

After Welfare Reform

A Snapshot of Low-Income Families in Boston

Summary

A descriptive analysis of data from a multi-city longitudinal survey and ethnographic study of low-income families reveals some important trends among subgroups of families who are currently on welfare, received TANF benefits for some period in the past, or have no welfare experience. The data, which were collected between 1999 and 2001, suggest that in Boston:

- Welfare recipients remain confused about the rules governing receipt of benefits and many have trouble understanding time limits and work requirements.
- While health care coverage remained high for low-income families and their children during the period under consideration, respondents who recently left the welfare system reported a worrisome drop in food stamps and WIC.
- Recent leavers, in comparison to the families who remained on welfare, report higher earnings which account for significant reductions in poverty among the group. However, on average, these gains are offset by higher expenses and a reduction in the receipt of cash and noncash benefits.
- Most families report having trouble balancing the household budget that is stretched to cover such expenses as childcare and employment-related costs. When additional costs of housing are factored into the household budget, a large percentage of low-income households experience a severe burden trying to make ends meet. Although the availability of a housing subsidy helps to reduce the burden, housing costs still extract a considerable toll on low-income families.
- Some of the most vulnerable families still on welfare experience a confluence of forces such as material deprivation, low levels of human and social capital and poor health, which hinder their chances of transitioning off the welfare rolls and may also increase their chances of being sanctioned by the welfare system or experiencing a TANF-related case closing for rules violation.

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In 1996 the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA)—aka “welfare reform”—ended Aid to Families with Dependent Children (AFDC), which had provided economic assistance to single mothers since the Social Security Act of 1935. The new welfare system, known as Temporary Aid to Needy Families (TANF), dramatically changed the rules, ending the entitlement nature of cash benefits, setting time limits on assistance, and imposing a work requirement on able-bodied recipients.

PRWORA also devolved considerable responsibility to state and local governments, awarding them a fixed block grant and specifying that states may keep any funds that they do not spend, but that they must bear any cost overruns in their TANF programs. In return for greater autonomy, states must also raise the percentage of recipients who are employed each year, and limit families to 60 months of benefits during their lifetime.

Dramatic declines in TANF caseloads and increases in the work participation rates of single mothers have led some analysts to proclaim welfare reform a success.¹ Others point to the favorable impact of a strong economy in the late 1990s, which helped fuel the enormous job opportunities for low-skilled workers. The economic downturn of 2001 and 2002 left its mark on the low-wage workers and slowed their rate of entry into

the work force. Recent studies indicate that unemployment among single mothers rose between 2000 and 2002, while welfare caseloads stayed relatively constant, suggesting that fewer eligible families are actually receiving welfare benefits.² However, a focus solely on fluctuating welfare and employment rates does not illuminate the complicated welfare and work transitions that play out in the lives of low-income families. A more nuanced understanding of how these families are faring post-PRWORA requires that we dig more deeply.

With this in mind, we launched a comprehensive, multi-year survey and ethnographic study of low-income families—those below 200 percent of the federal poverty line—in Boston, Chicago, and San Antonio. Our study entailed face-to-face interviews with a representative sample of Hispanic, African-American,

and non-Hispanic white caregivers with children aged 0–4 and 10–14 in poor and near-poor neighborhoods. These age ranges were selected because they represent important developmental periods in the lives of children. We gathered a great deal of information including job experience, welfare history, and family structure from a total of 2,402 families between March and December 1999, and interviewed these families again between September 2000 and May 2001.³

We also interviewed childcare providers and biological fathers and observed the home and childcare settings of a subset of 700 families with children aged 2–4. Called the Embedded Development Study (EDS), this component is intended to provide a more indepth understanding of the daily lives of these young children. Fieldworkers working with an additional 256 African-American, Hispanic, and non-Hispanic white families in 29 of the neighborhoods that were included in our survey from the three cities. These observations provided an ethnographic perspective of the day-to-day lives of low-income parents and children as well as the neighborhoods in which they lived during the early years of the implementation of welfare reform. The families in this ethnographic sample resembled those participating in the survey in terms of demographic characteristics.

The analyses presented here represent the first in a series of reports intended to provide a broad understanding of how low-income families are faring in Boston in the years following the implementation of welfare reform. Besides painting a demographic profile of these families, we investigate important distinctions and obstacles that may account for why some families remained on welfare for extended periods while others successfully transitioned into the work force. We also examine the costs associated with exchanging a welfare check for a paycheck. In the process we discuss the implications of these findings for ongoing attempts to enable low-income families to become economically independent.

Welfare Reform in Massachusetts

Massachusetts decided to revamp its AFDC program in 1995, before the federal law passed. At that time the state asked for, and received, a 10-year waiver to transform its welfare system from cash assistance to a focus on work readiness and time-limited benefits. The Massachusetts Department of Public

Figure 1
Welfare, Children,
and Families:
A Three-City Study

Survey

- 2,402 Families
- Estimated 40% on TANF
- Estimated 80% of families with current income below Federal Poverty Line
- Structured interviews at 16 month intervals

Embedded Developmental Study

- Subsample of families in the survey
- 700 young children aged 2 to 4 and their caregivers
- Home observations and child care observations every 16 months

Ethnography

- 256 African-American, Mexican-American, Puerto Rican, and Non-Hispanic White Families with target child age 2 to 4.
- TANF and Non-TANF
- 45 Families with a child under 8 years old with a disability
- 29 Neighborhoods

Welfare renamed itself the Department of Transitional Assistance in 1996 to reflect this change in philosophy. Under the revamped system, recipients may receive cash assistance for 24 of every 60 months indefinitely. Massachusetts requires parents of school-age children to work a minimum of 20 hours per week in a paid or unpaid position.⁴

Despite the state's decision to restrict cash assistance to 24 months in a 5-year period, Massachusetts' exemption policies are considered to be some of the most lenient in the country. Households where the adult recipient is disabled or caring for a disabled family member are exempt, as are women in their third trimester of pregnancy. Parents whose youngest child is under age two and is not excluded from the household unit under the family cap are also exempt as are recipients under 20 years of age who attend school and live with their parents, recipients who are 60 years or older, and relatives who care for a child but do not receive TANF themselves.⁵ A TANF recipient who is nonexempt and whose youngest child is less than school age is also not subject to the work requirement. As of March 2004, Massachusetts' welfare caseload stood at 47,834 families, of which 74 percent were exempt from a work requirement and time limit.⁶

During the 1990s, Massachusetts showed the strongest employment growth among the three states in our study: per capita income grew by almost 16 percent, compared with 11 percent in the rest of the country.⁷ Thus our study may not reflect the situation of families under the recent economic slow-down (the Massachusetts Department of Transitional Assistance has reported a slight increase in its caseload since 2001).

A Demographic Profile of the Families

A typical Boston family of three on welfare in our study in 1999 received \$565–\$579 per month in cash assistance, and these payments did not rise over the course of the study. Some 42 percent of the low-income caregivers we interviewed were African-American, 41 percent were Hispanic, and 14 percent were non-Hispanic whites. The average age was 34 years. Some 74 percent were high school graduates, while 50 percent reported some technical training or college education. Seventy-nine percent (79%) of households had three or fewer children, and 63 percent of caregivers were unmarried and not cohabiting at the time of our first interview in 1999.

Twenty-eight percent of families were on welfare at the beginning of the study and a further 17 percent had received welfare at some point during the prior two years, while 32 percent had never received welfare. Forty-three percent of the families were wage reliant in 1999—working and not receiving welfare benefits—while 30 percent were not employed and not receiving cash benefits. Only 3 percent of the families who were receiving welfare assistance in 1999 said they were working, underscoring the state's lenient work-exemption policy.

As indicated in Table 1, families in the study also received other cash and noncash benefits. For example, 80 percent of caregivers were on Medicaid in 1999. Nearly half—47 percent—were enrolled in the Women, Infants, and Children Nutrition Program (WIC), 37 percent received food stamps, and 21 percent received Social Security Income. Nearly three-quarters of the low-income caregivers—74 percent—lived in subsidized housing in 1999.

