

# **How Welfare Reform Impacts Non-metropolitan and Metropolitan Counties in Virginia**

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## **INTRODUCTION**

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Virginia is currently implementing state and federal welfare reform measures that were enacted in 1995 and 1996. As a consequence of the reforms, the federal Aid to Families with Dependent Children (AFDC) program has been replaced by the Temporary Assistance for Needy Families (TANF) program, and states have been allowed significantly greater autonomy in setting program benefit levels and eligibility requirements. In this context, the Virginia Initiative for Employment not Welfare (VIEW), the Virginia state-specific component of welfare reform, has enacted some of the strictest work eligibility requirements in the country. Specifically, most welfare recipients must now begin work within 90 days of receiving benefits or face the loss of program eligibility. Recipients are also limited to 24 months of welfare benefits in any five-year period and to a 60-month lifetime eligibility. Many single female headed households with children, the primary recipient group of public cash-assistance payments, stand to be significantly impacted by these new eligibility requirements.

One of the many problems in evaluating the potential impact of welfare reform in Virginia is the large variation in labor market conditions across the state. Aggregate data for the entire state misses pockets of program successes and failures. A comparison of Northern Virginia and Southwest Virginia is perhaps the most extreme example. Southwest Virginia and Northern Virginia show significant differences in public service provisions, population numbers and composition, and economic conditions. Differences in public service provisions include access to public transportation, access to education beyond high school, access to community programs that provide child care and job skills training, and administrative capacity on the part of local social service departments. The two area populations also differ in terms of a number of socio-economic indicators. For example, Southwest Virginia falls behind the rest of Virginia in income, in infant mortality rate (a measurement of health), and in educational attainment (Johnson, Kraybill, and Deaton). Finally, Northern Virginia has a dynamic economy with low unemployment rates. Counties in Southwest Virginia, on the other hand, generally have relatively high unemployment rates and lower rates of economic growth.

### **Questions To Be Answered**

Two key questions are associated with current welfare reform legislation. Will recipients be able to find employment and what level of earnings can they expect to receive from employment? Answers to these questions are likely to vary across labor markets in the state. However, even within a given labor market, estimating the earnings potential of current welfare recipients is difficult. Welfare program evaluations tend to look at the wages of currently employed members of the labor force and attribute similar wages to welfare recipients. This approach is likely to yield overly optimistic estimates of potential earnings because welfare recipients often possess fundamentally different characteristics than those individuals who are currently employed. In fact, as welfare reform proceeds, those left on the welfare rolls are expected to be people with the greatest obstacles to employment. Thus, those remaining on welfare may have even lower earnings potential than people who leave welfare rolls early in the process.

## **CHANGES IN WELFARE ROLLS**

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Despite these questions, overall welfare caseload declines in Virginia have been impressive. TANF cases fell by 45 percent between June 1995 (73,920 cases) and June 1998 (40,791 cases) (VDSS 1998). Most of the decline can be accounted for by a reduction in the applications received and approved. The number of TANF applications received by localities in Virginia fell by 13 percent from June 1995

to April 1998. Further, of those applications received, 15 percent fewer were approved in April 1998 than were approved in June 1995 (VDSS 1998). As a result, much of the observed caseload decline has not been the result of people leaving welfare for employment but rather fewer people entering the welfare rolls than in previous years.

These trends may not, however, be totally unrelated to reform measures. Political rhetoric and media coverage may have deterred potential recipients from applying for benefits because they perceive that program eligibility standards have become tougher. Similarly, in the face of cumulative time limits on benefits, fewer people may currently be applying for benefits because they have chosen to save their option to receive TANF benefits until they face greater economic hardship. On the other hand, reforms may have had little effect on individual behavior, but fewer people currently require TANF benefits given the strong state of the economy.

