the education, training, or job skills to compete successfully for the newly available jobs.

Discussion and Conclusions

Since the passage of the welfare reform Act, the number of individuals on the welfare rolls has substantially declined, and a large part of this decline can be attributed to the community conditions in which the clients are situated. Although the highest decline nationwide has occurred in the southern region, this decline is likely to occur in more demographically, economically, and socially advantaged communities. All things being equal, community spatial characteristics play a relatively small role in explaining welfare decline, once demographic and economic conditions are controlled. Clearly, the development of the conditions that make a place an economically and socially viable community is the most effective and politically attractive anti-poverty strategy. Variations in the economic and social viability of local areas and how these affect the decline in welfare rolls cannot be ignored in the deliberations for the upcoming reauthorization of the Act.

The results of this study show that human resource development and access to employment opportunities are key factors in reducing welfare rolls. In addition, the impact of the local demographic and labor market conditions is amplified when welfare clients have access to local social resources. The implication is that social resources might play a central role in human resource development through education and training programs, and most importantly, in the generation of employment opportunities that match the job skills of low-income populations. The social resources may provide the linkages that tie welfare recipients to education and training programs, provide information to welfare recipients about jobs, and offer assistance in handling child care and transportation needs of those making the transition from welfare to work.

The analysis examining employment changes shows that the

communities that are able to increase employment opportunities are those that are more likely to have high declines in the welfare rolls. This is not true across industrial sectors, however. Increases in employment in manufacturing, especially, was not associated with high declines in the welfare rolls. In addition, this analysis only partially supports the hypothesis that change in industrial structure towards a more service-oriented economy would increase the likelihood of a high decline in welfare rolls. The fact that an increase in retail employment was associated with a lower likelihood of high welfare decline, supports the arguments that these jobs do not offer the necessary income to free recipients from welfare, even though these jobs are often identified as those most likely to be accessible to welfare recipients in terms of educational and skill requirements.

These findings suggest the limitations of present welfare policies in reducing welfare dependence and promoting self-sufficiency. The decline in welfare rolls has been substantial but these successes vary across counties and an exit from welfare does not ensure clients have achieved economic self-sufficiency. Specifically, the new cash welfare system does not take into account two important factors relevant for a client's ability to achieve self-sufficiency. The first factor is that local demographic, social and economic conditions influence the resources, opportunities and support available to welfare recipients as they attempt to leave welfare. The second factor, and perhaps the most important, is that clients may not have the time to find the best possible jobs as they face the time limits imposed by the Act. They are forced to seek any type of employment, often moving into the class of "working poor." In addition, we do not know the mechanisms by which these clients left the welfare program. National level research suggests that many of those leaving welfare after the implementation of welfare reform had employment, but large shares did not. Some married, and some 'doubled-up' and live with relatives or friends as a strategy to make ends meet. Others have been shifted off the welfare program, but been offered other types of assistance to help meet their needs (Nathan and Gais 2001). At this point, what is not clear is the extent to which the policy, in and of itself, is a major contributor to the present decline in welfare rolls.

In conclusion, our models confirm that the demographic, economic, social, and spatial conditions of local communities explain variability in the likelihood of a county experiencing a decline in

welfare rolls greater than the state average of 70 percent. It is important to consider local variation in economic opportunities, social support and strategies for implementing reform in evaluating how successful welfare reform has been. The county-level analysis conducted in this study cannot reveal the extent to which the decline in welfare rolls is the result of a change in welfare policy or the result of the economic expansion that coincided with implementation of welfare reform. Higher earned income tax credits also play a role. State implementation strategies also affect local and individual success. For example, within the new environment, a state might undertake one of two strategies. One strategy emphasizes work participation (making work pay) as a means to end welfare dependency, while the other emphasizes only the reduction in welfare caseloads without concern for how that occurs. It follows that a full understanding of the decline in welfare rolls requires ethnographic studies that would determine the extent to which individuals are exiting as the result of marriage, of finding jobs that make them self-sufficient, or whether they are exiting because they have met deadlines for receipt of welfare, but have no alternative income sources. Time limits in the new welfare policy combined with poor or declining local economic and social conditions influence the paths by which recipients leave welfare and may place many welfare recipients at great risks for substantial declines in economic well-being as they reach mandated time limits and loss of welfare benefits.

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