Reflecting national trends, the proportion of families who reported that they were working and not receiving benefits rose significantly from 1999 to 2001—from 43 percent to 54 percent—while the proportion on welfare dropped from 25 percent to 18 percent. These data are presented in Figure 2.

Most states have attempted to ease the transition from welfare to work by ensuring that qualified welfare leavers continue to receive noncash benefits such as food stamps and Medicaid. Many states have nevertheless seen a decline in these caseloads. Evidence suggests that once families leave welfare they are either unaware of their continued eligibility for these social services or feel that the application process is too cumbersome.⁸ As shown in Figure 3, our study reveals that rates among low-income families in Massachusetts were no exception to this trend: the proportion of caregivers receiving food stamps declined from 37 percent in 1999 to 30 percent in 2001, while WIC participation dropped from 47 percent to 36 percent.

TABLE 1: BASELINE DEMOGRAPHICS (1999)

(Average age, 34 years) Total (%)

Race and Ethnicity	
Black	42
Hispanic	41
White	14
Other	3
Educational Attainment	
No high school diploma	26
High school diploma or GED	74
More than high school	50
Households with 1-3 Children	
	79
Marital Status	
Not married, not cohabiting	63
Married or cohabiting	27
Separated, divorced, or widowed	10
Current Welfare/Work Status	
On welfare now	28
Received within last 2 years	17
Received before last 2 years	23
Never received	32
Welfare History	
Working only	43
Working and on welfare	3
On welfare only	25
Not working, not on welfare	30
Benefits	
Medicaid	80
WIC	47
Food stamps	37
SSI	21
Housing assistance	74

Figure 2

Changes in Welfare and Work Participation

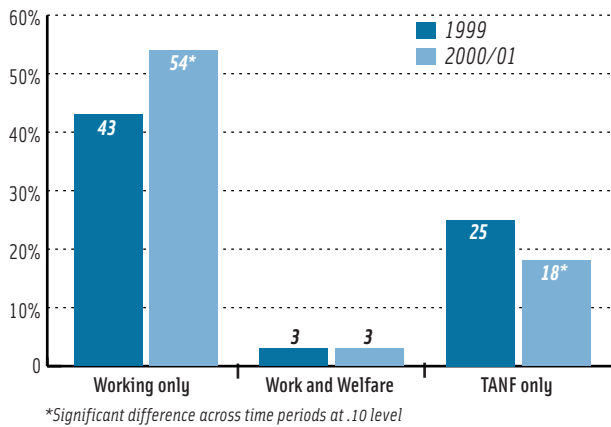


Figure 3

Changes in Receipt of Benefits

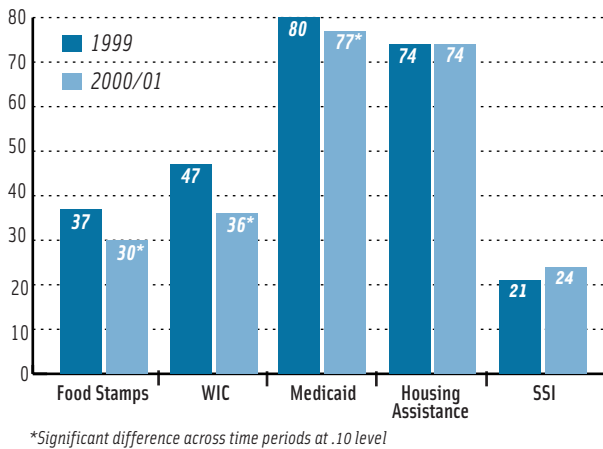
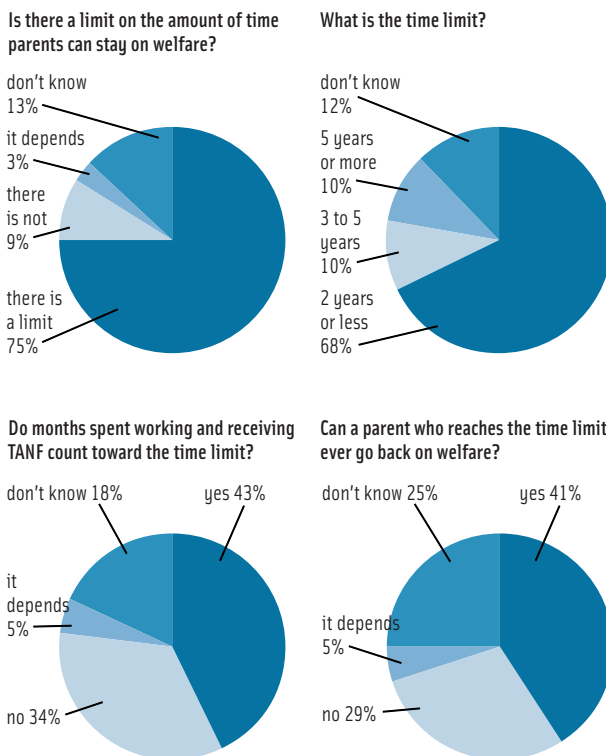


Figure 4

Knowledge of Welfare Rules and Requirements in 2000/01



Understanding the New Welfare Rules

To understand low-income families' familiarity with the rules governing welfare eligibility, we asked respondents who were receiving welfare benefits about important aspects of the new regulations.

As with all other states, Massachusetts welfare policies are so complex that determining whether respondents' answers to specific questions are right can be difficult; several answers may be correct depending on the circumstances. Still, the proportion of respondents in our survey who indicated that they did not know the answers to particular questions despite the fact that they were on welfare was striking. For example, in 2000/01, although 75 percent of caregivers on welfare indicated that they knew benefits were time limited, 13 percent did not. What's more, 12 percent of welfare recipients who knew about the time limits did not know how long they could remain on the rolls. And some 18 percent did not know if the months when they both worked and received welfare payments counted toward the time limit (they do for non-exempt caregivers), while 25 percent were unsure whether parents could go back on welfare after reaching their time limit (they can obtain benefits for 24 out of every 60 month period).

Unemployed and Not on Welfare

Monitoring unemployed caregivers who are not receiving welfare is important, as their means of financial support is not readily apparent. Perhaps owing to the strong job market, the proportion of families who stated that they were both unemployed and off welfare dropped from 30 percent in 1999 to 25 percent in 2001/01, as indicated in Table 2. Caregivers in this subgroup averaged 35 years of age, and family size remained stable, with most households having one to three children. Caregivers with some post secondary education were more likely to be unemployed and not on welfare in 1999 whereas they were least likely to be in this situation by 2000/01.

Average monthly earnings of these respondents were low and dropped considerably, from \$114 in 1999 to \$71 in 2000/01. However, unlike many of the other families in the study, unemployed non-welfare households often include an additional breadwinner who contributes to household earnings—an average of \$378 in 1999 and \$370 in 2000/01. Marriage and cohabitation rates also rose notably among

members of this group, suggesting that the additional earner may be a husband or partner. Nevertheless, the approximately 50 percent or so of unemployed caregivers who are single and not cohabiting in either years, must either eke out a living on their own without financial support from a spouse or partner or rely on other adults or benefits such as Supplemental Security Income (SSI) to get by.

When we asked these non-welfare families if they had considered applying for welfare benefits, 19 percent had either considered applying or had actually applied in 1999, while 22 percent had considered applying or done so in 2000/01. Of those who applied, 47 percent said they had been turned down in 1999, while 67 percent had seen their applications rejected in 2000/01.

These families did obtain other forms of assistance. Some 83 percent relied on Medicaid in 1999, and close to a third of these caregivers received Social Security Income. Three-quarters of unemployed, non-welfare caregivers were also beneficiaries of a housing subsidy. Reliance on WIC benefits (43 percent in 1999 and 35 percent in 2000/01) and food stamps (19 percent in 1999 and 28 percent in 2000/01) was less common. Despite these other forms of assistance, the large proportion of caregivers who had no obvious source of income and who sought but did not receive benefits is troubling.

Who Leaves, Who Stays, and Who Goes on Welfare?