## **REGIONAL DIFFERENCES**

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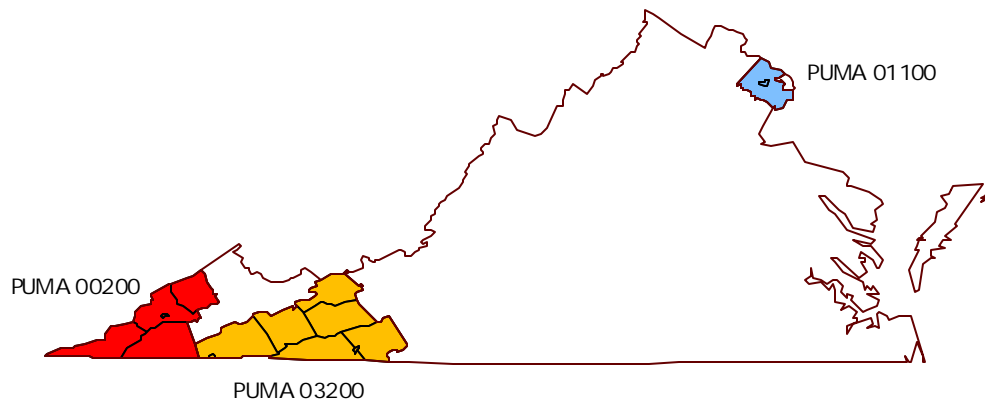
The location and size of local labor markets is likely to play a particularly important role in welfare reform efforts. Past welfare-to-work program results have shown that non-metropolitan areas do not fare as well with work requirements as metropolitan labor markets. Non-metropolitan areas generally have higher unemployment and underemployment rates than metropolitan areas. As a result, the supply of low skilled labor tends to be much larger in non-metropolitan areas (Goetz and Freshwater). Swaim found that the median time of joblessness was higher for non-metropolitan workers, in part due to the low rate of job growth. Non-metropolitan labor markets may also pose special problems for female heads of household due to the types of positions available. Low-skill jobs in non-metropolitan areas, particularly those available for welfare-to-work program participants, are more likely to employ men than women (Bloomquist, Jensen, and Texeira).

The provisions for public services may also be limited by low population densities in non-metropolitan areas and, thereby, impose additional health, education, transportation, and child care constraints to employment (Blank et al.). Fewer non-governmental and charity organizations, which are usually part of the backbone of social service provisions in metropolitan areas, are present in non-metropolitan areas. Lack of access to transportation has been identified as one of the greatest constraints to employment in past studies of welfare-to-work initiatives (Ginsburg). Non-metropolitan workers must travel further, on average, to work, and 57 percent of the non-metropolitan poor do not have access to cars (Deweese).

### **Indicators of Regional Differences**

To highlight regional differences, a few key indicators of initial welfare reform outcomes, local labor market conditions, and the characteristics of single female heads of household in metropolitan Northern Virginia and primarily non-metropolitan Southwest Virginia are presented. The counties from Southwest Virginia included in the analysis correspond to Public Use Microdata Areas (PUMAs) 00200 and 03200 in the 1990 U.S. Census. PUMA 00200 includes the counties of Bland, Grayson, Smyth, Wythe, Carroll, Washington and the cities of Galax and Bristol (Figure 1). PUMA 03200 contains the counties of Dickenson, Lee, Scott, Wise, and the City of Norton. PUMA 01100, containing Fairfax County, Fairfax City, and Falls Church City, represents Northern Virginia.

**Figure 1. Regions studied**



From VIEW inception through April 30, 1998, residents in counties in Southwest Virginia generally show lower rates of exit from welfare to employment than those in the county of Fairfax and the independent cities of Fairfax and Falls Church in Northern Virginia, but no discernibly lower trend in rates of employment retention (Table 1). Monthly earnings in individual counties also vary dramatically, ranging from a low of \$505 in Norton to a high of \$847 in Fairfax County, Fairfax City, and Falls Church City. Overall, monthly earnings in Southwest Virginia averaged 79 percent of those in Northern Virginia.

