

Policy Matters #2

# **Welfare Restructuring, Work & Poverty**

Policy Implications from Oregon

Authors: Joan Acker, Sandra Morgen, and Lisa Gonzales  
with Jill Weigt, Kate Barry and Terri Heath

Center for the Study of Women in Society  
University of Oregon

## **About the Series: Policy Matters**

This series considers issues of public policy affecting women and their families and communities. While our emphasis is on Oregon and the Pacific Northwest, the issues we address often affect women across regions, national borders, and racial, ethnic, and class lines. The goal of the series is to gather, analyze, and interpret information that will be valuable to the public, researchers, and those involved in the development of policies designed to create a brighter future for our communities.

This report was published by the Center for the Study of Women in Society, University of Oregon. Copyright 2002.

Writer: Debra Gwartney

Copy Editor: Cheri Brooks

Designer and Graphic Artist: Christine Beneda

Price: \$10.00

## **About the Center for the Study of Women in Society**

The Center for the Study of Women in Society (CSWS) is a multi-disciplinary research center founded at the University of Oregon in 1973. CSWS generates, supports, and disseminates research on gender and all aspects of women's lives. Currently, CSWS supports three major research initiatives: Women in the Northwest; the Feminist Humanities Project; and the Research Program on Women's Health. In addition, CSWS provides highly competitive research grants to UO faculty members and graduate students and supports ten research interest groups.

Center for the Study of Women in Society  
1201 University of Oregon  
Eugene, Oregon 97403-1201  
(541) 346-5015  
csws@oregon.uoregon.edu  
<http://csws.uoregon.edu/>



# **Welfare Restructuring, Work & Poverty**

## Policy Implications from Oregon

**Policy Matters Paper #2**

Joan Acker, Sandra Morgen, and Lisa Gonzales  
with Jill Weigt, Kate Barry, and Terri Heath

Welfare Research Team  
Center for the Study of Women in Society  
University of Oregon

May 2002

## **Series: Policy Matters**

A Publication of the Center for the Study of Women in Society  
University of Oregon, Eugene, Oregon

## **Policy Matters Paper #2**

Welfare Restructuring, Work & Poverty:  
Policy Implications from Oregon

By Joan Acker, Sandra Morgen, and Lisa Gonzales

© Copyright 2002 by the University of Oregon. Eugene, Oregon.

All rights reserved. Printed in the United States.

Center for the Study of Women in Society  
1201 University of Oregon  
Eugene, Oregon 97403-1201  
(541) 346-5015  
[csws@uoregon.uoregon.edu](mailto:csws@uoregon.uoregon.edu)  
<http://csws.uoregon.edu/>

# Contents

<b>Acknowledgements</b> .....	<b>IX</b>
<b>List of Figures</b> .....	<b>X</b>
<b>Executive Summary</b> .....	<b>1</b>
<b>Introduction: Are the New Welfare Policies Working?</b> .....	<b>7</b>
<b>Section I — A Study of Former Welfare Recipients in Oregon</b> .....	<b>9</b>
What did we study?	
Whom did we study?	
Who are the TANF-diverted?	
TANF Leavers vs. Food Stamp Leavers	
<b>Section II — The Struggle for Self-sufficiency</b> .....	<b>15</b>
Are former welfare recipients working?	
What kind of wages are former recipients earning?	
How do wage levels fit into the bigger picture?	
Can families make it on low wages alone?	
Is “welfare reform” helping families climb out of poverty?	
Who is making it?	
Who isn’t making it?	
<b>Section III — The Low-wage Labor Market</b> .....	<b>25</b>
Is welfare-to-work working?	
What is a good job?	
Will job prospects for former recipients improve?	
What makes a good job for single parents?	

**Section IV — The Work of Raising Children . . . . . 35**

Who has problems with childcare?  
How important is childcare assistance?  
Is daycare the only solution?  
Why can't poor mothers care for their own children?

**Section V — Non-employment and Unemployment . . . . . 39**

Do employers care about the lives of low-wage workers?  
What happens when people who are poor get sick?

**Section VI — The Demographics of Poverty . . . . . 45**

Who's poor in Oregon?  
Does the low-wage sector discriminate?  
Does labor have a gender divide?

**Section VII — Education, Training and Job Advancement . . . . . 51**

Does "welfare reform" provide a route out of poverty?  
Why can't people who are poor access education?  
What makes educational attainment possible?

**Conclusion — Setting and Meeting the Goal of Poverty Reduction . . . . . 57**

Is "welfare reform" reducing poverty in Oregon?  
Recommendations  
An end to poverty?

**Bibliography . . . . . 65**



## Acknowledgements

A project of this magnitude and length involves the assistance of many people to make it successful. Our deepest thanks go to the unnamed women and men who generously shared their time by participating in our telephone and in-depth interviews.

Faculty, staff, and students associated with the Center for the Study of Women in Society at the University of Oregon contributed their many talents to the production of this report. Cheri Brooks, Shirley Marc, Diana Taylor, Judith Musick, Beth Piatote, Dan Gilfillan, Lin Reilly, and Holly Langan provided invaluable assistance, each in her or his own way.

Other colleagues at the University of Oregon lent expert assistance to help ensure the quality of this report, including Patricia Gwartney and her staff at the Oregon Survey Research Laboratory, Margaret Hallock, Leslie Harris, Ken Hudson, Anne Johnstone, and statistical consultant Robin High.

This report owes a great deal to the support and assistance we received from the Oregon Department of Human Resources, Adult and Family Services Division, especially Jim Neely, deputy administrator, and Sue Smit, Ron Taylor, and Donald Main. Former and current AFS staff members Elizabeth Lopez and Ellen Pimental also were instrumental in assisting us at critical moments.

There are many tireless advocates for poor people in this state who voiced criticisms and gave suggestions on this project over the last several years. We thank them for their concern and assistance. Among those are: Cassandra Garrison and Kim Thomas of the Oregon Food Bank; Lorey Freeman of the Oregon Law Center; and Charles Sheketoff of the Oregon Center for Public Policy. We also would like to thank other researchers associated with the Welfare Researchers Roundtable.

Joan Acker, Sandra Morgen, and Lisa Gonzales

May 2002

## List of Figures

Demographics of Those Surveyed . . . . .	11
Reasons Respondents Tried To Get Back on Cash Assistance . . . . .	12
Hours of Work per Week for Employed Respondents . . . . .	15
Percent With Family Incomes Above and Below the Poverty Line . . . . .	16
1999 Federal Poverty Guidelines for the 48 Contiguous States and the District of Columbia . . . . .	16
Average Income of Employed Respondents . . . . .	17
Strategies Used to Stretch Limited Resources . . . . .	21
“Do you have sufficient resources to meet your basic household and family needs?” What Study Participants Said . . . . .	23
Use of Safety Net or Transitional Programs by Former TANF Leavers, TANF Diverted, and Food Stamp Leavers . . . . .	24
Fastest Growing Employment Fields in Oregon, 2000–2010 . . . . .	26
Occupations of Respondents at First Phone Survey . . . . .	27
Percent of Employed Respondents without Benefits . . . . .	28
Employed Respondents with “Good Jobs” . . . . .	29
Childcare Problems for Working Parents . . . . .	35
Work Status and Reasons for Not Working (12–15 months after leaving assistance) . .	39
Top 15 Barriers to Getting and/or Keeping a Job . . . . .	40
Work Status in Relation to Poverty Status . . . . .	41
Types of Health Insurance Coverage Among Respondents . . . . .	42
Race and Poverty . . . . .	47
Mean Monthly Earnings: Men and Women . . . . .	48
Education and Employment Status . . . . .	53
Educational Attainment and Poverty Level . . . . .	54

# Executive Summary

## Welfare Restructuring, Work & Poverty

### Policy Implications from Oregon

By Joan Acker, Sandra Morgen,  
and Lisa Gonzales

The state of Oregon is nationally recognized for making strides in instituting new welfare policies, engaging in restructuring experiments well before the passage of the federal *Personal Responsibility and Work Opportunity Reconciliation Act* (PRWORA) in 1996. Oregon began experimenting with welfare-to-work policies in the early 1990s, although features of its JOBS program changed during the course of the decade. Mirroring the national pattern, Oregon saw dramatic declines in the number of families receiving cash assistance, with caseloads dropping 45 percent between 1996 and 1999.

This report presents results from a two-year study of the experiences of families who left or were diverted from cash assistance (TANF) or Food Stamps in the first quarter of 1998. Our research questions examine the economic status and family well-being of those who left or were diverted from public assistance, focusing on whether poverty and economic hardship were diminished. Our findings and recommendations are based on three sources of data: administrative records; telephone interviews at two points in time over two years with a state-wide random sample of families; and in-depth, in-person interviews with a sub-sample of seventy-eight families at two additional points in time.

Our data show that the effects of PRWORA and state welfare restructuring policies are both **more complex** and **less rosy** than many policy makers admit. During the past five

years, the combination of a strong economy and intensive welfare-to-work policies have reduced caseloads. However, these policies have been far less effective in helping families move out of poverty. The conditions of low-wage work, the scarcity of living-wage jobs, the accumulation of debt, and pervasive problems securing and paying for childcare, housing and health care all profoundly shape the circumstances of poor families' lives. These are issues that should be addressed in the upcoming debates on reauthorization of TANF.

Moreover, both the nation and many states, including Oregon, currently face a much bleaker economic picture than in 1996 when Congress initially passed PRWORA. At this writing, Oregon has the highest unemployment rate in the country, at 8 percent. This is Oregon's highest unemployment rate since January 1993. Not surprisingly, between January 2001 and January 2002, welfare caseloads in the state

have been slowly on the rise, showing a 15.8 percent increase.\*

---

*\*Oregon TANF caseload statistics are available online at [www.afs.hr.state.or.us/papage.html](http://www.afs.hr.state.or.us/papage.html)*

---

The findings we present in this report are consistent with research gathered from many other states. Congress now has the opportunity to reconsider policies in light of the extensive documentation of the impact of PRWORA across the country. There is much work to be done if welfare restructuring is to be part of a concerted social policy focus to reduce poverty and to protect the economic security of our nation's families.

## Major Findings of the Oregon Study

**1. While welfare-to-work policies appear to promote employment (at least when the economy is strong), a significant number of employed respondents reported inadequate wages, limited employment benefits, and little to no job mobility.**

- Eighty percent of respondents were working at some point during the two years of our study.
  - 58 percent were employed at both survey times
  - 61 percent of those not employed at the first survey had worked during the previous year
- However, a significant number of respondents were not employed.
  - 34 percent were not employed at our first contact
  - 28 percent were not employed at our second contact
- Despite working long hours, few respondents earned wages that met the basic needs of their families.
  - 18–21 months after exiting programs, 48 percent of respondents had family incomes below the poverty line
  - during the same period, the average monthly take-home pay for respondents was \$1,016
  - women were earning 72 percent of what men were earning
- Data from the Oregon Employment Department (third quarter 1999) show that former recipients saw scant increases in pay.
  - 49 percent experienced a modest earnings increase over a twenty-one-month tracking period
  - 24 percent saw their earnings decline
  - 27 percent had too little employment to calculate earnings trajectories

- Most employed respondents worked in the low-wage sector.
  - less than 14 percent held jobs that allowed them access to more than a poverty-level wage, health insurance, and other benefits

**2. After having left (or being diverted from) TANF or Food Stamp programs, many respondents lived with economic hardships and reported an ongoing need for some form of public assistance.**

- Respondents defined three major barriers to getting and keeping a job:
  - problems with job availability and job quality
  - problems with childcare quality and costs
  - health problems
- Data from the Oregon Department of Adult and Family Services (AFS) show that many former welfare clients have continued to need public assistance.
  - at some point during the two years of our survey, 90 percent of those who left or were diverted from TANF used Food Stamps
  - 85 percent of those who left the Food Stamp program returned to it
  - 87 percent of those who left or were diverted from TANF relied on the Oregon Health Plan
  - 42 percent of those who left or were diverted from TANF used the employment-related daycare program
  - 35 percent of those who left or were diverted from TANF had to go back on TANF

- Many suffered significant economic hardship, including:
  - an inability to afford the cost of adequate housing
  - an inability to afford quality childcare and healthcare
  - ongoing food insecurity
  - increased vulnerability to debt
- Childcare problems were significant for these families.
  - more than one-third of respondents reported problems with childcare at both surveys, most commonly problems with cost, accessibility and quality
  - at our second survey, half the respondents with children under the age of six reported problems with childcare
  - even those who said they were satisfied had to rely on cumbersome and often precarious childcare arrangements
- Many families had limited access to health insurance or related benefits.
  - nearly 30 percent reported they had no health insurance coverage
  - 41 percent of respondents employed at both survey times lacked employer-provided health insurance benefits
  - 50 percent had no paid sick leave

**3. Increased economic security for low-income families requires an investment in education, training, and the maintenance of safety-net programs to meet both short- and long-term needs.**

- Poverty rates fall as education levels rise; but very few respondents were able to obtain education or participate in specialized job training programs during the study.
- More than 80 percent of respondents with less than a high school degree had

incomes below the poverty line compared to 72 percent of those with a high school degree and 47 percent of those with an associate's degree.

