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Welfare, Children and Families: The Impact of Welfare Reform in the New Economy

William Julius Wilson
Harvard University

I am very pleased to have the opportunity to share with you my thoughts on a very timely topic in America—welfare reform, a topic that has been very dominant in the news. And a good deal of the discussion has focused on the impact of this legislation on welfare recipients and the receipt of welfare.

But I must say that many of the explanations for the observed changes in welfare behavior are based on faulty assumptions and tend to ignore competing explanations for why the welfare population has sharply declined since the passage of this legislation.

As we approach the period when Congress has to reauthorize the welfare reform bill, I see my role as a social scientist in the following way: to use empirical evidence as a basis for examining critically assumptions about welfare reform --including assumptions that led to the passage of the welfare reform legislation, and the continued use of these assumptions to explain changes in the welfare population since the enactment of this historic piece of legislation in 1996. I hold to the view that we cannot make wise policy decisions without adequate information. My talk today is motivated by this view, which includes, in the latter part, a discussion of my current research.

When I lecture on issues of poverty and welfare policy in the United States I like to begin by placing the issues in a broader cross-cultural perspective. Despite the increasing strains on the European welfare state and cries to cut back on welfare benefits so as to combat unemployment, there are notable differences between the United States and Europe in the

extent to which problems of poverty and inequality are addressed.

In contrast to many European nations, the United States has not created comprehensive programs to promote the *social* rights of American citizens, including rights to employment, economic security, education, and health care. Social rights!

In comparison with Canada and most western European countries, social rights in the United States are less developed and less intertwined with political and civil rights. Although social rights increased in the United States after World War II, with the rise of social security and other benefits, they have yet to reach the levels enjoyed by the citizens of Western Europe. For example, American housing policies to promote home ownership have tended to benefit the working and middle classes, not the poor. "Direct financial housing subsidies for low-income families, common in European welfare states, have been virtually non-existent in the United States."

The housing made available to the poor in the United States tends to be confined to a limited number of public projects disproportionately concentrated in inner-city neighborhoods far from employment opportunities and informal job information networks. Moreover, western European societies have always had a much more comprehensive program of unemployment insurance, and the gap has widened each year since the U.S. program lost ground in the early years of the Reagan administration

Finally, in western European countries, where services such as medical care are considered the basic right of all citizens, the poor tend to be covered by the same comprehensive medical programs as the working and middle classes. In the United States, however, Medicaid, a health program for poor people, pays doctors much less than either Medicare or private health insurers pay for the same services. As a result, many doctors refuse to take Medicaid patients, and

many medical procedures required to treat certain illnesses are not covered by Medicaid.

Moreover, anti-poverty programs have been narrowly targeted and fragmented. The most rapid growth in expenditures for U.S. welfare programs has been in universal entitlements such as Social Security and Medicare--programs whose elderly recipients tend to be members of the working and middle classes.

Food stamps, Medicaid, and the Supplemental Security Income program (SSI) do provide some relief for the poor, but as currently designed, they have little effect on the poverty rates among the non-elderly. In short, targeted programs for the poor in the United States do not even begin to address inequities in the social class system. Instead of helping to integrate the recipients into the broader economic and social life of mainstream society--as the GI bill and the postwar federal mortgage programs did for working- and middle-class whites—these targeted programs tend to stigmatize and separate the poor.

Furthermore, although economic inequality has increased in all western democracies in the last several decades, unlike in the United States official and scholarly explanations of the widening gap between the haves and have-nots in Europe tend to focus much more on the changes and inequities in the broader society, than on individual deficiencies and behavior. Therefore, public rhetoric lends much greater support to the ideology of social citizenship rights—the right to employment, economic security, health care, education, and so on.

Also, welfare programs that benefit wide segments of the population, such as child care, children allowances (an annual benefit per child), housing subsidies, education, medical care, and unemployment insurance have been firmly institutionalized in many western European democracies. Efforts to cut back on these programs in the face of growing joblessness do not just threaten the poor, and thus they have met firm resistance from working- and middle-class citizens.