While cost of living differences may account for a portion of observed differences in wage rates in the two regions, welfare benefits eligibility and receipts are not determined based on cost of living differences. Further, evidence suggests that many items in a typical household budget are more costly in non-metropolitan areas, thus significantly reducing potential non-metropolitan area advantages in terms of costs of living (Zimmerman and Garkovich). Clearly, initial results suggest the success of welfare-to-work transition has varied by region.

General economic conditions have contributed to the observed regional differences in the employment and earnings of VIEW participants. Average per capita personal income in Northern Virginia was \$33,529 in 1994 (Table 2). In Southwest Virginia, average per capita income ranged from \$13,541 in Bland County to \$17,376 in Wise County and the City of Norton. The highest average per capita income in the Southwest Virginia counties is just 52 percent of the per capita income of Northern Virginia.

Similarly, the unemployment rate, an important indicator of whether or not welfare recipients will be able to find a job, shows major differences across the two regions (Table 3). In April 1998, Fairfax County had an unemployment rate of just 1.3 percent. In Southwest Virginia, the closest county was Wythe with an unemployment rate of 3.2 percent: more than twice that of Fairfax County. Dickenson County showed a 15.1 percent unemployment rate, almost 12 times the Fairfax County rate. The average unemployment rate for Southwest Virginia is 6.6 percent, over five times the average rate in Northern Virginia. During more normal economic times, these rates are much higher in all counties, but substantial gaps between Northern Virginia and Southwest Virginia still remain.

**Table 1. Preliminary Results for VIEW Participants by County and City**

Area	Employed	Employed 6 Months Later*	Average Monthly Earnings	Average Yearly Earnings
	-----%	-----%	-----\$	-----\$
Northern Virginia	71.3	53.0	847	10,164
Bland	71.4	40.0	708	8,496
Carroll	75.0	44.1	722	8,664
Dickenson	42.9	66.7	555	6,660
Grayson	71.8	59.8	714	8,568
Lee	19.5	100.0	642	7,704
Scott	36.7	0.0	788	9,456
Smyth	66.7	41.4	676	8,112
Washington	70.8	47.0	716	8,592
Wise	36.4	61.1	603	7,236
Wythe	66.6	44.6	687	8,244
Bristol	77.9	47.2	708	8,496
Galax	65.9	55.1	684	8,208
Norton	45.8	0.0	505	6,060

\*Percent of those initially employed who were employed six months later.

Source: VDSS 1998

**Table 2. Per Capita Personal Income, 1994**

Region	Income \$
Northern Virginia	33,529
Lee County	13,552
Dickenson County	14,353
Wise County and Norton	17,376
Scott County	14,424
Bland County	13,541
Grayson County	14,765
Smyth County	15,659
Wythe County	15,926
Carroll County and Galax	14,972
Washington County and Bristol	17,232

Source: REIS, U.S. Bureau of Commerce (1996).

**Table 3. Unemployment Rates for All People by Individual Counties and Cities**

Region	Unemployment Rate	Region	Unemployment Rate
	%		%
Fairfax County	1.3	Bland County	4.0
Fairfax City	0.7	Grayson County	6.8
Falls Church City	1.9	Smyth County	5.7
Dickenson County	15.1	Wythe County	3.2
Lee County	6.5	Carroll County	7.5
Scott County	8.0	Galax City	7.0
Wise County	9.1	Bristol City	3.6
Norton City	5.9	Washington County	3.8

Source: [www.virginia.edu/~cpserv/vastat.html](http://www.virginia.edu/~cpserv/vastat.html)

# CHARACTERISTICS OF SINGLE FEMALE HEADS OF HOUSEHOLD

Descriptions of single female heads of household ages 18 to 40 in the two regions are also illuminating. The United States Poverty Guidelines used to determine eligibility for income assistance sets \$7,890 as a poverty threshold for a household of one person. The guidelines set incomes of \$10,500, \$13,300, and \$16,050 for households of two, three, and four people, respectively. Single female heads of household in Southwest Virginia are dramatically more likely to live below the poverty line (Table 4). In addition, the presence of children in the household greatly increases the percentage of households residing in poverty.