While national studies have shown that upwards of sixty percent of adults are employed after leaving welfare, their wage rates and total earnings remain fairly low.⁹ Evidence also reveals that some former welfare recipients have experienced only marginal success in the labor force and that enrollment in food stamps and Medicaid has declined among this population.¹⁰ The most recent evidence on the employment rates of leavers among Massachusetts' welfare caseload suggests that approximately 70% of recipients were working within 10 months of leaving the rolls between December 1998 and April 1999.¹¹

Studies of families who have remained on welfare for extended periods since 1996 suggest that some may experience multiple impediments to financial independence, such as low levels of education, poor health, childcare challenges, lack of transportation,

TABLE 2: CAREGIVERS WITH NO WORK AND NO WELFARE

	1999 (%)	2000/01 (%)
Proportion of Sample not Employed, not on Welfare	30	25
Average Age of Mothers	35	34
Race and Ethnicity		
Black	39	36
Hispanic	32	38
White	26	24
Foreign Born		
Born in the United States	67	67
Born in U.S. territory	12	13
Foreign-born	21	20
Educational Attainment		
No high school diploma	29	36
High school diploma or GED	20	44
More than high school	51	21
Households with 1-3 Children	80	78
Benefits		
Medicaid	83	85
WIC	43	35
Food stamps	19	28
SSI	29	37
Housing assistance	76	78
Welfare Experience		
Considered or actually applied	20	22
Turned down	47	64
Welfare History		
Received within last 2 years	19	9
Received before last 2 years	35	56
Never received	46	35
Sources of Income		
Total household income	\$1,077	\$1,222
Caregiver's average monthly earnings	\$114	\$71
Other adult's average monthly earnings	\$378	\$370
Mother and/or child SSI	\$211	\$252
Marital Status		
Not married, not cohabiting	53	47
Married or cohabiting	31	44
Separated, divorced, or widowed	16	9
Financial Strain¹	74	73

¹Percentage of respondents indicating that they can barely or cannot make ends meet each month.

substance abuse, and domestic violence.¹² However, some families may also remain on welfare because it makes financial sense to do so. For example, families with a housing subsidy often receive an income disregard: the portion of their income they must devote to rent does not rise despite the fact that they are combining welfare and work. This may allow them added flexibility in deciding when to transition off the rolls and enable them to become more financially stable before moving off the welfare rolls altogether.

Getting By with Family Support

Yasmin is a young Puerto Rican mother in her early twenties with a 4-year-old son, Alex. When we first encountered Yasmin and Alex they were without their own place to live. They moved back and fourth between Yasmin's mother's townhouse in a public housing development, where two of her siblings also resided, and the home of Yasmin's boyfriend's mother in another public housing project in the same neighborhood. (Yasmin's boyfriend, Juan, is Alex's father). Both grandmothers shower Alex with attention.

Yasmin takes pride in the fact that she has never had to rely on welfare. Her extended family has helped to provide housing, childcare, food, clothes, and transportation. She talks about how lucky she is to have a supportive mother, and praises Juan for paying child support. If Juan ever stopped working, she says, she might have to consider welfare. Yasmin received WIC for a time when Alex was a baby, and Mass Health, the state's Medicaid program, covers both.

Yasmin has worked on and off since she was 14 at various clothing stores, a pharmacy, and a community-based mental health center. Four months after Alex was born, she went back to work at a retail store while her mother watched Alex. Yasmin worked intermittently at various entry-level jobs until a girlfriend's sister got her involved in a community service program. Through that program she worked on various community-based service projects such as organizing camps for children in her neighborhood, and took classes that allowed her to obtain a GED. The program also provided a childcare voucher so Yasmin could enroll Alex in a bilingual daycare center in her neighborhood.

Yasmin has encountered barriers—both personal and institutional—in her attempts to attend college. Despite her extensive support network, Yasmin does not have the resources to pay for college, so she has been thinking about trying to obtain a scholarship. While attempting to establish a career path, Yasmin took a job working the evening shift as a phone operator for a food-service delivery company. However, she did not like coming home after Alex was asleep, so she finally quit that job. Shortly afterward, a friend told her about another job at a health care referral company in the suburbs with good pay and benefits, including tuition assistance. Yasmin applied for and got the job but stayed for only about four months after an unsuccessful attempt to convince her supervisor to change her work hours to match Alex's daycare schedule.

Yasmin and Alex finally got their own apartment after many months of trying. Yasmin's mother obtained a Section 8 voucher that allowed her and her other daughters to move out of public housing to an apartment elsewhere. Yasmin, who by this time was also on the lease in the public housing development, was able to take her mother's townhouse. The project manager soon moved Yasmin to a smaller two-bedroom unit so that a larger family with more children could use the townhouse. Juan recently moved in with Yasmin and their son, and Yasmin thinks that she and Juan might eventually marry if they can get good jobs and buy a house. Yasmin aspires to work in a hospital and is saving to pay for a seven-month training program to become a medical assistant. Yasmin misses her mother and siblings and sometimes feels more isolated since they moved out of the neighborhood.

Although welfare benefits are intended for any qualified family who is experiencing economic difficulty, the policy climate is very different from what existed before welfare reform. Some observers speculate that the more onerous application process, greater stigma attached to benefits, and diversionary tactics of welfare workers may dissuade families who have left welfare and are experiencing economic hardship—as well as those who contemplate availing themselves of benefits for the first time—from applying.¹³

The welfare population is clearly not a homogeneous group. Examining distinctions among subgroups of families can reveal which types of caregivers are experiencing constrained circumstances that make them extremely vulnerable. To further explore these questions, we divided the low-income families in our study into five groups, based on their exposure to the welfare system. Stayers are families who have remained on welfare since their first interview. Entrants are families who came on the rolls between the two survey dates. Short-term leavers left the welfare system between 1999 and 2001. Long-term leavers received welfare sometime during the 24 months before the first interview but were not on welfare during the study period. Finally, non-entrants have no history of receiving welfare.

In our sample, 15 percent of low-income caregivers were stayers: they remained on welfare for the entire period between surveys. Some 13 percent were short-term leavers: they left welfare sometime during the 16-month period. Thirty-six percent (36%) were long-term leavers: they had been on welfare in the two years before the first interview but not since then. Six (6%) percent of the sample were entrants: they came on the rolls between the two surveys dates. Finally, a total of 30 percent were non-entrants: they had no history of welfare receipt.

The average age of caregivers in all five groups was between 29–36 years. African-Americans accounted for the majority of entrants over Hispanics and non-Hispanic whites (52 percent, 42 percent, and 3 percent respectively), while stayers were more likely to be Hispanic.

Stayers also reported the lowest educational levels: 44 percent had less than a high school degree, compared with about half that percentage for the other groups. Long-term leavers and non-entrants included a higher proportion of caregivers with education and training beyond high school than the other groups.¹⁴

Single-parent families were more likely to have some exposure to the welfare system. Some 77 percent of stayers, 77 percent of short-term leavers, 62 percent of long-term leavers, and 83 percent of entrants were not married or cohabiting at the time of the first interview, compared with 47 percent of non-entrants.

As shown in Figure 5, stayers received welfare benefits for an average of 22 of the 24 months before the 1999 interview, and short-term leavers spent an average of 20 months on welfare during the same period. In contrast, long-term leavers averaged only 5 months and entrants averaged 8 months of welfare in the 24 months before the first survey.

Employment histories reveal the opposite pattern. Stayers and short-term leavers averaged much less work exposure (4 and 6 months, respectively) than families in the other groups. The limited recent employment history of stayers and short-term leavers, and their extended use of welfare benefits, suggests that these families may be seriously unprepared for a transition to the labor force.

The results presented in Table 4 indicate that rates of health insurance coverage topped 90 percent among all our groups in 2000/01. Medicaid covered most families who were on welfare or who had recently left, and continued to be a major source of coverage for long-term leavers and non-entrants.