However, in the United States not only do welfare programs that benefit the poor lack institutional safeguards, but the basic belief system concerning the nature and causes of poverty and welfare frames economic and social outcomes mainly in individual terms. This allows conservative intellectuals and policymakers to overemphasize the negative aspects of persistent joblessness and the receipt of welfare by playing on the key individualistic and moralistic themes of this dominant American belief system. Accordingly, the tragic nature and social causes of such problems are lost on a public that holds truly disadvantaged groups, such as inner-city minorities, largely responsible for their plight.

The public framing of social outcomes has profound implications for the proposals advanced by members of society to address sensitive problems like inner-city poverty and joblessness. Beliefs that associate joblessness and poverty with individual shortcomings do not generate strong support for *social* programs intended to end inequality. No one

understood this idea better than the British social scientist T. H. Marshall. If we follow his classic thesis on the development of citizenship, we see that when the fundamental principle linking poverty to the social class and racial structure is recognized or acknowledged in Western society, the emphasis on the rights of citizens will tend to go beyond civil and political rights to include social rights--that is, "the whole range from the right to a modicum of economic welfare and security to the right to share to the full in the social heritage and to live the life of a civilized being according to the standards prevailing in the society."

However, as critics of American approaches to the study of poverty and welfare have shown repeatedly, concerns about the civil and political aspects of citizenship in the United States (unlike in Europe) have overshadowed concerns about the social aspects of citizenship because of a strong belief system that de-emphasizes the social origins and social significance of poverty and welfare.

Data from public opinion polls consistently indicate that Americans tend to be far more concerned about the *duties* or social obligations of the poor, particularly the welfare poor, than about their social *rights* as American citizens. As far back as the New Deal, Americans have persistently debated whether recipients of welfare checks should be required to work. Public opinion polls over the years have revealed strong support for a work requirement for those on welfare.

Underlying such overwhelming public sentiment against welfare is the belief that the moral character of individuals, not inequities in the social and economic structure of society, is at the root of the problem. In recent opinion polls, for example, more than 9 out of 10 Americans felt that lack of effort was either very or somewhat important as a cause of poverty. Fewer than 10 percent felt that it was not important. Such findings contrast sharply with those based on similar surveys conducted in 12 European countries (the United Kingdom, Ireland, France, Denmark, Belgium,

the Netherlands, Spain, Germany, Greece, Luxembourg, Portugal, and Italy). Citizens of these countries favored structural explanations (such as lack of jobs) over individual explanations by a wide margin. Two-thirds of the Europeans associated poverty with either social injustice, misfortune, or changes in the modern world. Over the years only 15 to 17 percent felt that poverty was the result of laziness or a lack of will power—popular individual explanations in the United States.

Americans are especially critical of the welfare poor. Recent national surveys reveal widespread support for the notion that most welfare recipients do not share the majority view about the importance of hard work. Indeed, a liberal-conservative consensus on welfare reform emerged in the latter 1980s that features two themes: (1) the receipt of welfare should be predicated on reciprocal responsibilities whereby society is obligated to provide assistance to welfare applicants, who, in turn, are obligated to behave in socially endorsed ways, and (2) able-bodied adult

welfare recipients should be required to prepare themselves for work, to search for employment, and to accept jobs when they are offered. These points of agreement have been the focus of a good deal of the public discussions concerning welfare reform since then.

These two themes are based on the implicit assumption that a sort of mysterious "welfare ethos" exists that encourages public assistance recipients to avoid their obligations as citizens to be educated, to work, to support their families, and to obey the law. In other words, *"it is the moral fabric of individuals, not the social and economic structure of society, that is taken to be the root of the problem."*

During the period of rising inequality, the period from the early 1970s to the mid-1990s, the period when ordinary working Americans were struggling to make ends meet, political arguments that embodied such assumptions—that the moral fabric of individuals is the root of the problem-- resonated with the general public and, I believe, contributed to the drastic

decline in state support for the Aid to Families with Dependent Children (AFDC) program, prior to the signing of the 1996 welfare reform bill.