**Table 4. Percent with and without Children Living at or Below Poverty Level**

Persons in Household	Southwest Virginia	Northern Virginia
	-----%-----	
Single female head	28.4	8.8
with one child	32.2	9.0
with two children	47.8	13.0
with three children	83.9	27.0

Source: U.S. Census Public Use Sample, 1990.

Employment is no guarantee of escape from poverty, particularly in Southwest Virginia. Counties in Southwest Virginia have a disproportionate number of women who are working but still live below the poverty level (Table 5). For instance, 35 percent of the cohort in PUMA 03200 who have jobs still live at or below the poverty level compared to fewer than 10 percent in Northern Virginia. The results suggest that women in Northern Virginia have greater earning potential once they obtain employment. Perhaps because employment earnings potential is lower and employment is less of a guaranteed escape from poverty, fewer women in Southwest Virginia actively participate in the labor market (Table 6).

**Table 5. Percent of Working Female Heads of Household Living at or below Poverty Level**

Percent of Poverty Level	PUMA 03200	PUMA 00200	Northern Virginia
	-----%-----		
At poverty level	35.1	19.0	9.7
150% of poverty level	49.7	33.4	12.8
200% of poverty level	62.0	46.8	17.9

Source: U.S. Census Public Use Sample, 1990.

**Table 6. Labor Force Status of All Women in Cohort**

Status	Southwest Virginia	Northern Virginia
	-----%-----	
Employed	55.3	84.3
Unemployed	7.8	2.3
Not in labor force	36.9	13.5

Source: U.S. Census Public Use Sample, 1990.

Differences in educational attainment are perhaps the most important indicator of earning potential. The educational differences between single female heads of household in Southwest Virginia and those in Northern Virginia are striking and may explain a substantial portion of differences in potential and realized earnings. Of those women 25 and older (to control for individuals who have not yet completed their education), over half the female heads of household in Southwest Virginia have a

high school degree or less, and only 10 percent have a bachelor's degree (Table 7). In Northern Virginia, on the other hand, over 36 percent of these women have a bachelor's degree and 12 percent have a graduate or professional degree.

**Table 7. Educational Attainment (25-40 years)**

Level of Education	Southwest Virginia	Northern Virginia
	-----%-----	
High School or less	59.3	21.4
Some college or associate's	28.8	30.0
Bachelor's degree	10.3	36.4
Graduate/professional degree	1.7	12.1

Source: U.S. Census Public Use Sample, 1990

By contrast, race and age show similar distributions in the two regions and are not likely to explain much of the observed differences in labor market participation and household welfare. In both regions roughly 50 percent of the 18 to 40 year olds in the sample are between age 18 and 25. White, non-Hispanic women make up 80 percent of the female heads of household living in Northern Virginia. In Southwest Virginia, 94.5 percent of female heads of household are white, non-Hispanic.

## DETERMINANTS OF LABOR MARKET PARTICIPATION

The *market wage* is the amount an employer is willing to pay someone to do a job. The *reservation wage* is the minimum wage at which an individual would be willing to work.

Determining the prospects for labor market participation and wage earnings for current TANF recipients requires an understanding of a few key concepts. Most importantly, labor market participation occurs when a woman's market wage exceeds her reservation wage. The variables that affect a single female's wage earnings include measures of labor market experience (the age of the woman, marital status, and the presence of children in the household both under 6 and 6 to 17 years of age), educational attainment, and race.<sup>1</sup> Marriage and the presence of children are used as proxies for labor market experience because they are often associated with extended periods out of the labor market and depreciation of the woman's labor-market skills.