These data also reveal that the proportion of stayers who received food stamps dropped significantly from 86 percent to 78 percent from 1999 to 2000/01. Short-term leavers reported an even sharper decline—from 80 percent in 1999, while they were on the welfare rolls, to 41 percent in 2000/01, when they were no longer receiving welfare benefits. Some of this may be due to increased income among the group during this period, which disqualifies them from being eligible for food stamps. However, there is little documented evidence from other studies around the country on welfare reform that suggests that the income of this group increased so dramatically during this period so as to make them ineligible for noncash benefits. Another possible explanation for this decline in coverage among

TABLE 3: WELFARE TRANSITION GROUPS – DEMOGRAPHICS, 1999

	<i>Stayers</i>	<i>Short-term Leavers</i>	<i>Long-term Leavers</i>	<i>Entrants</i>	<i>Non-entrants</i>
Unweighted Number in Each Group	164	120	281	54	184
Weighted % of Sample in Each Group	15	13	36	6	30
Average Age of Mothers (years)	36	29	34	33	36
Race and Ethnicity (%)					
Black	37	45	41	52	42
Hispanic	45	47	38	42	41
White	17	6	19	3	11
Educational Attainment (%)					
No high school diploma	44	27	21	28	24
High school diploma or GED	22	32	24	29	20
More than high school	34	42	55	43	56
Marital Status (%)					
Not married, not cohabiting	77	77	62	83	47
Married or cohabiting	17	17	23	9	44
Separated, divorced, or widowed	6	6	15	9	8

caregivers is that they may not realize that they remain eligible for food stamps after they leave the welfare rolls.

We also documented sharp drops in utilization Women, Infants, and Children Program (WIC) among three of our five groups (rates remained fairly stable among entrants and non-entrants). Some children in our sample may have aged out of the program, but some caregivers may also be unaware that they remain eligible for WIC, or may be reluctant to participate if onerous requirements outweigh the benefits.¹⁵

Receipt of Supplemental Social Security Income (SSI) remained fairly constant across all five categories, although rates rose slightly among stayers—from 46 percent in 1999 to 51 percent in 2000/01. While parents cannot receive both SSI and TANF, they are eligible to obtain SSI for themselves while receiving TANF for their children. The increase in SSI rates among stayers may indicate a growing concentration of families with health

Figure 5
Average Months of Welfare and Employment in the Two Years before 1999 Interview

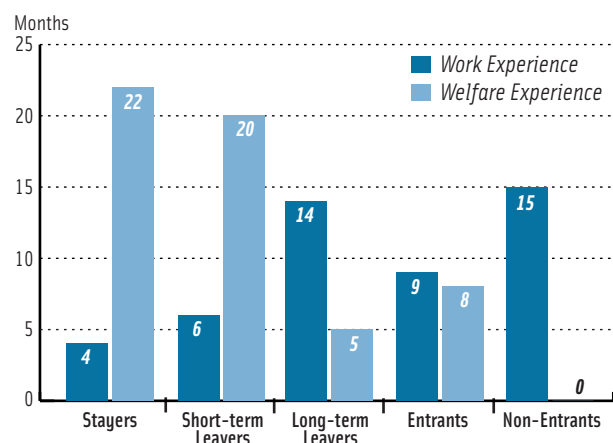


TABLE 4: USE OF OTHER SOCIAL WELFARE BENEFITS BY WELFARE TRANSITION GROUPS

	Stayers		Short-term Leavers		Long-term Leavers		Entrants		Non-entrants	
	1999	2000/01	1999	2000/01	1999	2000/01	1999	2000/01	1999	2000/01
Benefits Received by Households (%)										
Medicaid	98	100*	100	93*	77	71	91	95	63	61
WIC	50	40*	66	52*	40	26*	30	34	46	40
Food Stamps	86	78*	80	41*	23	16*	48	76*	9	9
SSI	46	55	13	19*	23	27	26	25	9	7
Housing Assistance	87	86	86	86	81	80	87	92	52	53
Energy Assistance	10	27*	3	11*	8	14*	21	15	5	10
Emergency Food Program	16	17	7	11	9	4	11	11	9	6
Free/Reduced School Lunch	83	88	72	81*	79	76	72	71	63	69
Free/Reduced School Breakfast	85	88	70	75	77	74	70	74	62	62

*Significant difference across time periods at .10 level

problems among those who remain on welfare for extended periods of time.

A mounting need for energy assistance among low-income families in Boston is also worrisome. Rates of such assistance rose from 10 percent to 27 percent among stayers and nearly tripled—from 3 to 11 percent—among short-term leavers. The latter may attest to program substitution, as leavers turn to other forms of assistance in the absence of a welfare check. Participation in the energy assistance program dropped only among entrants, perhaps because welfare benefits dissipated their urgent need for help.

The majority of the children in our study qualified for free or reduced-price breakfasts and lunches, and participation among short-term leavers rose significantly from 72 percent in 1999 to 81 percent in 2000/01.

Table 5 provides a more detailed report on the health insurance coverage of respondents. We have already ascertained that Medicaid is an important source of health insurance for low-income families in the survey. Yet, close to a third of long-term leavers and non-entrants relied on employment-related medical benefits during the same period (25 percent and 27 percent in 1999 and 2000/01, respectively, for long-term leavers, and 37 percent and 39 percent, respectively, for non-entrants). We also see high rates of coverage of children in our sample and document increases in coverage between survey dates.

Turning now to self-reports of health status, as indicated in Table 6, close to half of all caregivers on welfare indicated that their health was in poor or fair condition. The health status of families who were new to the welfare rolls deteriorated significantly from 1999 to 2000/01. In 1999, 21 percent of caregivers who would enter the welfare rolls in the coming months indicated

that their health was poor or fair. By 2000/01, when these caregivers had begun to receive welfare, 45 percent reported that their health was in poor or fair condition. This deterioration in health status may account for the welfare participation of some families.

Other findings point to the fact that caregivers who remained on—or recently joined—the welfare rolls were more likely to suffer from a physical, mental, or emotional ailment that may limit their ability to work or otherwise comply with the requirements of welfare reform. For example, we asked caregivers if they suffered from any disability that might limit their capacity to perform basic job tasks. Stayers reported the highest rates of functional disability—50 percent in 1999 and 62 percent in 2000/01. And reports of functional disability more than tripled among entrants between 1999 and 2000/01, growing from 11 percent to 39 percent.

We used the Brief Symptom Inventory (BSI) to gauge the level of psychological distress among respondents. According to this scale, acute depression is much more common among stayers, with 25 percent in 1999 and 22 percent in 2000/01 reporting clinical depression. The rates for short-term leavers (11 percent in 1999 and 12 percent in 2000/01) were also high compared with those of long-term leavers, entrants, and non-entrants. A composite score of questions from the Rasenburt Self-Esteem Scale suggests that relatively few caregivers had low self-perceptions.¹⁶

Few caregivers indicated that they had trouble feeding their children in the year leading up to both surveys. Nevertheless, it is disconcerting to know that children in any of these families went hungry. Policymakers need to continuously monitor such indicators to identify vulnerable families, especially those with changing fortunes.

TABLE 5: HEALTH INSURANCE BY WELFARE TRANSITION GROUPS

	Stayers		Short-term Leavers		Long-term Leavers		Entrants		Non-entrants	
	1999	2000/01	1999	2000/01	1999	2000/01	1999	2000/01	1999	2000/01
Caregiver Coverage										
<i>Health insurance coverage</i>										
% currently covered	96	97	94	94	88	93*	87	96	81	91*
% of covered who were covered for entire year	97	98	92	95	95	91	89	97	91	91
<i>Source of coverage, among those covered¹ (%)</i>										
Employer or union	0	0	2	5	25	27	6	5	37	39
Paid directly by caregiver	0	1	0	1	0	1	2	1	1	3
Medicaid/MASSHealth	98	97	98	93	73	66	91	95	50	48
CHAMPUS, VA, or other military	0	0	0	0	2	0	1	0	0	0
Other source	7	2	4	2	5	9	7	2	14	9
Child Coverage										
<i>Health insurance coverage</i>										
% currently covered	78	89*	76	91*	81	84	59	82*	75	84*
% of covered who were covered for entire year	94	99	91	94	97	97	99	99	92	98
<i>Source of coverage, among those covered¹ (%)</i>										
Employer or union	2	1	3	5	24	24	5	4	28	28
Paid directly by caregiver	0	0	3	0	0	1	1	0	0	5
Medicaid/MASSHealth	95	99	96	95	75	73	93	96	63	62
CHAMPUS, VA, or other military	0	0	0	0	0	1	0	0	1	0
Other source	9	0	3	1	6	2	1	0	8	6

¹Percentages do not add up to 100, because respondents could check multiple sources.