Families receiving AFDC were far worse off in 1995 than those who had received public assistance twenty years earlier. Between 1975 and 1995, after adjusting for inflation, the benefit level had declined in every state, so much so that the average real value of AFDC nationwide had plummeted 37 percent during this period. Increases in food stamp benefits slightly cushioned, but far from offset, the losses in AFDC purchasing power. "Between July 1972 and 1992, the combined value of AFDC and food stamps for a three-person family with no countable income dropped 26% on average."

The erosion of AFDC benefits became a landslide after 1991. Only six states (Alabama, Arizona, Hawaii, Montana, New Mexico, and South Dakota) maintained or increased the level of benefits between January 1991 and January 1994. Benefit levels were actually cut

in nine states, sometimes more than once, and they did not keep pace with inflation in the remaining states. Never in the history of the program had so “many states enacted such deep cuts for so many families over such a short time period.”

When Congress initiated the legislative process to convert AFDC to block grants, relating benefit levels to housing costs could perhaps best assess the plight of AFDC families. In nearly every state, the full monthly AFDC benefit was not sufficient to cover the costs of “what the U.S. Department of Housing and Urban Development (HUD) considers to be ‘decent, safe, and sanitary’ housing of a ‘modest’ nature.”

The Center on Social Welfare Policy and Law found that in 78 of 95 representative localities across the United States, the fair market rent (FMR) for two-bedroom housing was more than the total monthly benefit for an AFDC family of three. “In cities like Newark, Chicago, Philadelphia, Denver, Atlanta, New Orleans, St. Louis, and Memphis, the AFDC

benefit [was] less than two-thirds of the FMR for two-bedroom housing." Housing subsidies did not offset these deficiencies. In fact, only 23 percent of all AFDC families received some form of housing subsidy or lived in public housing in 1992.

The collapse of support for AFDC recipients was related to fundamental assumptions about the nature of welfare and welfare families, including the beliefs that most welfare families are long-term recipients and that most are black women with many children. But studies that analyze welfare data, including monthly data on who receives how much welfare, challenge these assumptions. Only a minority of the AFDC recipients were African-American in 1995, and the average number of children in welfare families was slightly less than the average number in non-welfare families. Moreover, the research based on monthly data indicates that the AFDC welfare population was very dynamic, that is, subject to frequent change.

Prior to the signing of the 1996 welfare reform bill, people tended to go on and off welfare in short spurts, and about one-third had been on welfare more than once. Half of all welfare recipients exited welfare during the first year, and three-quarters departed within two years. Many of those who quickly exited the welfare rolls during the first year, however, returned.

There was considerable movement between welfare and work. Many mothers would go off welfare and enter low-wage employment, try unsuccessfully to make ends meet, and then return to welfare. Some repeated this pattern again and again. Also, recent research reveals that it is not the lack of work ethic that causes these mothers to return or remain on welfare. Not only did they prefer work to welfare, but permanent welfare receipt was anathema to them.

As unemployment in the general population rises, the probability of exiting welfare diminishes. It is not surprising that those who are least employable in terms of

skills and training are least successful in avoiding welfare. The longer a mother remains off welfare, the less likely it is that she will return. An examination of the long-term data on multiple spells of welfare reflects the high turnover. Thirty percent of welfare recipients were on AFDC for less than two years, and 50 percent received welfare for less than four years. These figures include recipients who have gone off and then returned to welfare during these periods. Only 15 percent remained *continuously* on welfare for five years or more.