- Those who report they are “doing better” at meeting basic needs tended to have access to critical resources, including:
  - regular help from extended family members
  - access to a second income
  - support through low-income housing subsidies
- Respondents voiced the need for a system with more flexibility to address the short- and long-term needs of low-income families. Common problems included:
  - an abrupt decrease or loss of needed Food Stamps, health benefits, or childcare subsidies when incomes began to rise, even modestly
  - serious hardship when diversion strategies blocked access to TANF and other forms of public assistance

**4. One size does not fit all. States need a degree of flexibility to respond to the different structural reasons for poverty that affect different groups, including women, families of color, people with disabilities, and people in communities without an adequate supply of jobs.**

- In Oregon, Hispanic respondents are more likely to have family incomes below the poverty line, compared to white respondents and other respondents of color.
- As long as the wages of women, especially women of color, continue to be lower than those of men, and women bear disproportionate responsibility for caring for children,

economic supports for families headed by women will be necessary to foster family and child well-being.

- Families in some rural areas have neither the job opportunities nor many of the human and educational services available to those who live in many urban areas.

## Policy Recommendations

The primary goals of welfare policy should be the **reduction of poverty** and the **enhancement of economic security** of this nation's most vulnerable families. Based on our research we advocate these policies:

### 1. Provide living-wage jobs.

- Develop the workforce and implement tax policies that foster the creation of living-wage jobs and meaningful job ladders.
- Raise the minimum wage so that fulltime employment brings a family's income above the poverty line.

### 2. Make childcare resources more widely available to low-income families.

- Increase federal funds for childcare so that families who need childcare assistance get it.
- Expand eligibility for subsidized childcare.
- Enforce quality standards for state-subsidized childcare.
- Encourage more childcare options outside the eight-to-five work week.
- Make childcare tax credits refundable at both the federal and state levels.

### 3. Expand eligibility for safety-net programs, such as the Earned Income Tax Credit, Food Stamps, the Oregon Health Plan, and childcare and housing subsidies.

- Change program eligibility so that crucial supports (food, health care, childcare and housing subsidies) decrease more gradually when people are working and their incomes rise modestly.
- Increase outreach to ensure that low-income families with and without an employed breadwinner understand eligibility criteria and can access public assistance.

### 4. Broaden health care availability for low-income families to alleviate financial hardship and the accumulation of extensive medical debt.

- Expand income eligibility levels for subsidized health care (e.g., the Oregon Health Plan, Medicaid).
- Develop tax credits and other strategies to encourage employers to provide affordable, decent health insurance to employees and their families.

### 5. Increase federal and state funds for affordable housing and make housing subsidies available to a larger proportion of those who are income-eligible.

- Address the dire shortage of housing subsidies and public housing to reduce homelessness and waiting periods for subsidized housing.

**6. Welfare policies should not discourage the education (including higher education) and hard-skills job training. Give states more flexibility and adequate resources to provide high-quality education and training opportunities.**

- Lengthen the federal twelve-month time limit for vocational education and training, and change state policies that disallow education and training as work activities.
- Define “training” more broadly to include the attainment of hard skills and post-secondary education.
- Increase funding for training and education through the Workforce Investment Act.

**7. Expand eligibility for legal immigrants for TANF and other public assistance.**

- Allow states to use federal TANF funds to provide support to legal immigrants who have lived in the U.S. for less than five years.
- Ensure that state welfare programs offer services in the languages of immigrant groups in their communities and offer and count English-language training as part of job-readiness training.

**8. Address the high rate of poverty of single mothers through employment services and supports, public assistance, and opportunities for education and training.**

- In the absence of paid maternity leave, TANF should remain a viable option for low-income women who need economic support in order to care for infants and young children.

- Congressionally mandated participation in employment activities should consider the value and demands posed by unpaid caregiving work in the home.

**9. Improve welfare case management.**

- Mandate reasonable caseloads to enable caseworkers to address client needs.
- Support the development of workers’ knowledge and skills.
- Foster a supportive and respectful atmosphere for welfare clients.

## Conclusion

Real national security depends on enhancing the **economic security** of all our nation’s families, especially those who are most disadvantaged. We need social welfare and other policies that

- ensure that those who work for a living can support their families on the wages they earn
- value the socially necessary work of caring for and sustaining families
- provide necessary resources for those who want to pursue advanced education and hard-skills training
- maintain a decent safety net to protect families during a recession, when local/regional labor markets do not provide sufficient jobs for all workers, or when health or other problems make employment difficult or unwise for family well-being.





# Are the New Welfare Policies Working?

The state of Oregon is nationally recognized for making strides in instituting new welfare policies, engaging in restructuring experiments well before the passage of the federal *Personal Responsibility and Work Opportunity Reconciliation Act* (PRWORA) in 1996. Oregon began experimenting with welfare-to-work policies in the early 1990s, although features of its JOBS program changed markedly during the course of the decade. Mirroring the national pattern, Oregon saw dramatic declines in the number of families receiving cash assistance, with caseloads dropping 45 percent between 1996 and 1999.

However, even a dramatic caseload decline does not in and of itself fully answer the question: **Are the new welfare policies working?**

To more accurately answer that question, it is necessary to examine how the families impacted by these policies are faring.

- *Are respondents employed, and if so in jobs that allow them to earn enough to meet the basic needs of their families?*
- *Do the new policies help families climb out of poverty?*
- *Are families falling through the cracks in the new policies and, if so, what can be done to assist them?*
- *Should efforts to remove individual “barriers” to employment (transportation, childcare, promot-*

*ing “job readiness”) be matched by intensive efforts to address structural realities of the labor market?*

- *What policy changes are needed to better address the continuing problems of poverty in this country?*

This study explores these questions, and more. Our findings shed light on a series of critical questions that policy makers must confront as they consider how to meet the complex needs of poor families and communities.

This report presents results from a two-year study (1998–2000) of the experiences of families who left or were diverted from cash assistance (TANF) or Food Stamps in the first quarter of 1998. It is based on research done by a team of social scientists from the Center for the Study of Women in Society (CSWS) at the University of Oregon. The study was funded by the Oregon Department of Human Resources, Adult and Family Services Division, and by the Women in the Northwest Research Initiative based at CSWS.

Our findings and recommendations are based on three sources of data: administrative records; telephone interviews at two points in time over two years with a state-wide random sample of families; and in-depth, in-person interviews with a sub-sample of seventy-eight families at two additional points in time. This research design enabled us to follow the lives and changing fortunes of a statewide sample

of respondents over a two-year period. This extended period of contact, along with access to administrative data from welfare and employment departments, produced rich and layered results.

Our data show that the effects of PRWORA and state welfare restructuring policies are both **more complex** and **less rosy** than many policy makers admit. During the past five years the combination of a strong economy and intensive welfare-to-work policies have reduced caseloads and promoted employment for a majority of families. However, these policies have been far less effective in helping families move out of poverty. The conditions of low-wage work, the scarcity of living wage jobs, the accumulation of debt, and pervasive problems securing and paying for childcare, housing, and health care all profoundly shape the circumstances of poor families' lives. These are some of the issues that must be addressed in the upcoming debates on the reauthorization of TANF.

Moreover, both the nation and many states, including Oregon, currently face a much bleaker economic picture than in 1996, when Congress initially passed PRWORA. At this writing, Oregon has the highest unemployment rate in the country, at 8 percent. This is Oregon's highest unemployment rate since January 1993. Not surprisingly, between

---

*\*Oregon TANF caseload statistics are available online at [www.afs.hr.state.or.us/papage.html](http://www.afs.hr.state.or.us/papage.html)*

---

January 2001 and January 2002, welfare caseloads in the state have been slowly on the rise, showing a 15.8 percent increase.\* However, just as caseload declines should not

be a singular indicator of programmatic success, rising caseloads should not be interpreted as failure — if one presumes that our country can and should provide a safety net for families during times of economic hardship.

The findings we present in this report are consistent with research findings from many

other states. Congress now has the opportunity to reconsider policies in light of the extensive documentation of the impact of PRWORA across the country. There is much work to be done if welfare restructuring is to be part of a concerted social policy focus to reduce poverty and to enhance the well-being of our nation's families.

# A Study of Former Welfare Recipients in Oregon

## What Did We Study?

In March 1998, the Center for the Study of Women in Society at the University of Oregon (CSWS) began a two-year project under a contract with the Adult and Family Services Division of the Oregon Department of Human Resources (AFS) called “Oregon Families Who Left Temporary Assistance to Needy Families and Food Stamps: A Study of Economic and Family Well-being.” We gained insight directly from those who had left or were diverted from cash assistance (TANF) or Food Stamps in accordance with new welfare rules.

We began by asking more than nine hundred women and men from across the state detailed questions about their experiences since leaving TANF or Food Stamps. We inquired about

- whether the work they found provided adequate wages and benefits
- what their childcare arrangements were
- if health insurance was available to allow families to access medical care
- and most importantly, if their experience of economic hardship and insecurity had diminished.

Over a two-year period, we contacted the larger sample twice. Out of the larger sample, we drew a quota sample of seventy-eight families

to interview in-depth. We interviewed these seventy-eight families between and after the two telephone interviews.

## Why the CSWS Study Is Important

- It looks at a wider range of poor families than many other studies, including not only those who left TANF, but also those who were diverted from TANF, as well as those who left Food Stamps.
- Our random sample indicates tremendous variation in the family situations of recipients, defying stereotypical explanations for why people end up needing assistance.
- Oregon received a federal waiver to experiment with new welfare programs several years before the federal welfare reform act, making it a state with a longer history of restructuring.
- Oregon is perceived nationally to have a high-quality welfare system.
- Oregon’s demographics — predominantly white, with a significant population of rural poor —emphasizes the reality that poverty exists across race boundaries and beyond urban centers.