*Significant difference across time periods at .10 level

TABLE 6: HARDSHIP MEASURES BY WELFARE TRANSITION GROUPS

	Stayers		Short-term Leavers		Long-term Leavers		Entrants		Non-entrants	
	1999	2000/01	1999	2000/01	1999	2000/01	1999	2000/01	1999	2000/01
Physical and Mental Health Status										
Self-reported poor/fair health (%)	52	49	22	33	35	26*	21	45*	18	19
Functional disability (%)	50	62*	17	12*	16	16	11	39*	6	8
Depression ¹ (%)	25	22	11	12	9	7	8	8	2	2
Mental health scale ²	12	14	8	9	8	7	7	8	4	5
Negative self-concept scale ³	11	10	10	8*	9	8*	10	8*	8	8
Child Food Insecurity⁴ (%)	6	8	5	4	1	5*	6	4	2	2
Financial Strain⁵ (%)	92	89	81	69	74	78	69	80	71	66

¹Respondents are coded as depressed if they score at or above an identified cutoff of 63 on a subscale of the Brief Symptom Inventory. (Derogatis, Leonard R. (2000). BSI 18: The Brief Symptom Inventory 18: Administration, Scoring and Procedures Manual. Minneapolis: National Computer Systems, Inc.)

²Scale ranges from 0 to 60, with a higher score indicating a greater mental health problem, based on all questions in the Brief Symptom Inventory.

³Scale ranges from 5 to 25, with a higher score indicating a more negative self-concept.

⁴Percentages of respondents whose children have experienced hunger in the past year

⁵Percentages of respondents indicating that they can barely or cannot make ends meet each month

*Significant difference across time periods at .10 level

Financial strain is a more common source of distress for low-income families in Boston. During the second survey, 89 percent of stayers, 69 percent of short-term leavers, 78 percent of long-term leavers, 80 percent of entrants, and 66 percent of non-entrants reported experiencing financial difficulties.

These results suggest that families who remained on welfare for extended periods into 2000/01 faced

numerous challenges that may hamper their ability to comply with welfare reform and ready themselves to transition off welfare. Furthermore, the lack of a high school diploma and minimal work experience, especially, put this group at a serious disadvantage. The high incidence of poor health among stayers and their immediate families also suggests that personal and family characteristics may severely limit the ability of these caregivers to become job ready.

On Welfare and Still Struggling

Kim, an African-American mother in her forties, has received welfare continuously since her first daughter, now 22 years old, was born. Because she suffers from depression and other mental health issues, Kim is exempt from work requirements. However, making ends meet from month to month remains a difficult task for Kim, whose three children and one grandchild live with her in one of Boston's low-income neighborhoods.

Kim depends on a wide range of social services. In addition to her monthly welfare check, she receives food stamps, WIC, and Medicaid, and her children receive free breakfast and lunch at school. Kim also seems to have a few sources of informal income from babysitting and braiding hair. During the week she also allows the father of her four-year-old daughter to sleep in an armchair in her living room for a small weekly sum. In 2001 she reported his name to the welfare agency to receive child support, but she has yet to receive any steady support payments from him.

Although she is extremely frugal and saves money wherever possible, these sources of income barely allow Kim to get by. She purchases her children's school clothes on layaway with help from a school clothing check from the state, she visits three or four food pantries each month to stock up on basic items, and she often avoids cooking to reduce her gas bill. Early in the winter Kim spent weeks saving any money she could just to buy ingredients for Christmas dinner, and she worried that she wouldn't be able to buy her family gifts.

She is tired of the financial pressures she faces on a daily basis. When her welfare benefits increased in 2001, her rent rose as well, leaving her with less money than before. Kim says that her food stamp benefits have also dropped substantially in recent months but she is not sure why. Her financial instability seems to be the primary reason why she hopes to "get a good job, and get off it [welfare]. I'm still young, I can still...get off this mess."

Despite being adamant about leaving welfare, Kim faces serious barriers to employment. A counselor whom Kim saw for substance abuse noticed obsessive tendencies and depression and referred her to a psychiatrist, who she now sees regularly. She has been diagnosed with severe depression and struggles with the side effects of different medications.

Kim worked at a daycare center that her daughter attended at one point, but that job lasted only two weeks because the stress was too much for her to handle. She pictures herself braiding hair for a living, but although she was attempting to do so during the study she eventually stopped because her customers were not paying her. Other than the work at the daycare center and brief work in a commercial laundromat before she had children, Kim has no formal work experience.

Experiences with the Welfare System

Besides limiting the amount of time that an individual can stay on welfare, Massachusetts, like other states, can reduce assistance if case managers decide that a family has violated the rules. If the infraction persists, the state can terminate benefits altogether until the family becomes compliant. Welfare office case workers may impose sanctions for failure to comply with work requirements as well as efforts to establish paternity of the child of record. Caregivers must also adhere to strict

child inoculation requirements, and teen parents must live at home, to receive benefits.

Case workers can also cut benefits owing to an administrative violation, such as a recipient's failure to keep an appointment with a case manager or provide adequate verification of welfare eligibility. Sanctions and case closings are often indistinguishable to recipients themselves, who are acutely aware that their benefits have been cut or eliminated but often do not understand the reasons why.¹⁷

We found that sanctions and case closings affect short-term leavers most strongly: 13 percent reported that their benefits had been reduced or terminated during the 16 months between surveys. Some 11 percent of stayers also indicated that their benefits had dropped between 1999 and 2000/01 owing to a rules infringement. These results are presented in Table 7.

Although existing studies suggest that relationships between case managers and clients often become adversarial, recipients in our study reported mixed feelings about welfare officials. Some 50 percent of stayers and entrants indicated that they were satisfied with their case managers in 2000/01—attesting that they gave good advice and helped decide on a plan best suited to a recipient's needs.

Stayers reported widespread acceptance of the welfare work requirement (78 percent in 1999 and 74 percent 2000/01). However, only 43 percent of these caregivers approved of time limits in 1999, and 54 percent did so in 2000/01. Similarly, just 30 percent of entrants considered time limits a good idea in 2000/01.

Although Massachusetts' use of the more punitive aspects of welfare reform such as sanctions and case closings did not rise among respondents in our study, such incidents may compound the precarious situation of caregivers disproportionately affected by personal and family-related problems. Recent studies of families who experienced a sanction or TANF-related case closings suggests that these families may have existing vulnerabilities such as poor health, lower levels of human capital, and stressful personal lives, which may contribute to the likelihood of penalty and negatively affect their ability to cope with its consequences.¹⁸ Welfare offices need to pay special attention to families who are in danger of being penalized, as a persistent lack of conformity may indicate an escalating household crisis, and the need for more intensive intervention rather than disbarment.

Balancing the Checkbook

Total household income rose for most families during our study. Nevertheless, whether families were working or on welfare, their incomes remained close to the poverty line. The earned income tax credit (EITC), along with food stamps and WIC, helped buoy many households and keep poverty rates down. EITC allows low-wage workers to qualify for a tax refund even though they make too little to pay income taxes. In 1999 a working single caregiver of one dependent child who earned \$26,928 was eligible for a credit of \$2,312. This program makes a sizable difference in families' gross income even though their incomes remain low.