Long-term welfare mothers tended to be racial minorities, never-married individuals, high school dropouts and those who lack employment experiences. "The overall picture [was] that one group [used] welfare for relatively short periods of time and never [returned]. A middle group [cycled] on and off, some for short periods and others for longer periods, but again, not for five continuous years. And a third, but quite small group, [stayed] on for long periods of time."

As the Northwestern University sociologist Kathryn Edin points out, we often fail to consider that when AFDC was still in operation "states set . . . benefits too low to live on. Because of this basic fact, women had to supplement their welfare income with either unreported work or covert contributions from boyfriends, friends or relatives." Moreover, we also often ignore the fact that "low-wage jobs [often] do not pay enough to support a family . . . and offer little access to better-paying jobs." Indeed, Edin found that those who left [welfare] for work were "even more likely to be poor in the second year after leaving welfare than they were in the first."

Why? Simply because many low-wage jobs do not provide health care benefits, and most working mothers had to pay for transportation, spend more for child care, and purchase better clothing. Working mothers also had to spend more for housing because it is more difficult for them to qualify for housing subsidies. With these additional expenses, Edin estimated that the average low-income working mother

would have to spend \$317 a month more [in 1995 dollars] than her welfare counterpart to maintain the same standard of living. Edin states:

These figures mean that the average mother who left welfare for full-time work would experience at least a 33 percent gap between what she could expect to earn and what she would need to earn to meet her expenses. Any profit she might gain from her work would be eaten up by the extra costs associated with leaving welfare for a job, meaning that she would have to continue generating large amounts of outside income. However, since she would be working a full-time job she would have less available time in which to do so.

Edin's research revealed that since the working mothers could not live solely on the income from their full-time, low-wage jobs, they had to generate considerable outside income to make ends meet, including income from overtime hours or second jobs, earned

income tax credits, food stamps, and the contributions of relatives and friends.

It is not surprising, therefore, that many welfare-reliant mothers chose not to enter the formal labor market. It would not have been in their best economic interest to do so. Given the economic realities, it is also not surprising that many who had been working in these low-wage jobs decided to rely on or return to welfare.

For example, in our Chicago research one welfare mother from a South Side poverty neighborhood explained her decision to remain on welfare in 1988, even though she would like "to go out there and get a job." She states:

I was workin' and then I had two kids. And I'm struggling. I was making, like, close to seven dollars an hour. . . . I had to pay a babysitter. Then I had to deal with my kids when I got home. And I couldn't even afford medical insurance. . . . I was so scared, when my kids were sick or somethin', . . . because I have been turned away from a hospital because I did not

have a medical card. I don't like being on public aid. But . . . what do I do when my kids get sick?

In the early 1990s, based on the influential writings of the social scientist David Ellwood, my colleague at Harvard, a comprehensive liberal vision of welfare reform that highlighted the dignity of work and challenged some of the simplistic individualistic assumptions of the American belief system on poverty and welfare emerged.

This vision recognized that although welfare is not the major cause of social dislocations, efforts should be made to facilitate the transition from welfare to work for several reasons: welfare recipients prefer work over welfare and would readily accept jobs that will not result in their slipping deeper into poverty; nonwork or idleness has certain debilitating effects on individuals and on family life over time; and children are worse off if they are widely exposed to an environment where few or no people work.

Implicit in this vision is the view that work is not simply a way to make a living and support one's family. It also constitutes a framework for daily behavior and patterns of interaction because it imposes disciplines and regularities. Thus, in the absence of regular employment, a person lacks not only a place in which to work and the receipt of regular income but also a coherent organization of the present--that is, a system of concrete expectations and goals. Regular employment provides the anchor for the spatial and temporal aspects of daily life. It determines where you are going to be and when you are going to be there. In the absence of regular employment, life, including family life, becomes less coherent. Persistent unemployment and irregular employment hinder rational planning in daily life, the necessary condition of adaptation to a modern economy.

