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Economic conditions



WITHDRAWN

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**EMPLOYMENT, WOMEN AND WELFARE
IN WASHINGTON STATE:
A VIEW FROM A NEW LONGITUDINAL STUDY**

by

Ann M. Vandeman

Project Coordinator
Washington State Family Independence Study
Washington State Institute for Public Policy

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INTRODUCTION

With more than 50 percent of all women working outside the home, women on public assistance also are expected to care for their families and be active participants in the labor force. Recent welfare reforms focus on increasing the labor force participation of recipients. This is evident in the federal reform passed last year, the Family Support Act, and in Washington State's Family Independence Program (FIP).

Can poor single parents be helped off of welfare and out of poverty by programs such as these? Evidence of FIP's success won't be available for some time. However, we can get an indication of the likely effects of FIP by examining the current labor force participation of single parents on the AFDC program. Data from a new longitudinal study in Washington State, known as the Family Independence Study, make this examination possible.

The purpose of this paper is to present initial survey results from the Family Independence Study relating to the employment and earnings of AFDC recipients. These findings indicate that increasing the earning potential of working women on AFDC is key to reducing poverty and welfare dependence.

METHODOLOGY

The Family Independence Study was initiated by legislation passed by the state in 1987. Its objectives, defined in the legislation, are "...to determine the causes of public dependency and the impact of changes in the economy or of public programs on dependency, work or other relevant behaviors of the sample population."

The study is based on interviews conducted with a statewide representative sample of approximately 2100 households. About 1300 of these were randomly selected from among the population receiving Aid to Families With Dependent Children (AFDC), the principal income assistance program for families, in April 1988. The remaining 800 households were selected at random from the general population with probability proportionate to their "risk" of becoming eligible for public assistance, where risk is a function of the neighborhood density of households receiving AFDC. Over time, this sampling scheme will provide data on first-time assistance recipients as well as data on people who leave assistance.

The first round of five annual interviews was conducted in sample households between July 1988 and March 1989. The survey data include basic demographic characteristics of individuals in sample households and detailed information on the income, employment, schooling and training, job search activities and public assistance program participation of survey respondents. The survey also covers household expenditures, child health and schooling, child care and emotional wellbeing.

The results presented below are preliminary, based on data from a subset of 780 single female parents on AFDC in the sample. The data are weighted to represent that portion of the state AFDC caseload made up of single female parents in April 1988.

ASSISTANCE POPULATION CHARACTERISTICS

Most adult AFDC recipients are single female parents and most of these live alone with their children, that is, there are no other adults in their households. Table 1 describes some of the basic demographic characteristics of single female parents on AFDC. The majority are either divorced or separated, and their median age is 29. Over three fourths are white. Eight percent are of Hispanic origin. Most of these women had their first child before they turned 21. Most do not have large families, however. Two thirds of these women have either one or two children.

TABLE 1. Characteristics of Single Female Parents on AFDC

Sample Size (weighted=53,396)	780
Median Age	29
<u>Age at First Birth</u>	
under 21	64.0%
<u>Marital Status</u>	
married	1.5%
divorced or separated	62.9%
never married	33.4%
widowed	2.1%
<u>Race</u>	
White	76.7%
Asian/Pacific Islander	3.1%
Native American	5.0%
Hispanic	8.0%
African American	7.9%
Other race	7.3%
<u>Number of Children</u>	
one	34.0%
two	34.0%
three or more	32.0%
<u>Age of Youngest Child</u>	
2 or less	37.7%
3 to 5	24.3%
6 or over	38.0%
<u>Highest Educational Degree</u>	
less than high school	40.4%
GED	15.9%
high school	34.5%
college	6.1%
other (e.g. vocational)	3.1%

Both low skill levels and high costs of working limit opportunities for and payoffs to work for women on assistance. Low skill levels are indicated by the fact that a majority of women on assistance (56%) did not finish high school, and fewer than 10 percent have college or vocational degrees. The costs of working outside the home are high because in most cases there are no other adults in the household with whom to share family responsibilities. Child care is a major component of these costs, particularly care for children under school age. The data show that nearly 40 percent of single female parents on AFDC have a child under the age of three in the home, and 62 percent have a child under six.

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Despite the difficulties of working, there appears to be considerable, albeit sporadic, attachment to the labor force among these women. Forty nine percent had worked outside the home at some time between June 1987 and the date they were interviewed, about a year to a year and a half later. This is very different from the picture that emerges of employment at a point in time. In April 1988 for example, only 16 percent of AFDC recipients reported working.

The data indicate that who works is partly a function of educational level and family structure. Table 2 shows that those who finish high school are more likely to be employed while on assistance than are women with no degree. Women whose youngest child is school age are clearly more likely to be working outside the home, while the effect of the number of children on working without regard to age is more ambiguous. Having some work experience prior to receiving assistance increases the likelihood of working while on AFDC.

TABLE 2. Employment by Selected Characteristics

	Percent Employed
<u>Educational Level</u>	
no degree	43
GED	44
high school	52
<u>Age of Youngest Child</u>	
2 or less	45
3 to 5	45
6 or over	56
<u>Number of Children</u>	
1	53
2	45
3 or more	48
<u>Work Experience Prior to AFDC</u>	
some work experience	50
no work experience	41

When they have jobs, women on AFDC work on average 31 hours per week for average hourly wages of \$4.88. About 40 percent work full time. The industries and occupations in which these women are employed are typically low paying. Seventy-eight percent worked either in retail trade or services, industries that account for 40 percent of total state employment. They are concentrated in jobs that offer few if any opportunities for advancement, namely clerical, secretarial and service positions (primarily food, health, personal and cleaning services).

At hourly wages of \$4.88, even full time work pays gross earnings that are barely equal to the poverty level for a family of three. Some women on assistance may benefit from the work experience gained on such jobs, but any such benefit is likely to be very small and short-lived. The data show that 75 percent of assistance recipients had work experience prior to their first time on assistance.

Earnings do have a significant impact on income in assistance households despite low wages. We measured this impact by comparing the total household incomes of women who were employed and those who were not employed (either unemployed or out of the labor force) during the month of April 1988. In addition to the respondent's own earnings, other household members' earnings, transfer payments, cash gifts and the cash value of food stamps are included in our measure of income. Therefore, the income figures reported here are higher than grant levels reported by the state and also higher than other income data that do not include the value of food stamps.

Household incomes relative to the poverty level are presented in Table 3. The table shows that welfare and work together can raise most of these families above poverty whereas neither income source alone will do this. For a woman with one child, combining income from assistance and from working yields an average income 41 percent above the poverty line. In contrast, the average income of women on assistance with no earnings is 24 percent below poverty. Larger families on assistance are still below the poverty level even with income from earnings.

TABLE 3. Income as a Percent of Poverty for Households With and Without Earnings, April 1988

	Employed		Not Employed	
	Amount (std. err.)	% of poverty	Amount (std. err.)	% of poverty
<u>Family Size</u>				
2	\$898 (\$60)	141	\$485 (\$11)	76
3	\$953 (\$74)	126	\$576 (\$14)	76
4	\$809 (\$68)	84	\$646 (\$20)	67

CONCLUSION

Helping people to achieve economic independence is the goal of FIP, Washington State's welfare reform. But when is a recipient of public assistance economically independent — when she is employed and off of assistance, or when she is out of poverty? Data from the Family Independence Study show that women on welfare can and do work, yet their earnings alone will not get them out of poverty. Given their educational levels, the jobs they are most likely to find leave them at risk of a financial crisis that may return them to assistance. In this sense, increasing economic independence is dependent on raising earnings above the poverty level, not simply increasing employment.