## Whom Did We Study?

The Oregonians in our sample represent people you'd expect to see on a bus, in the grocery store, or walking their children to school. They are not a collection of people with uniform problems, challenges, or joys. Their particular circumstances vary greatly from one

\*We have changed the names of study participants.

another. What they share is a struggle against poverty. Just a few examples of those\* who participated in our in-depth interviews are:

- Celia Cerillo, a forty-two-year-old divorced Latina woman who left TANF and moved

with her teenage son rural Oregon seeking financial stability

- Leslie Houseman, a mixed-race mother in her early twenties who is separated from her husband; diverted from TANF, she lives with her young child in a city
- Sophie Davis, a single white woman in her twenties who has a young daughter; she resides in a small town in eastern Oregon
- Dan Olsen, a divorced white man in his early forties who left the Food Stamps Program and lives alone in a coastal town; he is the father of two children, neither of whom live with him.

## Study Sample and Methods

The study conducted by the Center for the Study of Women in Society consists of three parts:

- telephone survey interviews with a statewide random sample of program leavers at two points in time (12–15 months and 18–21 months after program exit or diversion)
- in-depth, in-person interviews with a subsample of the survey sample
- administrative data collected by the Adult and Family Services Division of the State of Oregon (AFS) and wage data from the Oregon Department of Employment, covering the period of the study.

The statewide random sample was drawn by the Oregon Survey Research Laboratory from a complete listing of TANF leavers and diverted, as well as Food Stamp leavers, who had left those programs in the first three months of 1998. This list was supplied by AFS.

Of this sample:

- 970 respondents completed the first telephone survey\* (28 percent of the original sample)
- 756 of this group completed the second telephone survey (78 percent of original respondents)

A quota sample of 78 was drawn from the original 970 respondents for in-depth interviews. The sample was chosen to reflect the diversity of the original sample by race, gender, geographic location, family structure, respondent age, and number and age of children. Sixty-five of these respondents were located for a second in-depth interview.

*\*In the first telephone survey, we reached 28 percent of the randomly selected statewide sample. Our examination of earnings data, demographic data, and welfare use data for a sample of non-respondents and the sample of respondents shows that there are only slight differences. The people we were not able to reach are not substantially different from those we did. We also compared those we reached in the first survey but not the second, and, again, the distribution of earnings histories and demographic characteristics were similar, indicating that we did not lose a group systematically different from the original group of respondents.*

Like the rest of our sample, these Oregonians struggle within those circumstances to balance work and family, to stay healthy, and to establish a long-term sense of stability for their families. What makes these people — and the others we spoke to — different is that they face serious economic insecurities and often confront hunger, poverty, and despair.

Three groups were interviewed for our study:

- TANF leavers, made up of families who had received cash assistance in the past, but had left the program and did not return to TANF for at least two months afterwards
- TANF diverted, made up of families who had applied for assistance but did not become recipients for a variety of reasons
- Food Stamp leavers, made up of families who had received Food Stamps but had left the program and did not return for at least two months.

## Who Are the TANF Diverted?

Those diverted from TANF are not often included in studies of families who have exited welfare. We decided to examine the experiences of this group to understand how the state’s diversion policies — meant to decrease welfare rolls — affect families who seek, but do not get cash assistance.

Diversion policies manifest an implicit goal of reform, which is to decrease the number of people who enter the welfare rolls initially.

One strategy AFS employs to divert TANF applicants is to provide one or more payments, as a way to address a family’s immediate need for support. Another form of diversion requires applicants to engage in a lengthy assessment and job search process prior to qualifying for TANF supports. Some applicants do find a job or some other solution during this process.

### Demographics of Those Surveyed

		TANF Leavers	TANF Diverted	Food Stamp Leavers
Gender	Men	7%	21%	14%
	Women	93%	79%	86%
Race	White	82%	85%	80%
	African-American	7%	5%	3%
	Hispanic	5%	5%	10%
	American Indian	4%	1%	3%
	Asian-American	1%	1%	1%
	Mixed	1%	2%	3%
	No Answer	0%	<1%	0%
Adults in Household	1-adult household	81%	67%	62%
	2-adult household	19%	33%	38%
	More than 2 adults			<1%

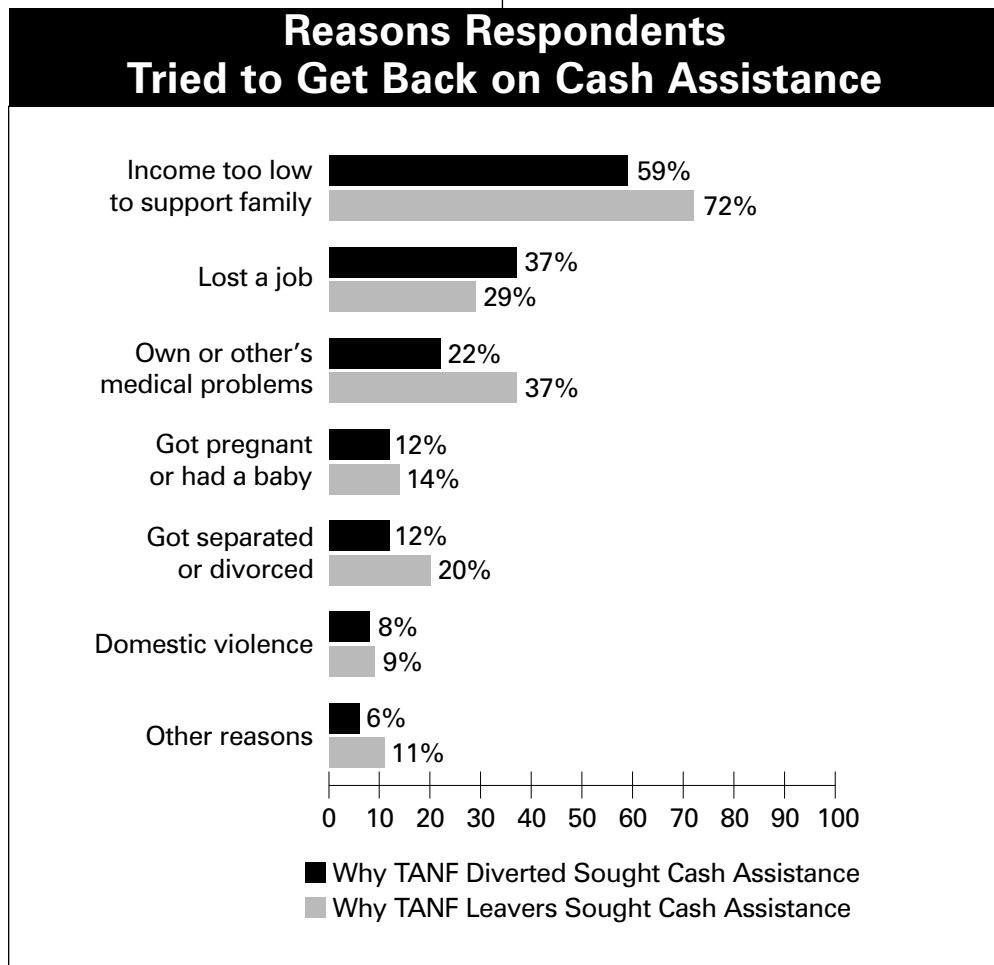
Source: First Survey of Welfare and Food Stamp Leavers and Diverted Study

**Our study found that a significant proportion of families diverted from TANF did not receive the services or help they originally needed.**

These diversion policies and practices assume that families diverted from TANF are struggling due to a temporary crisis that can be addressed primarily by getting a job. We found that TANF-diverted respondents were more likely than other respondents to ultimately

go on (or back on) TANF during the two-year period of the study.

AFS administrative data indicate that 46 percent of those diverted from TANF during the project either went back on TANF or reapplied



Source: Second Survey of Welfare and Food Stamp Leavers and Diverted Study

Note: Figures do not add up to 100 percent because respondents could choose more than one reason.

for it. Those who left TANF had a return rate of 24 percent. By the time of our second survey, 49 percent of TANF diverted respondents had returned to AFS in search of services.

This suggests that the constellation of needs experienced by diverted respondents is similar to TANF recipients, that their hardship is not often temporary, and that diversion policies should be re-examined.

## **TANF Leavers vs. Food Stamp Leavers**

Some policy makers and many in the general public imagine a bold line dividing two categories of poor families:

- those who depend on cash assistance for *income*
- those who need only Food Stamps — more often than not, families with at least one employed adult.

In fact, most low income families — in Oregon as well as nationally — move in and out of the labor force and on and off cash assistance. This explains why we found so few differences between Food Stamp leavers and TANF leavers.

Many TANF leavers have long work histories; just as many Food Stamp leavers have at one time or another received cash assistance. Very few families remain welfare-reliant for long periods of time.

In this report we argue that the hardships described by respondents — across all welfare categories — are shaped in significant ways by the conditions of low-wage work.





# The Struggle for Self-sufficiency

## Are Former Welfare Recipients Working?

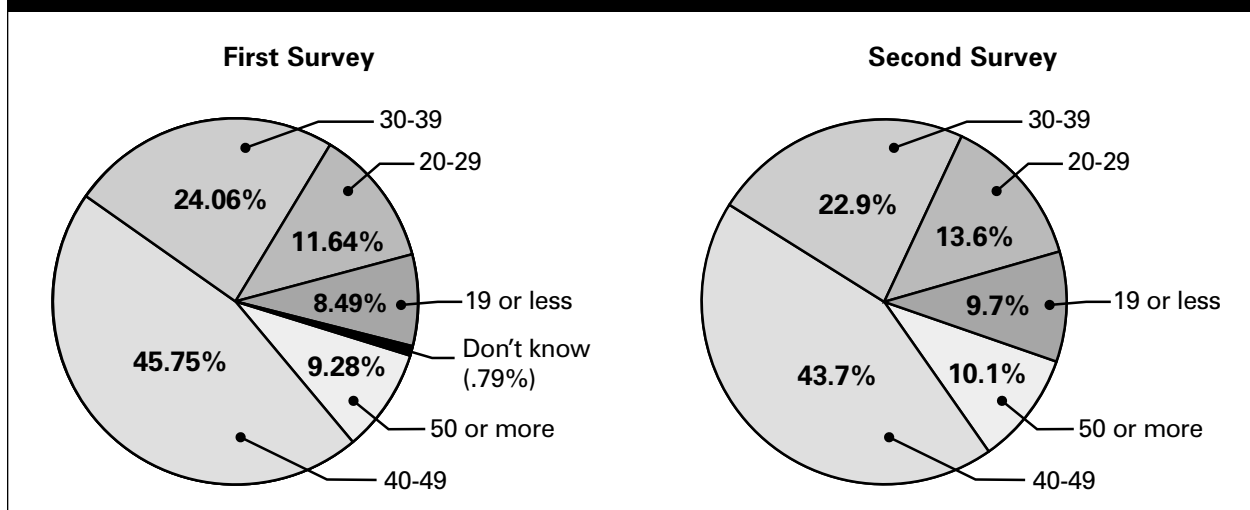
At the time of the first survey, 66 percent of our respondents reported being employed. Six months later, 72 percent were employed. Nearly 80 percent of respondents worked at some point over the course of the two interviews.

- 58 percent of respondents were employed at both survey times
- 13 percent were employed at the first survey but not the second

- 8 percent were employed at the second survey but not the first
- 19 percent were not employed at either survey
- 61 percent of those *not employed* at the first interview had worked within the last year.

Forty-two percent of respondents at our first survey had a job tenure of thirteen months to more than five years. At our second survey, that number rose to 47 percent. Employed respondents said they were eager to have a job that was secure and stable, and one to which they could build commitment.