To better understand the strain low-income families experience in their efforts to maintain economic stability, we examined various sources of household income and major work-related expenditures. We then estimated poverty rates in all our groups based on a consideration of all their major sources of income net of important employment related costs such as childcare and transportation.¹⁹

As many caregivers on welfare (stayers) in both years were either exempt from work or did not work, their earnings did not contribute much toward total household income. Table 8 indicates that poverty rates stayed high among this group, although they fell significantly from 77 percent in 1999 to 68 percent in 2000/01.

Short-term leavers realized an average gain of \$561 per month in household income from 1999 to 2000/01 before the EITC; the latter raised average total monthly income from \$1,611 to \$1,746 in 2000/01. Even though these households' welfare cash benefits declined considerably, their average individual monthly earnings rose from \$133 in 1999 to \$738 in 2000/01. Average

contributions from others in the household also rose, from \$72 in 1999 to \$384 in 2000/01, either because another household member worked more, or because a new occupant joined the household. These higher earnings reduced poverty rates among welfare leavers substantially, from 80 percent in 1999 (73 percent with EITC gains) to 50 percent in 2000/01 (41 percent after EITC gains).

However, although average household income rose among short-term leavers, the childcare and transportation costs these low-income mothers incurred when they transitioned from welfare to work often negated these gains. Though caregivers may be eligible for childcare and transportation vouchers to help offset these work-related expenses, average monthly childcare and transportation costs among short-term leavers almost doubled.

What's more, the proportion of short-term leavers who received food stamp benefits dropped, while the average monthly benefit declined from \$210 in 1999 to \$126 in 2000/01. Some families may have become ineligible for food stamps, but many remained eligible even after entering the labor force. Research suggests that many low-income families may be unaware that they are eligible for food stamps after leaving welfare or that the process of sustaining eligibility becomes too onerous for many single mothers who confront the complexities of working and raising a family.²⁰

Thus, even though short-term leavers' monthly household income rose from \$1,098 in 1999 to \$1,746 after factoring in the EITC, the loss of TANF and food stamps benefits and the added costs of going to work offset those gains. As a result, even though the poverty rate among these leavers declined to 50 percent by

TABLE 7: EXPERIENCES WITH THE WELFARE SYSTEM, BY WELFARE TRANSITION GROUPS

	Stayers		Short-term Leavers		Long-term Leavers		Entrants		Non-entrants	
	1999	2000/01	1999	2000/01	1999	2000/01	1999	2000/01	1999	2000/01
Had benefits cut/eliminated in previous 2 years (%)	14	11	9	13	7	11	14	9	-	-
Perceptions of Case Managers and Welfare Rules¹ (%)										
My case manager is interested in my well-being ²	49	52	45	-	-	-	-	46	-	-
My case manager gives good advice ²	49	57	47	-	-	-	-	53	-	-
Time limits are a good idea ²	43	54	42	-	-	-	-	30	-	-
Work requirements are a good idea ²	78	74	76	-	-	-	-	67	-	-

¹Percentage of respondents who agree or strongly agree with statements.

²Questions were asked only of TANF recipients.

TABLE 8: SOURCES OF INCOME BY WELFARE TRANSITION GROUPS*(figures are monthly averages in dollars unless otherwise noted)*

	Stayers		Short-term Leavers		Long-term Leavers		Entrants		Non-entrants	
	1999	2000/01	1999	2000/01	1999	2000/01	1999	2000/01	1999	2000/01
Household income not including EITC	1,341	1,504	1,050	1,611*	1,482	1,896*	981	1,241*	1,482	2,210*
Household income including EITC¹	1,359	1,531	1,098	1,746*	1,627	2,038*	1,103	1,299	1,619	2,318*
Earnings										
Individual	62	101	133	738*	774	923*	514	183*	717	1,057*
Others in household	139	204	72	384*	225	455*	98	162	542	844*
Household TANF	400	459	424	0*	0	0	44 ³	435*	0	0
Household food stamps	208	160*	210	126*	63	43*	118	205	24	24
Household SSI	304	332	120	144	183	203	120	84	54	46
Other sources of income	229	248	91	219*	238	272	195	172	145	240*
Average monthly child care cost	14	15	53	98	76	82	85	59	101	132
Average monthly transportation cost	9	5	15	31*	31	43	37	18*	46	62
Poverty rate² (%)	77	68*	80	50*	52	43	78	71	53	41*
Poverty rate including EITC Income¹ (%)	76	68	73	41*	40	33	71	66	42	35
Poverty rate including EITC Income less employment costs¹ (%)	78	69*	76	51*	47	42	71	67	51	44

¹EITC income indicates the potential amount of income available to the respondent through the Earned Income Tax Credit in the tax year in which they were interviewed. This figure was calculated based on the respondent's marital status, the number of children in the household, and the respondent's (and spouse's) earned income.

²Poverty rates were calculated by comparing total household income for a given family size to the federal poverty threshold in the year of the interview.

³Because this is a household measure, respondents who were off welfare as of time 1 may still report some household income from TANF.

*Significant difference across time periods at .10 level

2000/01, and the EITC lowered this rate to 41 percent, work-related and family-related costs raised the poverty rate among this group back to 51 percent.

Entrants reported high poverty rates before they came on the rolls between 1999 and 2000/01. Indeed, the average pre-EITC household income of entrants in 1999 was the lowest of all the groups, portending their ensuing receipt of welfare. This group was faring slightly better by 2000/01 after obtaining welfare and food stamps, but poverty rates among entrants remained high, at 67 percent.

Long-term leavers—families who remained off the rolls during the two years before the survey—seem to have fared better than their counterparts who had recently left the rolls or remained on welfare. Long-term leavers averaged higher weekly earnings and more income from an additional household member: on average, total household income was \$1,896 and \$2,038 before and after the EITC in 2000/01, compared with \$1,504 and \$1,531 for stayers, and \$1,611 and \$1,746 for recent leavers. Long-term leavers therefore had lower overall poverty rates.

Non-entrants—families who were never on welfare—recorded the highest monthly income of all. Caregivers in these families had the highest individual earnings, and their co-residents (often a spouse or live-in

partner) were also top earners compared with those in other households. Despite the fact that these families also spend the most per month, on average, on childcare and employment-related transportation, they still had the lowest pre- and post-EITC poverty rates compared with other families.

Housing Costs

Housing is probably the single most important expenditure a family must consider each month, as many other financial outlays rest on how much disposable income remains after caregivers meet this obligation. Boston boasts a greater availability of low-income units than most other major metropolitan areas.²¹ Low-income families can apply for federally funded assistance, which helps them pay for private rental units (Section 8 rental assistance) or obtain a unit in public housing.²² Massachusetts also maintains state- and city-supported housing for low-income families.

Since housing assistance is not an entitlement, even qualified low-income families can expect to wait a long time for a housing subsidy. Still, Table 3 shows in 2001, 87 percent of stayers, 86 percent of short-term leavers, 91 percent of entrants, 80 percent of long-term leavers, and 52 percent of those who were never on the welfare rolls lived in either public housing or Section 8 units.

Despite these high rates of housing assistance among all caregivers, housing-related expenditures can still place a significant strain on low-income families. Subsidized households must typically pay a percentage of their household income toward rent, and may be responsible for some or all of the cost of utilities as well. While housing costs for many low-income families total less than 30 percent of household income, some caregivers pay up to 50 percent of household income (a “moderate” burden), and some pay more than 50 percent (a “severe” burden).

A substantial proportion of respondents in all 5 of our welfare categories experience housing cost burdens in both years of our survey. Non-entrants—families who were never on welfare—actually reported the highest housing burden, with 29 percent indicating that their out-of-pocket costs exceeded 50 percent of household income in 1999, and 21 percent so reporting in 2000/01. A quarter of entrants also faced a severe housing cost burden in 1999, although this proportion dropped to 9 percent in 2000/01, as they undoubtedly found cheaper accommodations, doubled-up with other families, or received housing assistance.

Employment

In our study, stayers, short-term leavers, and entrants worked the fewest number of hours per week, on average, and earned the lowest average hourly wage. Table 10 shows that stayers and entrants were also more likely to work the late shift, from 11 pm to 5 am—with close to a fifth (19 percent) of those working in both groups reporting that they normally worked this shift in 2001. In contrast, over two thirds of long-term leavers and non-entrants were employed by 2001, which on average entailed working a full-time schedule. The need to obtain childcare at night when most formal facilities are closed undoubtedly poses a significant challenge for these working mothers.