The reservation wage functions as the dividing line between the person's choice to accept a job and earn a market wage or decline employment and remain either unemployed or a non-participant in the labor market. Failing to receive an employment offer greater than her reservation wage, a woman will not participate in the labor force. When the market wage is above her reservation wage, she will work. The reservation wage is determined by many of the same variables that determine market wages. But the effect of these variables on the reservation wage may be different from the effect on the market wage. The variables specified to affect the reservation wage include the presence of children under 6 and 6 to 17, never previously married, educational attainment, race, and access to an automobile. These variables influence the cost of taking a job relative to other uses of a woman's time and, therefore, affect a woman's reservation wage. For example, women place a positive value on time spent with their children; thus, the presence of children in the household will likely raise the reservation wage. One study of the effect of children on the labor supply decisions of married females estimates that the presence

<sup>1</sup> Studies of female labor supply commonly use these explanatory variables in their analysis. See Gronau; Heckman, 1993; and Nelson.



of one child under the age of six raises a woman's reservation wage by 15 percent (Heckman, 1974). Other variables may lower the reservation wage. For example, owning an automobile will lower the cost of job search and the cost of travel to and from work.

Some variables that may influence the reservation wage are not available in the United States census data. Sources of unearned income are a major one. The receipt of TANF benefits is also not identified in the census data, so that the affect of welfare payments, if any, on the reservation wage cannot be measured. Mental illness as well as drug and alcohol dependence may also have a major influence on reservation wages, especially among welfare recipients, but neither is information on these factors contained in the census data.

## Impact of Market Wage Rates

Analysis of the United States census data suggests that the factors increasing or decreasing market wages differ between Southwest Virginia and Northern Virginia. In both areas, an additional year of age (a proxy for experience) is associated with a 3 percent increase in earnings. Never having been married is associated with 38 percent higher wage earnings in Southwest Virginia but no statistically significant change in earnings in Northern Virginia (Table 8). Surprisingly, having children under six years old is also found to be associated with a 37 percent increase in earnings in Southwest Virginia, while the influences of other variables, children 6 to 17, some college, and college, are not statistically significant. By contrast in Northern Virginia, having children under six is not statistically significant, but children between 6 and 17 are associated with a decrease in earnings of 11 percent. Education has significant influence on wage earnings in Northern Virginia. Individuals with some college earn 16 percent more than those with a high school degree or less, while individuals with a college degree earn 43 percent more. Furthermore, while studies have shown that racial differences in earnings are prevalent among males, Black and white women generally show similar earnings within specific occupations (Blank). In neither area does minority status have a statistically significant influence on the market wage.

**Table 8. Percentage Shift in Market Wage Rates**

Variable	Southwest Virginia	Northern Virginia
	-----% Change-----	
Age	3.3	4.0
Never married	38.1	Not significant
Children under 6	37.4	Not significant
Children 6 to 17	Not significant	-10.6
Some college	Not significant	15.6
College	Not significant	43.0
Non-minority	Not significant	Not significant

From the results, potential wages were predicted for three groups:

1. *working women* includes all female heads of household who were working in 1989;
2. *all women* includes all female heads of household; and
3. *poor women with children* includes all female heads of household whose families live at or below the poverty level and have at least one child. (Table 9).

In Southwest Virginia, the predicted wages for all three groups fall under the calculated minimum living wage of \$9.85 (Zimmerman and Garkovich). The average wage for all women is \$7.13, while poor women with children showed higher predicted wages due to the estimated increase in wages associated with children under six. This unexpected increase may stem from informal employer assistance through higher wages to single women with young children. The predicted wages are higher in Northern Virginia than in Southwest Virginia for all groups, but again they fall short of the calculated \$9.85 living wage for non-metropolitan areas.