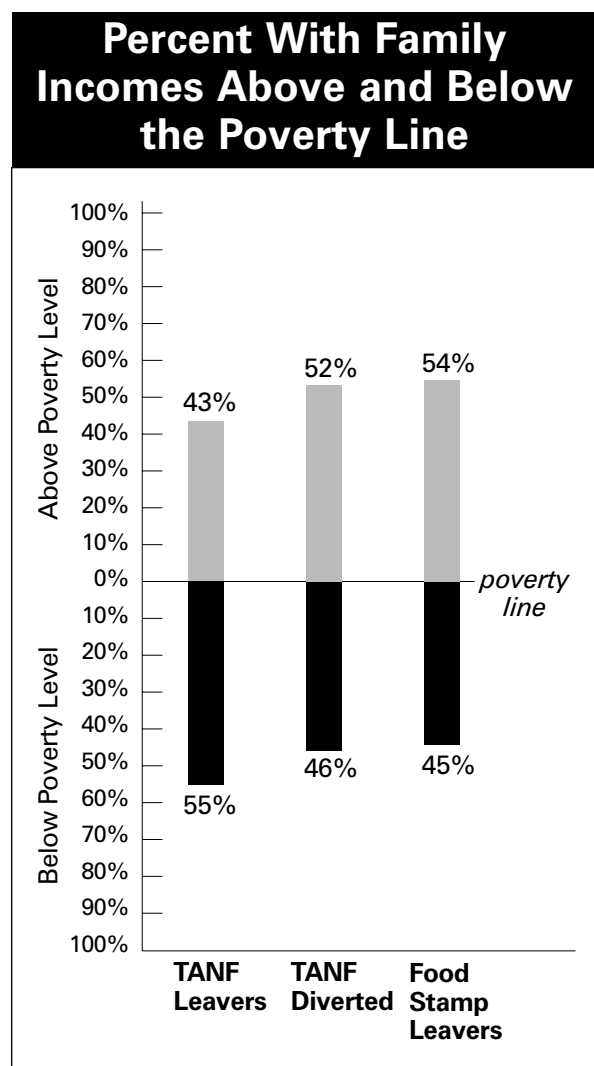
## Hours of Work Per Week for Employed Respondents



Source: First and Second Surveys of Welfare and Food Stamp Leavers and Diverted Study

**Even with jobs, most families continued to suffer significant financial hardship because their earnings are low, on average about \$1,000 per month.**

The majority of respondents reported working thirty or more hours per week at both surveys (79 percent at the first survey and 77 percent at the second). More than 50 percent of respondents were working forty or more hours a week at both surveys.



Source: Second Survey of Welfare and Food Stamp Leavers and Diverted Study

Note: As measured by "last month's family income," Survey 2.

**What Kind of Wages Are Former Recipients Earning?**

Despite employment and long hours of work, the majority of our survey respondents had low earnings. The mean monthly take-home pay of those employed at our first survey was \$995.60. Six months later, it was \$1,016.32, an increase of 2 percent. One quarter of our respondents reported that their earnings actually decreased during the six-month period between the two surveys.

Though the proportion of survey respondents who had incomes above the federal poverty level increased modestly over time, the proportion of families living below the poverty

**1999 Federal Poverty Guidelines for the 48 Contiguous States and the District of Columbia**

Number in Family	Gross Monthly Income	Gross Yearly Income
1	\$687	\$8,240
2	\$922	\$11,060
3	\$1,157	\$13,880
4	\$1,392	\$16,700
5	\$1,627	\$19,520
6	\$1,862	\$22,340
7	\$2,097	\$25,160
8	\$2,332	\$27,980
Over 8 add for each child	+\$235	+\$2,820

Source: U.S. Department of Health and Human Services ASPE: (<http://aspe.os.dhhs.gov/poverty/99poverty.htm>)

*\*Earnings data are for survey respondents. "Family income" includes income from all sources, such as a second earner, child support, or social security.*

line remained high. At our second survey, 48 percent of respondents reported family incomes below the poverty line.\*

## How Do Wage Levels Fit into the Bigger Picture?

Oregon's status today as a state officially in recession, along with the expected continued loss of jobs in all sectors, puts low-income families at an even higher risk of hardship and rising poverty. Many respondents reported working part-time and/or in temporary jobs. Low-wage jobs, filled by part-time and/or contingent labor, are less likely to provide consistent access to wages or to unemployment insurance when the job is lost. Even for those who do qualify, the benefits (which only make up part of one's lost income) do not always meet families' basic needs. Lacking the financial buffers required to weather job and income losses, low-income people are extremely vulnerable to crises. With the cutbacks in eligibility for TANF and other welfare programs, families facing job reduction and loss are less able to access welfare as a safety net.

Such hardships may affect rural families differently and, perhaps, more severely than Oregon's urban poor. Our study revealed a

### Average Income of Employed Respondents

	Mean take-home pay per month
Survey 1	\$995.60
Survey 2	\$1,016.32
Difference	\$20.72 or a 2% increase

Note: Data includes employed respondents who answered both surveys (total = 765).

contrast between urban and rural configurations of poverty and work within the state. The diminishing access to secure jobs with higher wages, along with the vagaries of seasonal work and the more limited availability of community resources, has created a grim rural pattern of need.

In addition, the perception of a booming economy has obscured the level of debt many poor families carry in order to make ends meet. The debt-to-income ratio for low-income households is rising and the ability to stave off crises is diminishing during the current economic downturn.\*\* A significant number of families in our in-depth sample described being burdened by accumulated debt. Frequently, this debt came as the result of health problems that required medical care during times when families were without insurance coverage. Many respondents described the strain they experienced trying to manage the onslaught of debt on limited and often unstable incomes.

\*\*National Campaign for Jobs and Income Support, "A Recession Without a Safety Net," October 2002.

A study by Lisa Keister,\*\*\* analyzing wealth in the United States, describes an increase in the number of families who had zero or negative financial wealth during the early 1990s. Between 1989 and 1995, the percentage of families without any financial wealth rose to 29 percent. Without the ability to save money, families incur substantial debt even during short periods of unemployment or in the face of health, housing, or other crises.

\*\*\*Lisa Keister, *Wealth in America*, Cambridge University Press, 2000, p. 60.

## Can Families Make It on Low Wages Alone?

Many of our employed respondents found themselves in financial trouble as they lost eligibility for critical assistance programs. The

welfare system regards Food Stamps, childcare subsidies, the Oregon Health Plan, and other programs as temporary safety nets for people in transition to the work force. However, many families continue to rely on such programs because low wages alone cannot meet their most essential needs. As a result, losing eligibility becomes a serious blow.

Unfortunately, a twenty-five-cent per hour raise in wages — just a few dollars per paycheck — can snatch away subsidies on which families rely. A small increase in income can mean that critical help with childcare is denied or that housing is no longer affordable due to the loss of a subsidy. A tiny raise in pay might equal the end of health insurance and Food Stamps. Robbed of the assistance programs

that kept their financial situation from collapsing, low-income workers can become quickly smothered in debt, despite putting in long, hard hours at their jobs.

For example, Connie Rounds, a white, forty-nine-year-old mother of two teenagers, left TANF after securing a twenty-hour-per-week job as an aide in a residential health facility for the elderly. Because she was working halftime and, therefore, did not qualify for health insurance through her employer, Rounds relied on the Oregon Health Plan for benefits. With the support of her welfare case manager, she used off-work time to prepare for certification as a licensed practical nurse.

## Rural Issues

Tom Nelson and his family live in a small town in eastern Oregon. During an in-depth interview, he expressed frustration with AFS policies and processes that don't take into account the circumstances of differing communities. "You have to understand that [AFS] is geared more to people that are in the big city, but out here you have to follow the same rules.... We've taken advantage of the food bank from time to time. We haven't recently, although we could, and part of it is we live far enough out that we have to drive thirty miles."

Nelson noted that rural communities face particular circumstances that stem from a limited economic base, including less job availability and a predominance of seasonal work. The accessibility of welfare and other community resources for families scattered long distances also can pose a problem. And rural residents have fewer opportunities to enter school or specialized job training.

According to a recent report from the Oregon Center for Public Policy, nearly all of rural

Oregon has experienced unemployment rates 20 percent higher than the national average in recent years.\*

Oregon's rural counties have been especially dependent on declining resource-based industries. And rural workers often have shored up income gaps with periods of unemployment insurance and/or welfare supports, both of which have become less obtainable during the era of reform.\*\*

So, although the state's current recession is hitting residents in the cities as sharply as those in the country, long-term economic development and job growth has been slower in rural areas. Thus, rural people tend to be more vulnerable to poverty and have fewer community resources than urban and suburban Oregonians.

*\*M. Leachman and C. Sheketoff, "Helping Rural Oregonians Avoid Hunger," Oregon Center for Public Policy, 2000, p. 3.*

*\*\*See also an updated list labor surplus areas in Oregon from the Employment and Training Administration Office of the U.S. Department of Labor (November 2001).*

But then Rounds's boss began to insist she work additional hours to cover an employee shortage. In order to keep her job, she worked the extra hours. And shortly, she received a letter stating that because she earned \$5 over the limit, she was no longer eligible for the Oregon Health Plan. When, a few months later, Rounds discovered a potentially cancerous lump, she was still uninsured. She incurred a \$3,000 debt for the biopsy, a debt she still is trying to repay. The inflexible structure of the system created an undue hardship for a woman trying hard to improve her job prospects. Working as a fulltime employee actually undermined her financial stability.

Historically, those who received welfare often struggled with hardships associated with low-wage work, but they could seek cash assistance or other supports from the state in times of crisis. This buffer is far less available under today's welfare policies. In fact, the structure of "reform" inadvertently punishes those trying to get ahead. Ironically, the system sometimes frightens clients into avoiding pay raises or better jobs — because they risk losing health insurance or subsidized housing.

"We got it real fast, a hard kick," noted Robin Crocker, a white married woman in her early twenties whose family fell on hard times when their income became too high to qualify for Food Stamps. "The second you get in a bind they are not willing to stand back and help you out of that bind," she added. "Once you get there, you can't get out without help. And nobody is willing to help."

Receiving emergency assistance can sometimes make all the difference. For instance, Darcy Williams, a divorced white woman in her early twenties, was able to find employment and adequate childcare largely because AFS helped her with car repair costs. "They put close to \$400 in the vehicle just to keep me out on the road and get me a job," she said. "If it wasn't for them, I wouldn't have the job and I wouldn't have daycare."

These kinds of support payments can be critical for families, but their availability depends on sufficient federal and state funds.

## Is "Welfare Reform" Helping Families Climb Out of Poverty?

Some families in our study report that they are doing slightly better under welfare restructuring. Others are doing about the same. And some are facing even more financial hardships.

Most families in our survey suffered serious financial strains. Respondents had to employ a range of strategies that were hard on their families, despite the fact that the majority earned an income. Eighty percent of those we spoke to said that, out of necessity, they paid bills late. Half were forced to ask family members or

## The Tax Burden for Low-income Families

The Oregon Center for Public Policy (OCP) has examined the tax burden for the lowest income quintile population in the state. Researchers found that, compared to other states, Oregon's tax structure places a higher overall taxation rate on lower income households.

"The bottom 20 percent of Oregon households pay 12.3 percent of their income in state and local taxes, while the top 20 percent pays only 11.8 percent," writes Jeff Thompson in the OCP's report, "Clearing the Air on Tax Day: Assessing the Tax Burden in Oregon" (April 2001).

friends for money and gifts. Almost half ate at a food kitchens or picked up a food boxes regularly. One-quarter skipped meals because they didn't have enough money to buy food.

The hardships reported in our study reflect broader patterns across the state. Census statistics from 2000 reveal that 11.6–12.8 percent of Oregonians live at or below the federal

poverty line.\* The number of poor people has increased along with the state's population. Access to affordable housing has decreased steadily over the last decade, with 76 percent of poor households paying more than 30 percent of their income in rent.\*\*

Food insecurity is a growing problem for Oregon families.