In Dire Need of a Home

Brenda is a white 20-year-old single mother of 2-year-old Melanie. Most of her friends are in jail or use drugs. She finds her neighborhood stressful because it is extremely unsafe and dirty. Brenda wonders what would have happened to her if Melanie hadn't come along to save her from the streets. Her immediate family also stresses her. She comes from a broken home and spent time in foster care when she was growing up because both parents drank heavily.

Brenda has been on welfare since Melanie was two months old and is exempt from work. Brenda does not like being on welfare and would like to have a job, but was advised to obtain her GED first, since she has no work experience and only an eighth-grade education. She has been enrolled on and off in a GED program at a community-based center that provides childcare for Melanie while she takes classes. Brenda worries about who will mind Melanie when she does begin working.

One of Brenda's other main concerns is her housing situation, which is extremely precarious. Brenda's official address is her father's house. Her father is an ex-Marine who drinks heavily and suffers from diabetes, and she does not trust him around her daughter when he is drunk, especially when he goes on weekend binges with friends. She spends her afternoons at her father's house doing chores and playing with Melanie, but spends weeknights at the one-room boarding-house apartment of her ex-boyfriend (Melanie's father). On the weekend Brenda completely avoids her father by traveling to her mother's residence, a subsidized senior citizen apartment. Brenda is also worried about housing costs. She pays her father a portion of his rent, and her ex-boyfriend's landlord charges her rent even though she only sleeps there on weekdays.

During the study Brenda seriously thought about moving to a shelter so she could move up the Section 8 waiting list more quickly. However, some shelter staff scared her as they said that she would be the only white person and they would watch her closely to see if she was neglecting her child. When DSS workers visited Brenda and Melanie at her father's house, he was very drunk and belligerent, so DSS workers placed Brenda on a priority list for a Section 8 housing voucher because her living situation was unsafe. During this tumultuous period Brenda and Melanie moved to her mother's temporarily, and Brenda eventually received a Section 8 voucher to obtain her own two-bedroom apartment.

Now that housing is taken care of, Brenda is thinking about her future. After completing her GED, Brenda would like to become a police officer or an airline stewardess or work in landscaping. Brenda's main concern is now to make enough to support Melanie so that she doesn't have to struggle any more.

TABLE 9: HOUSING COST BURDENS BY WELFARE TRANSITION GROUPS

	Stayers		Short-term Leavers		Long-term Leavers		Entrants		Non-entrants	
	1999	2000/01	1999	2000/01	1999	2000/01	1999	2000/01	1999	2000/01
Median gross monthly rent (in dollars)	267	298	160	223*	304	435*	357	250	520	611*
% with moderate housing cost burden¹	32	28*	22	25	36	39	47	26*	56	42*
% with severe housing cost burden²	11	12	14	14	14	18	25	9*	29	21

¹Housing costs at least 30% of total household income

²Housing costs at least 50% of total household income

*Significant difference across time periods at .10 level

Long-Term Leaver: The Need for Temporary Assistance

When Lana moved from Florida to Boston in 1997 to be closer to her sick father, she and her three children needed immediate assistance to survive. Initially she lived with her sister and applied for welfare while she looked for a job. Because she was committed to finding a job and leaving welfare as soon as possible, Lana felt that her caseworker was especially willing to help her with welfare and many other noncash benefits such as emergency food stamps, WIC, health care through MassHealth, and Section 8 housing.

During this time Lana enrolled in a training program and found a job at a local food bank that she frequented. She eventually became a truck driver delivering food to food pantries in the area and making slightly less than \$10 an hour. Her job was not only a source of income; it also provided a social network for Lana, who did not know many people when she arrived in Boston. She says she decided to try for the delivery job because she did not want to look for a job elsewhere: “I wanted to stay there because I knew everybody, I got along with everybody.” The food pantry was also where Lana met her boyfriend, who she described as her “best friend” and with whom she talks “about everything.” It was her boyfriend who encouraged her to study and take the test to become a truck driver. His presence seemed especially important in her life considering her past experiences with abusive men, including the two fathers of her children.

The transition to work was not a simple one for Lana. When she began working in Boston, Lana had to take three buses each morning after dropping her kids off at her sister’s home before school. Though she did have a free bus pass, Lana was frustrated by the lengthy commute. Her earnings also made her ineligible for most of the public assistance she had relied on during her first few months in Boston. Only three or four months after taking the job Lana was cut from welfare because her earnings were too high. She also lost her food stamps—an especially difficult setback that forced her to change the kind of food she purchased for herself and her children in an effort to get her grocery bills down.

Eventually she saved enough money to buy a used car and was able to avoid the hassle of taking several buses each day. However, the costs of maintaining a car was an additional drain on her limited financial resources. Just after buying it, Lana spent about \$500 on repairs. It was not until she received her Earned Income Tax Credit (EITC) that Lana was able to pay off her credit card balance, which consisted largely of money used for car repairs.

Despite the difficulties she has faced, Lana strongly believes that welfare time limits are a good idea, as they force people to find a job. Lana considers her own receipt of welfare as short-term assistance that helped her get through a difficult episode in her life. Lana takes pride in her independence and self-reliance, as evidenced by her ability to find and keep the job at the food bank.

Helping Families Make a Successful Transition

On average, caregivers in each of our five groups experienced modest improvements in their financial status. Individual earnings rose for all working caregivers between 1999 and 2000/01, and those earnings—coupled with the EITC and the earnings of other household members—exerted a positive impact on household income for the majority of Boston’s low-income families. The healthy economy in the 1990s, and the added noncash benefits designed to assist low-income families’ transition to work, undoubtedly spurred these gains. However, most families remain either poor or near-poor.

On average, short-term welfare leavers do not earn enough to rise above the poverty line, and childcare, transportation, and housing costs place an enormous strain on these families. Most rely on an assortment of social services to remain buoyant; work-related earnings alone may not be sufficient to keep these families off the welfare rolls. Food stamps, WIC, housing subsidies, and childcare subsidies are just some of the essential services that low-income families require to maintain their households while continuing to work. The loss of one or more of these noncash benefits may send caregivers into a downward spiral that has serious repercussions for both themselves and their children.

Non-entrants, whose incomes are hovering around the poverty line, are doing better than most families, as they have fewer health problems and more human capital, which translates into higher income and a better job. Over time, long-term leavers—families whose last welfare spell was two or more years earlier—begin to resemble non-entrants in household income and financial stability. The success of these leavers suggests that the more time short-term leavers can place between themselves and a welfare spell, the better off they will be.

TABLE 10: LABOR FORCE PARTICIPATION BY WELFARE TRANSITION GROUPS

	Stayers		Short-term Leavers		Long-term Leavers		Entrants		Non-entrants	
	1999	2000/01	1999	2000/01	1999	2000/01	1999	2000/01	1999	2000/01
Working as of last week (%)	6	10	17	58*	60	70*	51	20*	59	71*
Average hours worked—all jobs¹	21	24	28	34	35	35	31	35	36	37*
Working late shift (%)	NA	19	NA	4	NA	7	NA	19	NA	11
Average hourly wage for primary job (\$)	6.08	9.19	8.87	9.15	9.87	10.86	8.46	8.75	10.36	11.26

NA: not available in wave 1

¹Calculated among the sample of respondents with non-zero hours worked

*Significant difference across time periods at .10 level

Families who have remained on welfare for extended periods of time seem to be the most disadvantaged. Their poor educational attainment, minimal work experience, and higher rates of physical and mental health problems call into question their ability to comply with the requirements of a more work-focused welfare system. Stayers may be more prone to sanctions and case closings, further confounding an already precarious situation. Stayers who combine welfare and work earn more yet often take night- shift jobs, when most childcare centers are closed.