**Table 9. Potential Wages**

Type of Worker	Southwest Virginia	Northern Virginia
	-----Hourly Wage-----	
Working women	\$7.17	\$9.43
All women	\$7.13	\$9.13
Poor women with children	\$8.48	\$8.78

## Impact of the Reservation Wage

Clearly, important differences exist in the labor markets of Southwest and Northern Virginia. The reservation wages are perhaps an even more dramatic demonstration of these differences. In Southwest Virginia, the reservation wage for single female heads of household who have never been married to accept employment is 210 percent higher than for women who are divorced or widowed. For this group in Northern Virginia, the reservation wage decreases by 18 percent. The presence of children under six, generally thought to be the most important factor in the labor market participation decisions of single female heads of household, is a statistically significant factor in both areas of Virginia (Table 10). But the presence of a child under six in the household raises the reservation wage by nearly 850 percent in Southwest compared to only 32 percent in Northern Virginia. This difference may stem from fewer child care options in Southwest Virginia or more value may be placed on the single parent staying home with a child in non-metropolitan communities. The presence of children 6 to 17 years old increases the reservation wage in Southwest Virginia by over 350 percent but is not statistically significant in Northern Virginia.

**Table 10. Determinants of Reservation Wages**

Variable	Southwest Virginia	Northern Virginia
	-----%-----	
Never married	+210	-18
Children under 6	+848	+32
Children 6 to 17	+352	Not significant
Some college	-91	-32
College	-99	-32
Car	-88	-58
Non-minority	-79	-29

In both areas, additional education decreases the reservation wage. In Southwest Virginia, some college education or greater decreases the reservation wage by 90 percent, while equivalent educational attainment decreases the reservation wage by only 32 percent in Northern Virginia. Access to an automobile also shows a significant influence on reservation wages in both regions, but again in Southwest Virginia, access to an automobile lowered the reservation wage 88 percent, while it only lowered the reservation wage in Northern Virginia by just under 60 percent. Public transportation in Northern Virginia is more readily available, and suitable employment opportunities are generally located

closer to the home. Consequently, lack of access to an automobile does not pose as great a constraint to employment in Northern Virginia as in Southwest Virginia. In both regions, not being a minority lowered the reservation wage. But as with many factors, the change was more significant in Southwest Virginia than in Northern Virginia.

## **POLICY ISSUES**

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Policies to lower the reservation wage of women in Southwest Virginia would go a long way toward raising labor market participation of single female heads of household in the region. Such policies include programs that provide child care, transportation, and educational opportunities. Incentives in all these areas are offered under the VIEW program. However, program delivery is often constrained in non-metropolitan areas by relatively low population densities. While transportation programs will help to lower the reservation wage, the analysis suggests that in Southwest Virginia access to an automobile will not lower the reservation wage enough to ensure employment if a woman is poorly educated and has children. Child care programs also lower the reservation wage, but the magnitude of the effect is open to debate. Providing child care is not the same as removing the effect of having children from the model. The non-monetary benefits for both mothers and children of having the mother at home with her children also affect the reservation wage. Child care programs will probably only partially reduce the effect of children on labor market participation.

Some college education almost guarantees that, regardless of other characteristics, an individual's reservation wage will fall below the market wage. Currently, most women must work, not go to school, to be eligible for welfare benefits. In light of the evidence on how higher education affects the reservation wage, policies should be modified to support welfare recipients' investments in higher education. While education may seem fruitless since most jobs in Southwest Virginia often do not require higher degrees, in the long run, post secondary education, at least to the associate level, seems to be the best way to induce labor market participation. A more educated workforce may have an aggregate effect on the economic development of the entire region, not just on the prospects for participation by a single woman. Studies tend to agree that investing in education seems to be more important for future labor market participation and earnings growth than investing in job skills programs (Harris and Blank). Employability workshops and job placement programs do not change the fact that welfare recipients often do not fit job requirements.

Finally, average hourly wages of former welfare recipients in the Bristol/Galax region of Southwest Virginia were reported to be \$4.95 in 1997. In Northern Virginia, the average hourly wage was reported to be \$6.21. These wages make it virtually impossible to deal with job expenses such as transportation, clothing, and child care and to buy health insurance. While legislation has provided for transitional Medicaid and day care benefits, these benefits are only for women who lose welfare benefits for reasons other than increased earnings. Policies must ensure that former recipients who have jobs that disqualify them from receiving benefits, but whose wages remain below a living wage, still have access to programs that provide subsidized child care, transportation, and health care.