According to recent census statistics, 160,000 households in Oregon are food insecure.\*\*\*

When we surveyed families six months after initial contact, most were still just hanging on by thin threads. Although percentages dropped modestly, many respondents still went without medical care, took in roommates, or sold personal possessions. They were barely scraping by, even though they had done everything the welfare system said they should do.

The data we collected powerfully indicate that, though most people who left TANF had jobs, the dearth of decent wages subverted rather than encouraged their long-term stability.

Many families in our study were not making it on low wages alone. Almost 60 percent said their income was too low to adequately support their families. Thirty-five percent of these respondents were hovering so close to poverty they found it necessary to return to TANF during the two-year period of our study.

\*This range is derived from two averaged statistics from the U.S. Census Bureau and the Current Population Survey (March 1999, 2000, and 2001).

\*\*U.S. Census Bureau, "Population and Housing Profile: Oregon," 2001.

\*\*\*M. Leachman, "Hunger in Oregon," Oregon Center for Public Policy, 2001.

## Who Is Making It?

Those in our study who reported the most success in meeting basic household and family needs were families that had two adults bringing home an income. Whether the adults were married or not, two-income households were far more likely than single-parent households to have sufficient resources.

However, the very presence of dual-income parents in our sample (122 woman and 49 men) indicates that many two-parent families

## Food Insecurity

In 1999, the U.S. Department of Agriculture (USDA) released the findings of a nationwide study of food insecurity and hunger.\* Oregon was one of eleven states with levels of food insecurity above the national average, and 5.5 percent of Oregon's families were considered "hungry," compared to 3.6 percent nationally.

\*USDA, "Food Security in the United States: Conditions and Trends, 2001."

In a recent report on national trends, the USDA emphasized the variation of food insecurity and hunger across household types: Households with incomes below the poverty line, households headed by single women, and households headed by racial or ethnic minorities experience food insecurity and hunger at much higher rates. Comparable studies conducted at the state level show similar results.\*\*

\*\*For instance, see Oregon Food Bank, "Profiles of Poverty and Hunger in Oregon, 2000."

Welfare reform was associated with the reduction in households receiving Food Stamps. In Oregon this has been accompanied by a parallel increase in use of emergency meal sites and food banks. However, with changes in eligibility requirements and an outreach program, Food Stamp usage increased rapidly in 2001, after our study was completed.

are not, in fact, doing well. Two parents living together does not necessarily mean poverty reduction, particularly since many such households depend on one parent working inside the home caring for the children.

Eleven percent of in-depth interviewees were not making ends meet. Three-quarters of the families were either barely making it, meaning they were struggling month to month to meet their basic needs, or they were able to make ends meet but had no buffer for emergencies or unexpected costs. Thirteen percent were categorized as “doing better,” because they reported enough financial stability to manage monthly expenditures without constant pressure, while they began to move out of debt and began to establish some bit of security.

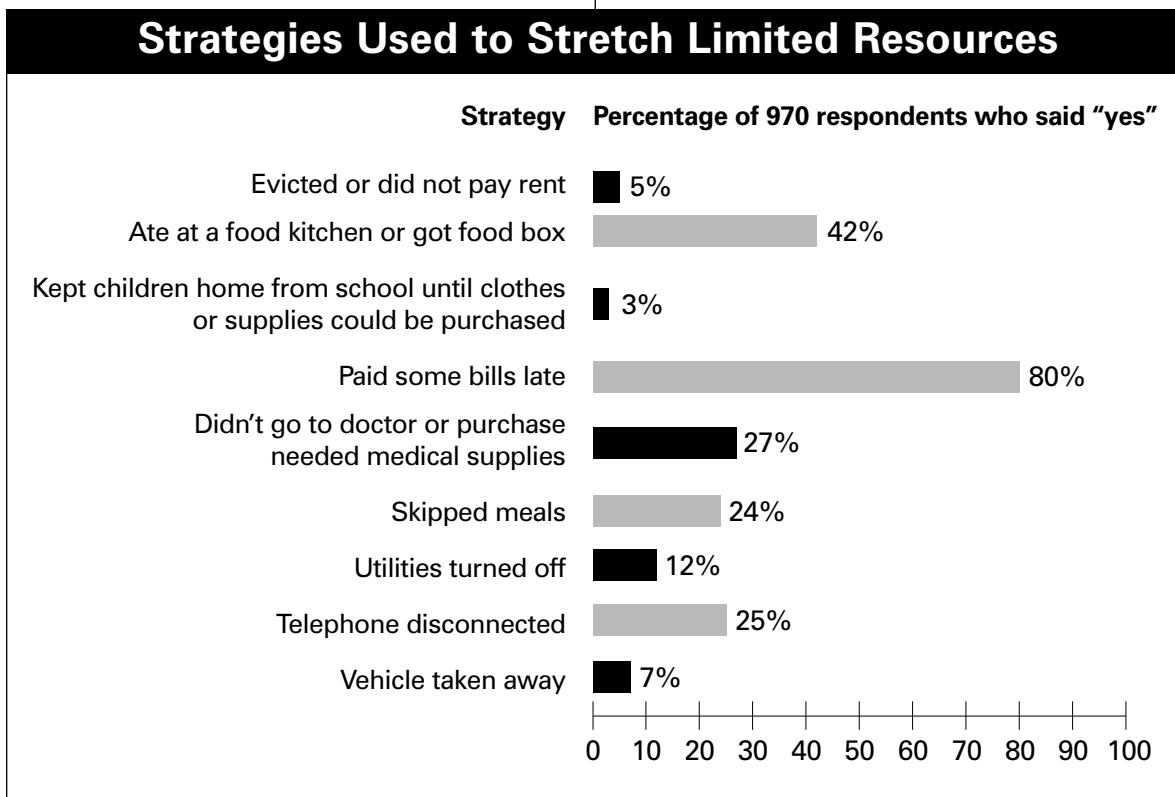
Nine out of ten of the families who reported the fewest financial difficulties had two

incomes. Others got regular help from extended family members. And many were able to rely on extended family members to provide free childcare.

Housing subsidies are another resource that makes economic survival possible, according to a number of our respondents. In the second survey, 20 percent of the respondents reported receiving a housing or rent subsidy. A third of the families in our in-depth study reported either rent subsidies, low-income house loans, or rent-free housing.

The cost of housing varied greatly across respondents, but the likelihood that low-income families were spending a large part of their monthly budget on housing was high.

Another source of income for families doing relatively better is child support, but the issue



Note: Includes TANF Leavers, TANF Diverted, and Food Stamp Leavers

of child support can be extremely complex. A relatively small proportion of single parents in our study received regular child support payments, even when a court order mandated them. As low-wage earners, some divorced parents cannot afford to pay child support. However, when the state prepares materials for policy makers about welfare leavers' income supports, it assumes receipt of child support as a regular source of income.

Instead, child support should be regarded by welfare authorities as an unreliable source of income and, also, as a family-sensitive issue.

## Help During Hard Times

Oregon's unemployment rate for January 2002 rose to 8 percent, a job loss increase well above rates seen in recent years. State statistics on the TANF caseload shows a rise over the same period. According to AFS figures from January 2002, there was a 15.8 percent increase in the number of TANF cases compared to the year before.

Even before the economic slowdown, many families we surveyed who left or were diverted from TANF had to rely on state assistance — when they could qualify — just to get by.

- 90 percent used Food Stamps at some point during the study
- 87 percent relied on the Oregon Health Plan
- 42 percent relied on Employment Related Day Care (ERDC)

The percentage who reported they needed help but could not get it rose from 22 percent to 27 percent by our second survey. Many respondents explained that their incomes were slightly too high, or that they could not afford the required co-payments with the Oregon Health Plan or ERDC.

Some families work out informal arrangements — the absent parent supplies food, cash, transportation, and/or childcare as he or she is able. In such situations, child support enforcement can damage family stability, particularly in cases where formerly cooperative arrangements fall apart in an increasingly adversarial climate fostered by the interventions of child support enforcement.

## Who Isn't Making It?

Those in our study who received neither regular child support payments nor financial help from extended family members described a precarious reality. For example, TANF leaver Maya Bronson is a single mother in her early twenties. After leaving welfare she had worked for the same company for more than two years, gaining responsibility and more

## Child Support Hard to Enforce

The AFS quarterly report for March 2001 suggested that 51 percent of Oregon families with court orders would receive a child support payment sometime during the year. Thirteen percent of these families were identified as TANF recipients. Although the number of recipients who could access support seems low, the figures would be even lower if AFS records tracked the amount of money and the number of payments families actually received.

About half of the respondents in our study had court orders for child support, but fewer than 20 percent received it regularly. During the last six months of the study, two-thirds of those with orders did not receive support in the correct amount or on time.



stable hours as her experience in the workplace increased. Rather than easing her difficult financial situation, however, this regular employment added to her economic stress.

A twenty-five-cent per hour raise caused Bronson and her young daughter to lose their Food Stamps and also raised Bronson's childcare subsidy co-payment to a level she could no longer afford. When we last spoke to her, she was relying on her mother across town for childcare, which meant that Bronson's daughter spent most nights with her grandmother. Not only was Bronson unable to spend adequate time with her daughter, the two weren't even able to sleep in the same house.

The most disastrous blow dealt to Bronson was loss of the Oregon Health Plan, again because she earned slightly more than the eligibility income level after a small raise. She abruptly was told one day that she no longer had coverage. She explained, "They don't give

you any time to make arrangements, like to look into something else."

Working a fulltime, regular shift at a consistent job did not ultimately improve Bronson's finances, nor did it create more stability for her child. The gain in pay was offset by the loss of Food Stamps, childcare subsidy, and health insurance, leaving this small family in dire circumstances, with little chance of improvement in the foreseeable future.

Sophie Davis is another woman who felt trapped by poverty, though she was working fulltime. A single mother with a four-year-old daughter, Davis's low-wage job in a fast food restaurant did not provide even enough money for the family to eat regularly. Davis soon had to resort to dropping her child off at daycare in time for snacks and eating what she could at McDonald's, her place of employment. Despite working long hours, Davis and her daughter continued to live far below the

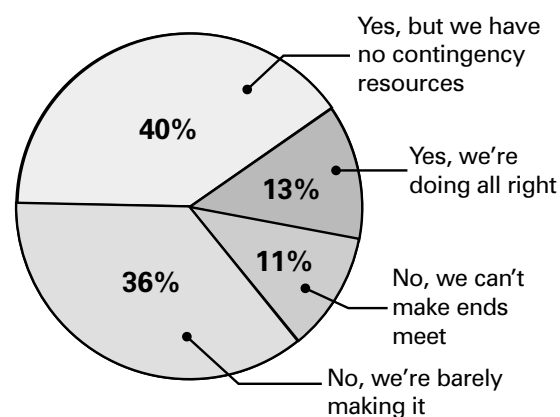
## Oregon's Unmet Housing Need

The Oregon office of the federal Housing and Urban Development agency (HUD) reports that the incidence of unmet housing needs rose continuously in the state throughout the 1990s:

"While Oregon's population grew by 16 percent between 1990 and 1999, the number of families paying more than half of the income for housing rose 23 percent, indicating a growing number of households with extreme housing needs."