Advocates of this liberal approach, which involves the assumption that welfare mothers prefer work over welfare, argued that welfare

reform should not be undertaken in isolation. They maintain that welfare reform should also be conjoined with programs to establish universal health insurance so that public aid recipients who want to "go out there and get a job" do not face the dilemma posed by the Chicago welfare mother in 1988 who, to repeat, stated: "I don't like being on public aid. But without a medical card, "what do I do when my kids get sick?"

Equally important, proponents of this liberal approach maintained that welfare reform should be tied to efforts to create jobs for the disadvantaged. And they supported enthusiastically those aspects of social reform that are designed to "make work pay," principally through the expansion of the earned income tax credit (which is a wage subsidy for the poor), the creation of universal health insurance, the development of child care programs, and the establishment of child support provisions to ensure contributions from absent parents.

All of these subsidies and benefits designed to make low-wage work pay were originally incorporated into the initial proposals for welfare reform discussed by President Clinton and his advisers in 1993. Welfare reform was thus part of a more comprehensive agenda of social reform. It was argued that to ease the transition from welfare to work it is not only necessary to help local government create public-sector jobs when private-sector jobs are lacking and to turn welfare offices into "transitional" centers for training and job placement, it is also important to have in place universal health insurance to make any kind of welfare reform program viable.

President Clinton's initial welfare reform proposal did, however, include a feature that reflected the liberal-conservative consensus on reciprocal obligations--namely, that welfare receipt should end after two years. In the original Clinton proposal, a welfare recipient would be required to undergo training and job placement during the two-year maintenance period and then accept jobs in the private

sector. If private-sector jobs were not available at that time, then a number of public-sector jobs would have to be created.

As UCLA law professor Joel F. Handler appropriately noted, the conservatives, as well as many others in the nation, "seized on the time-limits and paid only lip service to the other provisions." Work preparation continued to be talked about, but the all-important components of guaranteed jobs and guaranteed child support at the end of the two-year period were rarely mentioned. And the lack of concern for these issues was reflected in the welfare reform bill that was passed in 1996.

Indeed, following the Republican landslide in the 1994 congressional elections, discussions of welfare reform reflected even more the individualistic beliefs that many Americans hold concerning poverty and welfare, beliefs reflecting the view that it is the moral character of individuals not inequities in the larger society that is the root of the problem, beliefs that were embodied in the largely Republican

drafted welfare reform bill that Bill Clinton felt compelled to sign in 1996.

This bill, and the recent changes in the welfare programs of nearly every state, constitute the greatest shift in social policy for low-income families with children since the Social Security Act of 1935. The key provisions of these new policies--including an end to the entitlement to cash welfare benefits, a work requirement after two years, and a time limit of five years or less--are stricter than any observer of welfare policy could have imagined a decade ago.

Even before the 1996 legislation, welfare reform had been progressing through waivers that the federal government had granted to over 40 states to experiment with new programs. The new federal legislation permits states to keep provisions for which they received waivers, even if these waivers are more restrictive than the provisions in the legislation. For example, many states have received approval for "family cap" waivers that deny additional cash assistance to

recipients who have children while on the welfare rolls, and these states may still implement the family caps even though the federal legislation does not require them. Moreover, states are now able to implement tough restrictions for which waivers were not granted. For instance, Massachusetts has a time limit of only two years of cash assistance, not five years.

Thus, the stage has been set for an unprecedented national experiment: public assistance is to be temporary and will no longer indefinitely support women staying at home. And during the time they receive public assistance, they are required to seek employment. In 1996 many liberals, including myself, felt that the passage of this legislation would have devastating consequences for the welfare poor, including a sharp increase in child poverty.

However, as conservatives are quick to point out, the widely predicted disasters following the passage of the welfare reform legislation have so far not materialized.

Contrary to the expectations of many, the passage of the 1996 welfare reform bill has not removed the nation's safety net.