## CONCLUSIONS

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As welfare reform begins in earnest and two-year time limits on program participation are now taking effect, policymakers have cited dropping caseloads as proof of successful welfare reform policy. This apparent success may be pre-mature: a simple drop in caseloads is not indicative of a successful program outcome. It is not evident that those who left the welfare rolls would not have left in the absence of reform. Studies indicate that half of all recipients usually leave welfare programs within the first two years, some of them to jobs. States may be taking credit for those who would have found jobs without the added pressure of welfare reform (Gueron).

Instead of focusing on numbers and dollars spent on programs, this report looks at the potential for labor market participation and productive earnings in two indicative regions of Virginia. What factors influence labor market participation among low-income female heads of household? What level of wage earnings can current welfare recipients expect to receive? What differences, if any, exist in the metropolitan and non-metropolitan labor markets in Virginia that may be important determinants of reform outcomes? Differences were found to exist between metropolitan and non-metropolitan areas, both in terms of the characteristics of single female heads of household and the structure of labor markets in which they participate.

These differences suggest that barriers to labor market participation are far greater in Southwest Virginia for single female heads of household and potential earnings are lower. Southwest Virginia has higher rates of unemployment and lower rates of female labor participation. Although women in Northern Virginia are more likely to find work, in both regions the jobs may not pay a living wage. As more and more recipients leave welfare as time limits are phased in, the prospects for sustained employment at a living wage is further reduced for remaining welfare recipients. Those last to leave generally have fewer skills and may be more likely to face other problems such as depression, domestic violence, and substance abuse.

Market wage and reservation wage combine to determine whether a single female head of household is employed. The market wage a single female head of household in Southwest Virginia can hope to earn is quite low, due in part to the types of jobs available and to their generally low educational levels. Further, single female heads of household show less contact as a group with the labor market and, thus, gain less job experience over time, partly because single women in Southwest Virginia are twice as likely to have children as single women in Northern Virginia. Interestingly, education was not found to be a significant factor in the determination of the market wage in Southwest Virginia but strongly influences wages in Northern Virginia. In both Northern and Southwest Virginia, the presence of children, low education, lack of access to an automobile, and being a minority raise reservation wages and reduce the probability of employment. These effects are, however, far larger in Southwest Virginia. In fact, the influence of these attributes on the reservation wage is so large that their presence practically guarantees that single females will not participate in Southwest Virginia labor markets.

Welfare reform legislation was formed with one goal in mind: getting people off the welfare rolls. Little attention has been paid to how people fare once they are employed. The potential earnings calculated for Southwest Virginia and Northern Virginia indicate that former welfare recipients will not be able to earn a wage that brings them significantly above the poverty level. In fact, potential wages of all groups for single women in both regions fell below the estimated \$9.85 an hour living wage proposed by Zimmerman and Garkovich. This low wage is cause for concern since former TANF recipients will most likely fall in the lower portion of the wage distribution for single females.

Often it proves more difficult for former welfare recipients to hold jobs that allow them to earn a living than to find a job initially. Even under strong economic conditions former welfare recipients are still having trouble retaining employment (Deavers and Hattiangadi). This problem is bound to become more prevalent as welfare rolls drop and those people left on welfare are the hardest to place. As McMurrer, Sawhill, and Lerman point out, when those people who have more job skills have found work, states will have to deal with those who have fewer skills, have a higher proportion of sickness, are functionally illiterate, and are substance abusers. Further, in the next economic downturn, low-skilled female workers, particularly in non-metropolitan areas, will be the first to feel the impact of decreased labor demand. The true test of state welfare reform measures will come at this time, particularly in non-metropolitan areas that have faced disproportionate difficulties in creating successful welfare-to-work transitions even in a period of unprecedented strong economic growth .

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