—as quoted by J. Thompson and M. Leachman in "Prosperity in Perspective: The State of Working Oregon," Oregon Center for Public Policy, 2000, p. 30

## "Do you have sufficient resources to meet your basic household and family needs?" What Study Participants Said



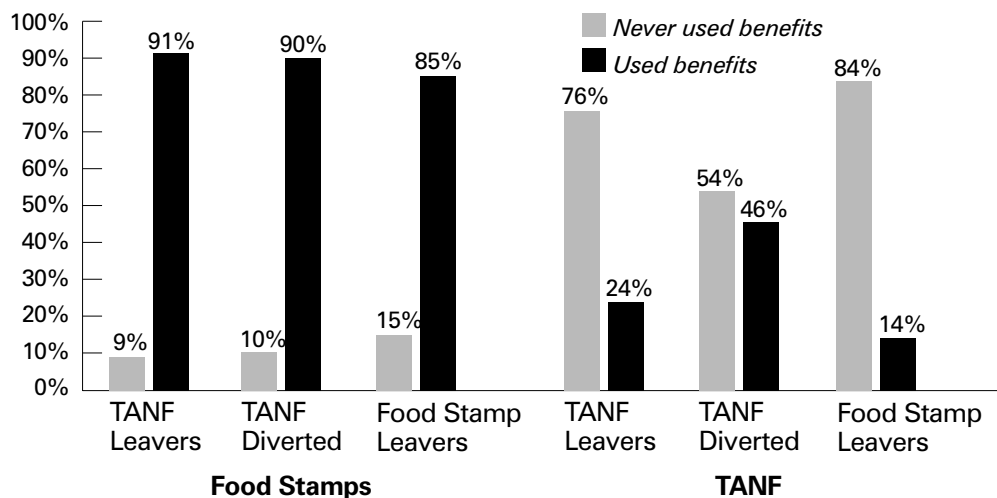
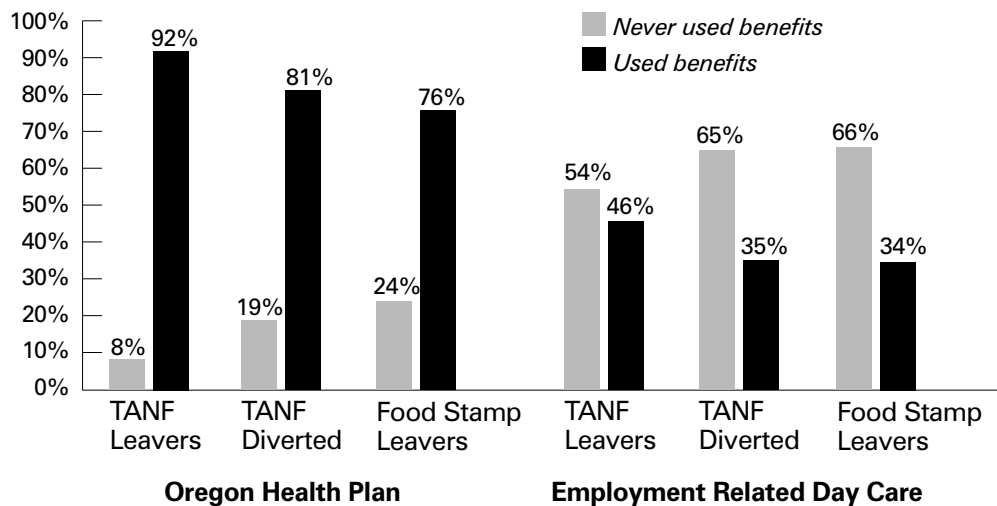
Source: In-depth interviews, CSWS Welfare Research Team

federal poverty line and often lacked even the most fundamental needs, such as food.

Self-sufficiency is an elusive goal for families dependent on the low-wage labor force or who have health or other problems that make employment difficult. Many of these families continue to need the benefits provid-

ed by a safety net. As our data show, a very large proportion of families continue to use the Oregon Health Plan and Food Stamps. Others required childcare assistance or had to return to TANF for a period of time. Access to these programs is crucial for the well-being of poor families.

### Use of Safety-net or Transitional Programs by Former TANF Leavers, TANF Diverted, and Food Stamp Leavers



Source: Administrative record data from Adult and Family Services, State of Oregon, February 1998–October 1999

# The **Low-wage** Labor Market

## **Is Welfare-to-Work Working?**

The number one reason that people in our survey exited the TANF or Food Stamps programs was that their incomes became too high — though, in most cases, they were only slightly above the cut-off line. Oregon’s mandated raise of the minimum wage, on January 1, 1999, from \$6 to \$6.50 per hour explains many of our respondents’ modestly increased income levels during the study period. In addition, the boom economy of the late 1990s led to an expansion in low-wage positions in the service and clerical sectors. This trend is predicted to continue.

During the period of our study, the economy was more vibrant and low-wage work more plentiful than it is today. As stated earlier, we found that nearly 80 percent of those employed worked more than thirty hours per week. More than half worked fulltime. Even with this regular work, half of the families had incomes that fell below federal policy guidelines.

These numbers indicate that a major problem for poor families is not an unwillingness to work, but rather a lack of jobs that pay a living wage.

Despite good economic conditions in the country during the late 1990s, low-wage positions in retail, the service sector, and clerical positions made up the bulk of job opportunities for respondents. Benefits packages sometimes were offered, but they were often unusable or incomplete. When sick leave was available, it was frequently without pay. Those respondents who did get paid sick days as part of their work contracts (33 percent) were sometimes afraid to risk their jobs by taking the time they needed.

Health insurance was available to 40 percent of our employed respondents, though the premium required was unaffordable to many. Insurance was available sporadically to 19 percent of our employed respondents, while 41 percent of those working had no access to job-related insurance at all. Rare indeed was a benefits package that included the critical

---

**Too often, respondents told us, the lack support for minimum-wage employees during illness, childcare difficulties, or job transitions plunged them into a sense of hopelessness about their economic fate.**

---

elements of paid sick leave and affordable health care coverage.

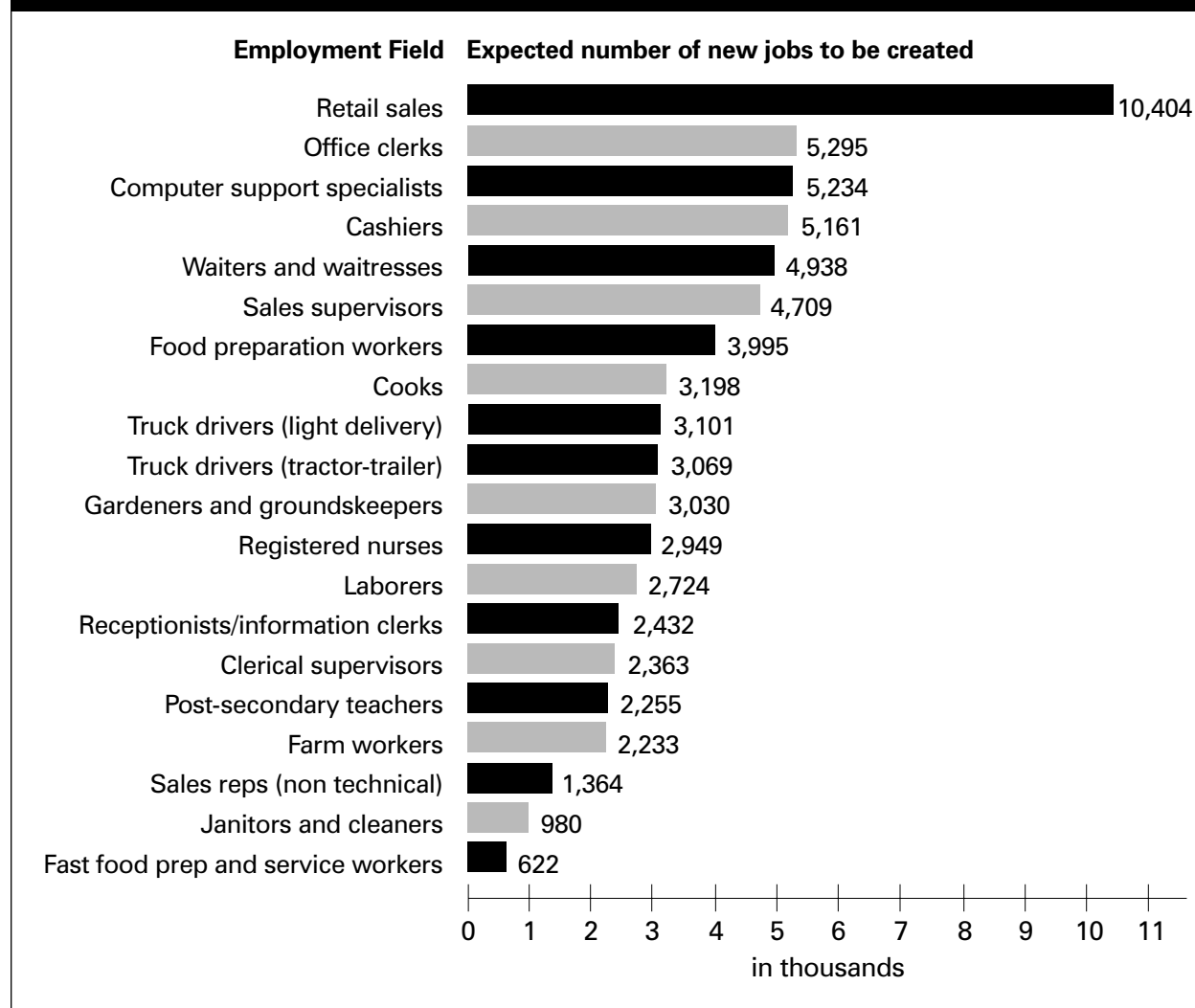
Low-wage workers, such as caretakers for the elderly, assembly-line manufacturers, and hotel housekeepers, often labor under conditions that are physically taxing. Many of our 350 respondents who were employed in the service, caretaking, and clerical sectors said they received only limited training, along with erratic schedules that caused difficulties with their family lives. In general, they fore-

saw little or no chance of advancement within their workplaces.

Without outside training or further education, an office assistant or receptionist has little opportunity to move up. Positions in fast food restaurants, daycare centers, and shipping warehouses offer so few avenues for advancement, employees became frustrated and disheartened.

Lela Barnes, a white woman in her late twenties with two children, found out for herself

## Fastest Growing Employment Fields in Oregon, 2000–2010



Source: J. Harwood, "Forecast 2002," The Register-Guard (Eugene), February 3, 2002

how difficult it was to find support in the system for seeking a decent-paying job. A TANF leaver with only twenty-five credits remaining for a bachelor’s degree in psychology, Barnes believed she was qualified for a well-paying position.

But living in a rural area with her fiancé — who worked on a large farm — Barnes was informed that, as part of the JOBS program, she could not be selective about her employment. In fact, she was told she had to find a job within thirty days or the state agency would

## Occupations of Respondents at First Phone Survey

Occupation Type	Number Who Specified Occupation (out of 629)
Clerical (cashier, receptionist, hostess, office assistant, customer service, secretary, bank teller)	127
Blue collar (manufacturing, auto mechanic, trucker, carpenter, yard maintenance)	114
Medical or care-taking (elder care, disabled care, medical care, or other patient contact)	84
Food services (server, bar tender, deli worker, cook, dishwasher)	66
Managerial (office manager, store manager, supervisor)	51
Retail Sales	40
Education (teacher’s aide, library assistant, preschool teacher, trainer)	26
Childcare provider	25
Agriculture (packer, tree planter, ranch hand)	25
Services (housekeepers, janitors)	22
Professional/technical (lab technologist, artist, craftsperson)	14
White collar (loan officer, account executive, insurance agent, controller, tax auditor, draftsman, legal assistant)	13
Personal services (hair stylist, manicurist)	11
Other human services (housing advocate, family resource manager)	7
Small business owner	4

Source: First Survey of Welfare and Food Stamp Leavers and Diverted Study

## More Jobs, Less Benefits

According to a study of job gaps in the Northwest,\* Oregon experienced an extended period of job growth during the 1990s.