A significant majority of welfare recipients are finding employment. Caseloads have dramatically declined (from 12 million in August 1996 to about 6 million today, a 50 percent drop). And the fixed funding feature of the block grants combined with the sharp drop in welfare caseloads across the country have resulted in surpluses, enabling states to either maintain or expand benefits--including allowing working mothers to retain more of their cash welfare benefits because of more generous income disregard rules (that is, rules governing the extent to which additional income from working will affect the size of a mother's welfare check).

The surpluses also enable states to liberalize overly restrictive asset limits; invest in child care, transportation, and post-secondary training, especially for families with the severest employment barriers; and give

wage supplements to a larger number of the disadvantaged families.

And contrary to the liberal prediction, child poverty has declined, not increased, since the passage of the welfare reform legislation.

But, I raise this question, would such positive outcomes prevail if we had not been experiencing this incredible economic boom? The timing of the passage of the welfare reform legislation could not have been better. It occurred in a period that includes strong economic growth, extremely low unemployment rates, and increases in the minimum wage, all of which enlarged the employment and earnings of poor families overall.

Overall, the signs for disadvantaged groups in this economy have been encouraging. Real wage growth for low-skilled workers has been quite impressive since 1997. For example, except for male workers at the ninetieth percentile of the wage distribution, those at the thirtieth percentile and below experienced the highest percentage

hourly wage increase from 1996 to 1999 (ranging from 4.7 to 6.4 percent). Recent increases in the minimum wage, which had not changed at all from the time Reagan took office to 1996, help to account for some of this wage growth, but the prolonged strong economy undoubtedly contributed.

Also, the ranks of those in the labor market who are out of work for more than six months—the long-term jobless-- declined from almost two million in January 1993 to 640,000 in January 2001. Moreover, the unemployment rate of high school dropouts declined from 12 percent in 1992 to just 6 percent at the end of year. Most of this decline has occurred since 1997. Furthermore, the black unemployment rate dipped to 7 percent last year, the lowest since the Bureau of Labor Statistics began compiling comparable unemployment data by race in 1972.

The positive effects of these changes are seen in even the most depressed neighborhoods of the city. A recent study of low-wage workers in 322 metropolitan areas,

by the economists Richard Freeman and William M. Rogers, reveals that black men aged 18 to 24 with a high school education or less—including many with prison records—are employed in greater numbers, earning larger paychecks and committing fewer crimes than in the early 1990s.

The benefits of a strong economy, particularly a sustained tight labor market, for low-skilled workers should be emphasized in economic policy discussions. Unlike the situation for workers in a tight labor market, in a slack labor market—a labor market with high unemployment—employers are, indeed can afford to be, more selective in recruiting and in granting promotions. They overemphasize job prerequisites and exaggerate the value of experience. In such an economic climate, disadvantaged minorities, especially those with low levels of literacy, suffer disproportionately and employer discrimination rises.

In a tight labor market, on the other hand, job vacancies are numerous, unemployment is

of short duration, and wages are higher. Moreover, in a tight labor market the labor force expands because increased job opportunities not only reduce unemployment, but also draw into the labor force those workers who, in periods when the labor market is slack, respond to fading job prospects by dropping out of the labor force altogether. Thus, in a tight labor market the status of all workers—including disadvantaged minorities—improves because of lower unemployment and higher wages.

However, there are now signs that the economy is slowing down. This is unfortunate. If we could extend this economic boom for several more years, it would significantly lower the overall jobless rate in areas such as the inner-city ghetto, not only for low-skilled workers still in the labor force but for those who have been outside the labor market for many years as well. In addition, it would enhance the job prospects of many welfare recipients who reach the time limit on the receipt of welfare.

Nonetheless, despite the robust economy, there are some groups that are worse off because of welfare reform. The average disposable income of the poorest single mothers was lower in 1999 than in 1995. Between 1993 and 1995 the bottom 20 percent of female-headed households experienced increases in earning and income. However, from 1995 to 1999, though earnings continued to grow, disposable income (income retained after payment of taxes) declined largely because of declines in the receipt of means-tested benefits such as food stamps.