A confluence of forces—material deprivation, limited job opportunities, and low levels of human capital—makes some low-income families more vulnerable to setback and perpetuates economic disadvantage. These forces often prevent such families from making their way off the rolls despite persistent prodding from the welfare office. Alternatively, the welfare system may unwittingly contribute to hardship by failing to identify vulnerable families before they incur a sanction or case closing or reach their time limit. A concerted effort to identify and target at-risk families before they disconnect from the welfare system is essential in helping these families overcome personal as well as structural barriers to self-sufficiency.

The coming year will bring even more uncertainty for welfare recipients as Massachusetts, as well as the rest of the nation, braces for another round of welfare reforms as a result of the reauthorization hearing currently underway in Congress. It is quite likely that recipients will be required to work even more hours each week in order to remain eligible for benefits. As the data reported here suggest, many caregivers who are still on the rolls are ill-prepared to meet current requirements and would be hard pressed to double their work hours if current deliberations to increase work requirements to 35-40 hours per week are enacted. Similarly, not all welfare leavers have fared well since leaving the system. Leavers, just like stayers are a heterogeneous group and some are particularly disadvantaged and face much more significant obstacles to becoming self-sufficient. It also remains to be seen how the economic slowdown of the last few years has played out in the lives of low-income families. In the coming months, the Three-City Study will revisit respondents whom we interviewed in 1999 and in 2000/01 to hear first hand how they have done since we last spoke to them. ■

Struggling to Keep Family and Finances Together Off Welfare

Beverly's life is hectic but seemingly well organized. She is a 35-year-old African-American mother of an infant, a toddler, and two older kids who are 9 and 12 years of age. Her typical weekday consists of getting the younger children to daycare, the older children to school, spending some time on housework, and then going to her part-time job at a nonprofit center where the older children attend after-school programs. Beverly doesn't mind her neighborhood but she feels cramped in their run-down two-bedroom apartment with four kids.

Bernard, the father of three of Beverly's children, has serious problems with drugs and alcohol and is extremely violent and abusive. Bernard is currently in prison for assaulting Beverly. Beverly says that she and the children feel safer now that he is locked up, and that she would like to move so he does not know where to find them. Jasper, the father of Beverly's second-oldest daughter Tisha, has his wages garnished to pay child support. He has recently been picking up Tisha for visits every other weekend.

Beverly has been cycling on and off welfare since the birth of her oldest child. During our study Beverly received welfare until she switched from working part-time in the after-school program to full-time in the summer program at the same center. Her higher income made her ineligible for welfare benefits. After the summer program ended her job returned to part-time, so Beverly reapplied for assistance. Beverly was allowed back on welfare but was not exempt from the time limit. Before her time limit expired, Beverly was offered a full-time position in the preschool program at the center.

Beverly's successful transition from welfare to full-time employment has been aided by noncash benefits such as child support, Food Stamps, WIC vouchers, Mass Health, EITC, a Section 8 voucher, childcare vouchers, and free school lunches. At times Beverly feels more financially stable than she has ever been. However, she struggles with rent, as it has quadrupled now that she is earning more. If things get tight, Beverly does not have many family and friends to rely on for support, so she ends up asking people at work for small loans.

Just as their lives seemed more stable, Beverly and her children suffered a severe setback. Her oldest daughter, Tracey, was assaulted, and she became increasingly despondent and stopped going to school. When Tracey's mental health continued to deteriorate, Beverly had her hospitalized in an adolescent mental health center that her doctor recommended. Tracey needs to go back and fourth to the hospital and requires constant supervision at home. Now in turmoil, Beverly is thinking of quitting her job and reapplying for welfare so that she can deal with this crisis.

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Endnotes

1. J. O'Neill and A.M. Hill. *Gaining Ground, Moving Up: The Change in the Economic Status of Single Mothers under Welfare Reform* (Manhattan Institute, Center for Civic Innovation, March 2003).
2. S. Fremstad. *Falling TANF Caseloads Amidst Rising Poverty Should be a Cause for Concern* (Center on Budget and Policy Priorities, September, 2003).
3. Our response rates were 74 percent and 88 percent, respectively. For more information on the study see P. Winston, with R.J. Angel, L.M. Burton, P.L. Chase-Lansdale, A.J. Cherlin, R. Moffitt, and W.J. Wilson, *Welfare, Children, and Families: A Three-City Study, Overview and Design Report*, (Johns Hopkins University: Baltimore MD, 1999).
4. The 20-hour work requirement may increase to 35-40 hours per week under the welfare reauthorizations being consideration by the Bush Administration.
5. Family-cap children are excluded from receiving TANF benefits because they were born after the family-cap date—usually 10 months after a family begins receiving cash benefits.
6. See www.state.ma.us/dta/.
7. R. Moffitt and K. Winder. *The Correlates and Consequences of Welfare Exit and Entry: Evidence from the Three-City Study*. (Johns Hopkins University: Baltimore MD, 2003).
8. R. Kornfeld. *Explaining Recent Trends in Food Stamp Program Caseloads* (Food Assistance and Nutrition Research Program, March 2002, <http://www.ers.usda.gov/publications/efan02008/efan02008.pdf>).
9. Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services. *Status Report on Research on the Outcomes of Welfare Reform* (July 2001).
10. R. Moffitt and J. Roff. *The Diversity of Welfare Leavers*, Welfare, Children, and Families: A Three-City Study, Working Paper Series 00-2 (Johns Hopkins University: Baltimore MD, 2002).
11. Massachusetts Department of Transitional Assistance, *A Study of Households Leaving Welfare Between December 1998 and April 1999* (November 2000).
12. S. Danziger, M. Corcoran, S. Danziger, et al. "Barriers to the Employment of Welfare Recipients," in R. Cherry and W. Rodgers, eds., *Prosperity for All? The Economic Boom and African-Americans* (NY: Russell Sage Foundation, 2000).
13. Some states have formal diversion policies as part of their approach to managing welfare caseloads. Rather than enrolling needy families in welfare, these policies allow caseworkers to offer emergency aid such as a one-time cash lump sum. Massachusetts does not have an official diversion policy.
14. This category includes technical programs offering associate's degrees as well as university courses. Thus it includes respondents who have trained at beauty colleges, taken mechanics courses, or enrolled in many other kinds of vocational training after completing high school.
15. WIC provides nutritional services, food, and counseling to low-income pregnant and postpartum women and children up to age 5 who are at risk of nutritional deficiency.
16. Questions for this scale include "I sometimes think I am a failure"; "I don't have much to be proud of"; "At times I feel that I am no good at all"; "I wish I could have more respect for myself"; and "I feel that I can't do anything right".
17. A. Cherlin, K. Bogen, J. M. Quane, L. Burton. "Operating within the rules: Welfare recipients' experiences with sanctions and case closings". *Social Service Review*. 76: 387-405, 2002.
18. Ibid
19. The strategy we employ here is based on calculations developed by R. Moffitt and K. Winder, see *The Correlates and Consequences of Welfare Exit and Entry: Evidence from the Three-City Study*. (Johns Hopkins University: Baltimore MD, 2003). These figures are based on estimates of each families' EITC amounts and assumes a 100% take-up. We thank them for making these calculations available to us.
20. C. Miller, C. Redcross, C. Henrichson. *Food Stamp Use Among Former Welfare Recipients*. (Manpower Demonstration Research Corporation, February 2002, <http://www.mdr.org/publications/92/full.pdf>).
21. L.J. Vale. *From the Puritans to the Projects: Public Housing and Public Neighborhoods* (Cambridge MA: Harvard University Press, 2000).
22. The U.S. Department of Housing and Urban Development sponsors three major programs that provide these subsidies. HUD offers public housing through buildings with multiple rental units. The Section 8 tenant-based program provides vouchers that partially cover market-rate rents (enrollees pay the rest). Project-based Section 8 accompanies a building or a unit: renters receive a subsidy as long they live in such a unit. In October 1999, the Section 8 voucher and certification programs merged into the new Housing Choice Voucher Program. Massachusetts is relatively unique in that it also owns and operates several housing developments, many in and around Boston.