*\*Northwest Policy Center, Northwest Federation of Community Organizations, and Oregon Action, "Searching for Work that Pays, 2001," 2001.*

Sectors that experienced the most growth will keep expanding, including jobs in the service industry, helpers and laborers, and clerical work — jobs that usually offer low wages with little or no access to benefits.

find one for her, most likely in a minimum-wage service position. If she refused to work at that job, all benefits would be stopped.

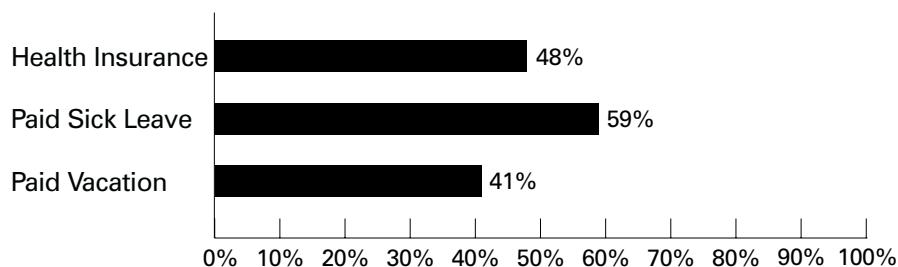
Finishing her education was not an option under the rules of the system. "I was horrified," Barnes said. "I mean, I have three years of college education. To go to work for Burger King is horrifying to me. They would rather have somebody work a minimum-wage job and bust their butts for forty hours a week and barely survive than to help them get a decent job and not have to worry about going on the system again."

Susan Wells, also a TANF leaver and the mother of two daughters, was lucky to have had a different experience. When she entered the job skills program, Wells had extremely limited experience in the paid labor force but was given job training in an AFS branch office. Eight months of supported work experience led to a temporary position at AFS, which offered no benefits. Though she struggled through this period with no health insurance or Food Stamps, Wells eventually was hired as a fulltime employee.

At our concluding interview, she was making a decent salary, had benefits including health insurance, and was a member of a union. Wells attributes her success, in part, to her highly supportive caseworker — a woman willing to mentor and advocate for Wells as she got through her training. "They were great," Wells said of the AFS workers in general. "They were the ones that gave me inspiration and helped me to define skills I didn't know I had."

Unfortunately, this success story ended months after our study ended, when serious health problems forced Wells to leave her job.

## Percent of Employed Respondents Without Benefits



Source: Second Survey of Welfare and Food Stamp Leavers and Diverted Study

## What is a Good Job?

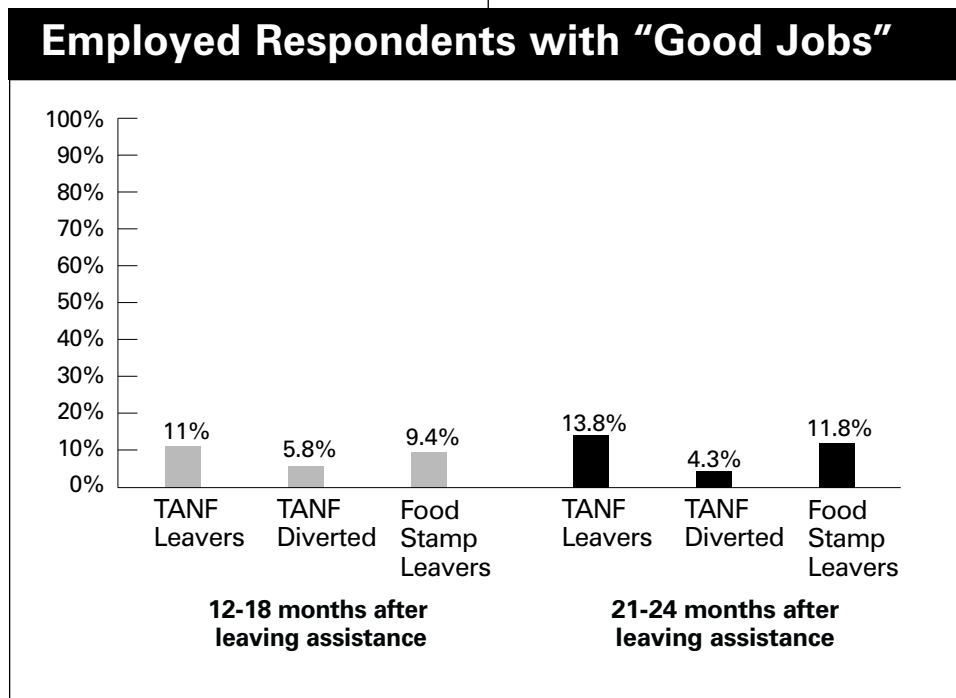
A “good job” has traditionally been defined as one that is fulltime, stable, pays a wage that can sustain a family, and has good benefits. For the purposes of our study, we defined a “good job” as one that was at least thirty-five hours per week; had take-home earnings over \$1,200 a month (about the poverty level for a three-person family); had predictable shifts and sick leave; and offered some paid vacation and health insurance.

During our first contact with respondents, we found that only 11 percent of the TANF leavers, 5.8 percent of the TANF diverted, and 9.4 percent of the Food Stamp leavers held good jobs. Six months later, there was little change in these statistics.

## Will Job Prospects for Former Recipients Improve?

While the workers we surveyed experienced relatively few challenges finding low-wage jobs, moving up to a better paying position proved difficult. The kind of work they were doing when we interviewed them was, for the most part, similar to the kind of work they predicted they’d be doing in the future. The reality of leaving the low-wage sector and climbing a ladder of economic mobility is slim without access to income supports, higher education, or specialized training.

Viola Prince, an African American woman in her early thirties who has four young children, is one respondent who typically earned more than \$1,200 per month. Prince is self-employed, providing childcare in her home. She chose this occupation largely because she wanted to have her children with her during the day.



Source: First and Second Surveys of Welfare and Food Stamp Leavers and Diverted Study

Prince powerfully illustrates one irony associated with welfare restructuring: She is not supported under the system to stay home and care for her own four children, but the state subsidizes her to take care of children from other families. Prince's position is also indicative of the "Catch-22" in which many low-income families find themselves: Because she is self-employed, AFS can not financially support her in taking computer classes or training courses that could lead eventually to a better-paying job.

Despite an income higher than most former recipients we spoke to, Prince's job and her pursuit of financial stability were a daily struggle. Income level alone does not present a true picture of how Prince's family is faring, given the myriad demands on that

## Earning a Living Wage

The Northwest Policy Center has formulated measurements for defining a living-wage job or "work that pays," using a much higher wage level than the federal poverty guidelines. In their 2001 Job Gap Study, the center identified a "living wage" as a one that allows families to meet basic needs and that "provides them some ability to deal with emergencies and plan ahead." The study explained, "It is not a poverty wage."

The center took a wide array of living costs into account, including housing, food, healthcare, childcare, transportation, tax burdens, and even the possibility of accumulating a basic savings. By their calculations, the current state minimum wage of \$6.50 is less than 60 percent of a living wage for a single adult, and less than 35 percent of a living wage for an adult with two children.

income. For a family of five, Prince's income is still below the federal poverty line, and she receives no child support from the children's fathers. Neither can Prince's income level convey other pressures — the conditions of her work, her erratic schedule, her lack of benefits, and the lack of support for the work she does to care for her own children and household.

Prince's earnings, in actuality, are quite inconsistent. Her wages fluctuate dramatically because they are based on a state reimbursement rate of \$2.12 per hour paid for each child in her care (excepting her own). Because the bulk of Prince's clients are low-income, she often has to face the difficulty of collecting payments from people with meager resources. It is not unusual for Prince to work sixteen-hour days, with children arriving before 7 a.m. and leaving after 10 p.m. Though the state pays Prince to care for children from low-income families, she works without health insurance, paid sick leave, or job security.

Even though Prince opted to spend time with her children at home, rather than take a better paying job with more consistent hours, she feels she is cheating her family. "How much time can I give them if I am with other people's kids?" she wondered. "I may see them, but it's different when you're working and your kids are there than it is if you're home and it's just you and your kids."

Ellen Martinez certainly does not hold a good job but struggles daily to maintain stability for herself and her four-year-old daughter. A mixed-race woman in her mid-twenties, Martinez expressed dismay over her inability to improve her job prospects.

With a high school education, she found a state job as an in-home health-care provider for a woman with a chronic, debilitating illness. She kept this job for two years, worked at least thirty-five hours per week, but earned



only \$7.94 per hour and received no benefits. Her one significant raise was triggered by the upward shift in the minimum wage.

“I just wish some of the people from the state would come in and look to see what we do,” Martinez told us. “Maybe they would feel that these people deserve a little higher pay. Maybe let them work one day.... Maybe then they would know.”

Martinez knows the only way to really improve her chances of getting a “good job” is to obtain a license to provide more advanced health-care services. However, she has been unable to take time off or leave her current position to go through the training. And she lacks the extra money to pay for the course.

Donna Murphy, a white woman in her late twenties with an elementary-school-aged child, once felt a similar frustration over the lack of support for finding a better job. Working mainly in group homes and special vocational programs, Murphy earned poor wages and had an erratic schedule.

She recalled that looking for better work was stressful: “It was frightening because I had a fulltime job and knew how much I was making. It was the same every day and I hated it. I didn’t know where my income was going to come from but I couldn’t do this anymore. There was no room for advancement. It was terrible.”

However, Murphy eventually was able to get another job. When we spoke to her, she had worked for three years as an educational aid for her local school district — at first as a substitute with unpredictable wages, then in a more long-term substitute position, and finally as a permanent employee. Though she paid a high price to gain this position, Murphy felt the years of self-imposed training were worth it. The educational aid job, which is unionized, offers security and decent working conditions,

as well as opportunities for ongoing education and training. It’s a “good job.”

Murphy told us that she wished welfare “reform” was geared more toward helping recipients gain the skills they need for sustainable jobs: “It’s important to know there’s a light at the end of the tunnel and that no, you don’t have to work a six-dollar-an-hour job. You can get a little education and have a better job, a better life for your kids.”

## What Makes a Good Job for Single Parents?

The majority of respondents in our study were heads of single-parent households — 81 percent of those who had left TANF, 67 percent of those who were diverted from TANF, and 62

### The Benefits of Union Work

Respondents to our survey who held jobs covered by a union contract reported the highest level of satisfaction with their opportunities for pay raises and promotions. Two-thirds of those in union jobs, compared to half of those in other jobs, reported satisfaction with opportunities for wages or job mobility.

Union workers in Oregon have consistently higher wages and benefits. According to an Oregon Center for Public Policy report,\* the wages of workers belonging to unions (in 1997) were 15 percent higher than non-union workers’ wages, even after taking work experience, education, region, industry, occupation, and marital status into account.

*\*J. Thompson and M. Leachman, “Prosperity in Perspective: The State of Working Oregon,” Oregon Center for Public Policy, 2000, p. 30.*

---

**The kinds of jobs available to low-income parents often create a terrible bind. Precious few low-wage jobs offer benefits or allow workers the flexibility to meet family needs.**

---

percent of those who had left the Food Stamp Program were single parents. Most were single mothers.

The question of what makes a good job for these single parents is a difficult one, especially since they have the additional responsibilities of home and family care. Most single parents reported difficulties balancing work with their children's needs. And they voiced frustration that a significant portion of the wages from their ill-paying jobs were going to pay childcare providers.

Besides decent pay and benefits, single mothers — and, in a few instances, fathers — also need a certain level of flexibility to take care of their dependent children. The kinds of jobs available to low-income parents often create a terrible bind. Precious few low-wage jobs offer benefits or allow workers the flexibility to meet family needs. When positions — teacher aide, for instance — do offer flexibility around daycare, sick children, and school functions, single parents often seek out that type of employment. Better paying jobs then become difficult to find and keep, because more responsibility and increased pay often mean less latitude around children's needs.