Many mothers leaving welfare fail to receive key supports, including Medicaid, food stamps, child care assistance, even though they continue to be eligible for these services. There has been a substantial decline in the participation of the food stamps program and a notable decline in the participation of Medicaid, despite significant expansion in Medicaid eligibility.¹ The research suggests

¹One study reveals that “since the advent of welfare reform in 1996, nearly one million low-income working parents in 15 states lost Medicaid coverage, mainly as they moved from welfare to work. This represented a decline of 27 percent. We know from work done by the Urban Institute and others that only

that many families who no longer receive cash aid or are discouraged from seeking cash assistance may not be aware that they remain eligible for food stamps and Medicaid.

Despite a strong economy, progress in reducing the depth and severity of child poverty halted between 1995 and 1999. During this period the number of poor children only slightly declined and on average those who remain poor became poorer. Many low-income families experienced significant earnings gains between 1995 and 1999 only to see them offset by the declines in means-tested benefits, leaving them no better off economically in a booming economic period.

Finally, in a research project that I am co-directing that includes a survey of about 2,500 children and their caregivers in low-income neighborhoods in Boston, Chicago, and San Antonio, seventeen percent of all families that had received welfare in the previous two years reported that their benefits had been reduced

about one-fourth of parents moving from welfare to work have employer-sponsored health insurance so it is fair to assume that the vast majority of parents who lost Medicaid are now uninsured." Statement of Joan C. Alker, Associate Director of Government Affairs, Families USA, 9/15/00.

or eliminated because the welfare office said they weren't following the rules. The most common reasons were missing meetings – usually with caseworkers – or failing to file required paperwork such as earnings records. Less commonly, some had refused to cooperate with child support enforcement or had not complied with other rules, and, contrary to expectations associated with the American belief system on poverty and welfare, only a very small percentage had refused to take a job.

We found that the penalized parents, when compared to all other current or recent welfare recipients, showed more signs of distress. They had less education and poorer health. They reported lower monthly incomes and were more likely to have used food pantries and emergency clothing services and to have had times when they couldn't afford enough food. They were more likely to have problems with substance abuse. Their housing was of poorer quality; and they were more likely to live in neighborhoods with abandoned houses,

assaults and muggings, gangs, and drug dealing in the open.

Moreover, parents who left the rolls because the welfare office said they didn't follow the rules were far less successful in finding jobs than were parents who left welfare for other reasons. Only 36 percent of the former group were employed at the time of our interview, compared to 67 percent of the latter group.

Our interviews and observations suggest that most of the penalized parents had daily lives filled with complex family obligations, challenging work responsibilities, or personal turmoil. These broader difficulties made it harder for them to satisfy the welfare rules. In our study, about half were able to get their benefits back; nevertheless, in these three cities, sanctions and case closings for infractions were clustered among families that, on average, were more vulnerable than other welfare families. Some of these families lacked the resources to navigate the program rules.

Moreover, although mothers who have left TANF, including the vast majority who were not sanctioned, have an average employment rate of 63 percent after leaving,¹ this average obscures significant variation across different groups of women, some of whom have done much better than the average and some of whom have done much worse. Women with lower levels of education, poorer health status, with younger children, and who are themselves young have considerably lower rates of employment and post-welfare income levels than women with higher levels of education, better health status, with older children, and who are older themselves. Outcomes also differ among those leavers who have a history of greater welfare dependence. The employment rate and, especially, the level of income among these leavers are considerably worse than average.

The existence of significant numbers of women who have not fared well after leaving welfare should be a source of concern, especially given the strong economy. If they

are struggling now, what will happen to these women when the economy does indeed slow down, as current signs suggest? These leavers deserve the attention of policy makers who will soon be considering, under reauthorization, modifications in welfare programs or will be designing special programs to assist those former welfare recipients who are in greatest need.

Accordingly, it is premature to declare welfare reform a successful experiment. We do not know what will happen to these families and other low-income families, including welfare-reliant families, when the economy returns to normal or when we enter a period of economic stagnation.

Finally, our research has uncovered problems confronting welfare and former welfare recipients in the transition from welfare to work that are rarely discussed in the media. For example, ethnographic data that our researchers have collected in San Antonio suggest a close relationship between mother

absenteeism and tardiness on the jobs, on the one hand, and childhood illnesses.

It seems that the kids in many of the homes in poor neighborhoods are constantly sick. These illnesses are undoubtedly related to inadequate health care, poor housing conditions, and unsanitary physical environments--environments where flies and maggots breed, where the plumbing is stopped up and not repaired, where open sewers are found, and where rats bite helpless infants. In such environments the conditions of life are often brutal. In such environments many children have persistent low-grade fevers and infectious diseases spread easily and rapidly.

Also our ethnographic research in Boston reveals that the problem of finding adequate child care is one of the most stressful experiences of poor working mothers. Given the tight labor market, the turnover of workers in child-care facilities is huge. The wages for child-care workers is relatively low and the strong economy has enabled many of these workers to seek and find higher-paying

employment. The end result is that many mothers discover to their dismay that their children are not receiving quality care in these child-care settings. For example, when one harried mother arrived to pick up her child at a Boston day-care center, she discovered that her child was being taken care of by the janitor because several of the child care providers failed to show up.

The child illnesses and problems of adequate health care create considerable stress among mothers who on the one hand worry about getting to work or getting to work on time and, on the other hand, try to deal with the illnesses of their children or the problems of their child care. And many employers, influenced by the American belief system on poverty and welfare, are quick to attribute the mothers' tardiness or absence on the job to a poor work ethic.

In the final analysis, we should not ignore the point that the welfare reform bill has been in effect for only a short period of time during one of the most remarkable economic periods

in recent memory. Even in the best of times, some groups are experiencing real difficulty. We should all be concerned about the lack of preparation in many states for addressing the problems that will surface when we return to normal economic times or, even worse, when we enter a recession or a period of economic stagnation.

We have been inundated with all the good news about welfare reform, it is now time to raise the consciousness of Americans, particularly those who strongly subscribe to the American belief system on poverty and welfare, about the bad news, especially the potentially bad news if the economy turns sour. Thank you.

¹ Our research is designed to evaluate the consequences of welfare reform for the well-being of children and families and to follow these families as welfare reform evolves. The study comprises three interrelated components: (1) a longitudinal survey of approximately 2,500 families with children in low-income neighborhoods, about 40 percent of whom were receiving cash welfare payments when they were interviewed in 1999. These families represent a random sample in each city of poor and near-poor families who live in low-income

neighborhoods. In addition, at the 36 month mark, a second sample of about 1,250 families, focused primarily on young parents who are just coming of age and encountering the welfare system for the first time under the new rules, will be selected and interviewed; (2) an embedded developmental study of a subset of about 630 children age two to four in 1999 and their caregivers, which consisted of video-taped assessments of children's behaviors and caregivers-child interaction, observations of child-care settings, and interviews with fathers; (3) an ethnographic study of about 215 families not in the survey (but residing in the same neighborhood) who will be followed for 12 to 18 months using in-depth interviewing and participant observation and subsequently interviews. About 45 of the families in the ethnography will include a child with a physical or mental disability. A detailed description of the research design can be found in *Welfare, Children and Families: A Three City Study. Overview and Design Report*, available at jhu.edu/~welfare or in hardcopy upon request. The principal investigators of this project are Ronald Angel, University of Texas; Linda Burton, Pennsylvania State University; Lindsay Chase-Lansdale, Northwestern University; Andrew Cherlin, Johns Hopkins University; Robert Moffitt, Johns Hopkins University; and William Julius Wilson, Harvard University.