Overall, the balance between work outside the home and the enormous responsibility of caring for a family is overlooked in the welfare system. There is little recognition of the unpaid labor necessary in maintaining a family and household, or of the time such work takes.

"I really want to get out and better myself and get a better job," TANF leaver Pamela Stewart told us. "But either that's going to come with more school or with lots of time. The time is what I don't have. I don't have the freedom to go do interviews, to go fill out applications."

Like many we interviewed, Stewart—the mother of two toddlers—spent every waking hour juggling her low-income job and her family's needs. And while she was determined to provide financially for them, she also wanted to preserve a relationship with her children. "If I had the opportunity, I'd be home more with my kids than I am now," she said. "I would like to be more involved in their lives. I would certainly like to have the choice."

However, we discovered that choice is elusive for people on the edge. Sitting with women and men in their own homes, or discussing their hopes and frustrations over the phone, we could discount the myth that low-income people use the system to avoid work. Almost uniformly, the people we spoke to want to make a living and yearn for the sense of fulfillment that comes from meaningful work. Yet, many find the system does not allow a pursuit of education and training; others have serious health problems and a lack of health insurance; many struggle to create deep and lasting bonds with their children, particularly in light of the limited time they have to spend with them.

Teresa Pena, a thirty-five-year-old Hispanic woman, is typical of many whom we interviewed. Her low-wage job in a nursing home, with unpredictable shifts and high physical demands, was the only position she could find to support her family. When Pena became pregnant with her second child, she worked into the eighth month. And because she was offered no maternity leave benefits, she returned to AFS for temporary help to get her family through the brief period when she could not work.

“Just to help me out for the month until I could go back to work,” she explained. “My rent was due, past due already a month, and the bills were piling up, shut-off notices were about to come, and food was shy.”

Pena did not receive assistance. She reported that the process of reapplication was complicated and lengthy at a time when she was already overwhelmed. Thus, her family’s situation quickly went from bad to worse. She returned to work soon after the cesarean-section birth of her child, against medical advice. The family was desperate for income and her employer would not hold the position open for any length of time while Pena cared for her infant. Once back on the job, her low-wage salary put the family over the line to qualify for the Oregon Health Plan, though her salary was too low to allow her to purchase the monthly insurance premium her job offered.

Pena and her baby suddenly had no health benefits. She was able to cover her ten-year-old daughter’s medical needs through child Social Security benefits. Though Pena’s partner lives with her and the children, a serious health condition prevents him from contributing financially and, in fact, adds to the family’s debts, as he also lacks insurance coverage.

Like many mothers with whom we spoke, Pena expressed deep frustration at the lack of help offered through the welfare system:

“What I really needed help with was housing and they didn’t give me any opportunity or help to do that. I’m almost on the street, but because I wasn’t on the street they didn’t help me.”

She stressed that just a few months of help while she was on maternity leave would have vastly benefited the stability of her family: “I had a job, I just couldn’t work at that time. You still have expenses every day, living expenses that you can’t come up with because you’re on your back. If they could help out people like that temporarily, it would be a big plus.”



# The Work of Raising Children

## Who Has Problems with Childcare?

Childcare — whether it’s provided within or beyond the family unit — is crucial, but good childcare can be difficult to obtain. Our surveys and in-depth interviews suggest that the obstacles families face in finding good childcare are more systematic than individual, and not easily resolvable. Material disadvantages and working conditions plainly limit poor families’ options in this arena.

More than one-third of our sample reported one or more problems with childcare at both

surveys — most commonly: cost, the scarcity of high-quality childcare, trouble with current arrangements, and transportation to and from. At the time of the second survey, 50 percent of respondents with children under six years of age reported problems with childcare. The fact that the percentage with problems changed little over the course of the study indicates that, for our sample, childcare problems are ongoing rather than temporary.

During in-depth interviews, we learned that one-third of those with children under age twelve have significant problems meshing childcare, work, and transportation. Because respondents could choose more than one

### Childcare Problems for Working Parents

Childcare issues	First Survey	Second Survey
Cost	25%	22%
Transportation to and from	8%	13%
Locating high-quality care	25%	25%
Trouble with childcare	15%	18%
Total respondents with one or more childcare problem	38%	36%
Respondents with children six years or younger reporting one or more childcare problem		51%

Source: First and Second Surveys of Welfare and Food Stamp Leavers and Diverted Study

childcare problem, these percentages combine those with one and those with multiple childcare difficulties. However, our in-depth interviews left no doubt that childcare problems were pervasive and persistent.

Many respondents described arrangements that were complex, precarious, and took a good deal of coordination. Though they reported that childcare was manageable for them, a great many experienced stress in maintaining it day to day. Parents with erratic work schedules rely on others to get their kids to and from daycare. Some are forced to spend nights away from their children, as that is the only way to work around tight schedules.

## How Important is Childcare Assistance?

Childcare subsidies are a very important resource for poor families. More than one-third of all respondents used the Employment Related Day Care (ERDC) program at some point during the two years we followed them, including 46 percent of TANF leavers, 35 percent of TANF diverted, and 34 percent of Food Stamp recipients. Given that so many families say that childcare costs are a problem, why do only one-third use the subsidy program?

First, we found that many families stopped using the program before their need for it ended. This is often a result of a dramatic increase in the co-payment required of families when their income rises even modestly. Once the co-payment becomes unaffordable, families stop using the ERDC program, often because the high co-payment means a subsidy so low that it is not worth the paperwork requirements. As a consequence, parents may be forced to change their childcare arrangements to reduce costs, often sacrificing quality for affordability.

For example, Jenny Nall lost her ERDC when she received a small pay raise. But the raise did not compensate for the additional childcare costs. Nall then had to pull her son from what she believed was excellent center-based care and had to rely on her mother to provide childcare instead. Nall deeply regretted this. Not only did she miss the quality of care her son had received, but she and her mother began arguing over how to best raise the child.

Andrea Watson met with bureaucratic roadblocks when she tried to restart her childcare subsidy after a maternity leave. It took two months and numerous trips to the AFS branch office to reinstate her childcare payment. In the meantime, her children, her finances, and her job all suffered.

Many respondents go to a great deal of trouble to find childcare situations that meet their standards for quality and safety. But far too many struggle with prohibitive costs. Lydia Mendez, for example, decided to transfer her daughter into more expensive care when she realized the girl was not being carefully watched. But the result was a terrible strain on the family's finances.

Others are faced with such limited resources they have to rely almost exclusively on unpaid care by relatives or friends. This helps explain why the average childcare costs among the families we studied were relatively low: two-thirds of those with children under age twelve spent \$100 or less per month on childcare.

Childcare by family members is sometimes good care, yet for many in our study it represented the only option they could afford. When relatives or friends provide unreimbursed care, they too can become overburdened and suffer financially — something we saw not infrequently. Moreover, respondents often expressed concerns about the quality of care provided by relatives or friends, even though they rarely voiced this concern directly to the caregiver who was, after all, doing them a “favor.”

Childcare assistance is a very important support for low-income families. But program eligibility and reimbursement policies often work against use of the program by the families that most need help. Policy makers need to realize that relatively low usage rates of these subsidies do not signal a lack of need as much as indicate problems that changes in eligibility and reimbursement could resolve.

## Is Daycare the Only Solution?

Many of the parents we spoke to expressed deep concerns over the amount of time they spend away from their children. “When I work nights it’s hard,” said Sally Reid, the mother of three teenagers who often had to put in overtime hours to make ends meet. “They get lonely and a bit worn down. They get tired of being grown up, basically, is what they are when I’m gone. Every night you go to bed and think of the hundred things you could have done better.”

Reid was one of many who endure a welfare policy that denies poor mothers the choice of when to prioritize bread-winning over nurturing duties in their family’s lifecycle.

Respondents (mostly women) with access to additional resources — including financial assistance from a partner or reliable child support — were better able to afford regular, quality childcare services and/or were able to spend more time with their children. They reported that their kids were less angry, did better in school, and had healthier relationships.

For instance, Alicia Glenholme, a married white mother of two preschool-age children, provided for a portion of the household’s income with part-time teaching work. Because she did not bear sole responsibility for the

family’s finances, she felt she was better able to meet her children’s emotional needs:

“When I do work five days a week, my kids ...I just notice a big change in them. They’re real clingy and whiny and fighting with each other. I’ve had some days where I walk out the door, and especially my little one doesn’t want me to go and is crying and wants mommy and gives me about ten hugs. That’s the clue to me that it’s too much.”

Glenholme is more able to negotiate a flexible work schedule than most of the women we spoke to, particularly because she has a college degree.

Linda Agnaci, a mother of three in her early forties, is another story. Agnaci worked part-time in order to have adequate hours for her children’s needs and also to take classes at a community college. But even though she received regular child support, Agnaci quickly sunk into debt from not working fulltime. She finally resorted to delivering newspapers at 2:00 a.m. with one of her sons to bring in an additional \$400 per month. “All I can think about it is, okay, we need the money, and this is the only time of day that I can work and still be home and go to school,” she explained.

At last contact, Agnaci’s job fluctuated between part-time and fulltime, yielding Agnaci an average of \$950 per month. After borrowing hundreds of dollars from her mother each month in order to get by, she finally found a job as a receptionist. After becoming increasingly discouraged with the impossibility of making ends meet while she pursued an education, Agnaci quit school.

Mothers like Agnaci typically are consigned to lower-wage positions with little opportunity for advancement due to family demands. It’s not unusual for women to turn down better paying jobs that would take them away from their families. And it’s typical for mothers to

---

**Under today’s welfare, the rules dictate that poor mothers do not get to make the choice to stay home to raise their young children, while many higher-income women can and do make that choice, especially when they have infants.**

---

accept certain types of employment—such as housecleaning, elder care, or childcare—because these jobs offer a bit of flexibility. Some mothers we spoke to resorted to night jobs so they could work while their children slept, even though this pattern often resulted in mental and physical exhaustion.

Tamara Ryan, an African American mother of four, works twelve-hour night shifts over the weekend so she can put in a week’s work in three days and, thus, have more time to be at home. Even though it would be less taxing to work on weekdays, she said she can’t bear to do that to her children. “I’d never make the parent/teacher meetings, the conferences,” she said. “I’d never make any of those.”

Lydia Mendez, a Hispanic woman with two children, expressed similar sentiments about her night job. “I want to be here when they go to school and when they get home,” she said—even if that means adding physical exhaustion to her load of not-enough-money, lack of healthcare, and substandard housing.

## **Why Can’t Poor Mothers Care for their Own Children?**

Some respondents were troubled by the irony of putting their children into daycare, where caregivers earn low wages, just so they could go off to low-wage work. Many felt it would be better for the children to be home with their mothers.

One of the most troubling welfare restructuring policies for our respondents is the Oregon rule that forces women to enter the workforce, or pursue work activities, when their new babies turn three months. “I didn’t want to do it,” Pamela Stewart said of leaving her infant with a sitter when she returned to her low-wage job. “I wasn’t ready to go. I wanted to stay with my baby.”

Stewart and other respondents expressed a deep dissatisfaction with a policy that deprives infants of their mothers’ care. They urge a change in welfare regulations to allow mothers to spend their child’s first, crucial year at home.

“I don’t think you should have to go back to work that early, because kids need you beyond that,” said Suzanne Mueller. “When it takes away from the child, I think that’s too much.”

While single mothers we spoke with acknowledge that they have both bread-winning and care-taking responsibilities, they believe a welfare system that gives them more say in balancing care-taking and employment will ultimately allow them to better meet the needs of their children.