

Tracking the Transition from Welfare to Work

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Abstract

One of the primary goals of the *Personal Responsibility and Work Opportunity Reconciliation Act of 1996* (PRWORA) was to reduce dependency on cash transfers and to promote self-sufficiency through employment in the paid labor force. Subsequent studies have examined the situations of former recipients of cash assistance, termed welfare “leavers.” A comprehensive synthesis of welfare leaver studies suggests that, by and large, families that left welfare have joined the ranks of the working poor—generally better off than they were on welfare, yet still facing substantial hardships. A significant minority of leavers, about 1 in 5, left welfare without a job, remained jobless for long periods of time, and had no visible means of support (Acs & Loprest, 2004).

Our study contributes to the literature in several ways. First, the longitudinal investigation follows a small sample of Iowa welfare recipients for three years—longer than most leaver studies. This “wider” window of observation provides opportunity to gain a better sense of the dynamics that occur over time. Second, the study adds in-depth, qualitative data to the mix of leaver studies that are predominantly quantitative investigations. The purposes of the study are to 1) document changes in family composition, employment, housing, and program participation; and 2) report how recipients experience these changes.

Data for this study are from a series of in-depth interviews with families who were receiving welfare payments under Iowa’s cash welfare program, called the Family Investment Program or FIP, in mid-1997. The focus on recipient families was one phase of a comprehensive study of welfare reform in Iowa (Fletcher et al., 1999). The interview protocols were a combination of structured and semistructured questions. Six interviews were conducted approximately every six months between late 1997 and early 2001. Because the analysis looks at family change over the course of the study, only the 18 households with all six interviews are included.

The majority—11 of the 18 families—became leavers, defined as those who moved off the FIP rolls and did not return during the study period. The diversity of their reasons for leaving FIP is striking. Several adults with chronic health problems became eligible for disability benefits. Disability payments became a more stable and more lucrative transfer income compared to the time-limited FIP benefit. Other families became ineligible for FIP because they no longer had dependent children in the home. In rare instances did we observe true upward mobility: someone moving directly from FIP into a well-paying job with benefits that made them ineligible for FIP on the basis of income. A more likely scenario was the addition of a second low-wage job or second earner whose income boosted the total family resources above the eligibility guidelines yet kept the family eligible for food or medical assistance. The four stayers in our study keenly illustrate the challenges that long-term recipients face. Some have remained on FIP because of custodial parents’ physical and/or mental disabilities that have made it difficult for them to obtain and retain jobs. Others illustrate patterns of intergenerational poverty and long-term dependency. Finally, three of the families illustrate the complexities of cycling on and off of FIP. Some cyclers move on and off welfare in response to movement in and out of the labor force, or movement between part-time and full-time work. Changes in living arrangements explain why others cycle on and off of FIP as their eligibility changes.

Findings from targeted, qualitative studies involving small sample sizes should not be the basis for broad recommendations for policy and practice; however, our study contributes to the growing body of welfare reform research and reveals findings that are consistent with both large-sample quantitative and focused qualitative studies. Our observations suggest a need for broader outreach to create awareness of welfare programs and services, and simplification of the system. One package of policy recommendations builds on the premise that people who work should not be poor. Given the low-wage jobs available to many welfare leavers, supporting access to health care, transportation, child care, and wage supplements seems straightforward. Reducing the current bias against training and testing a mix of work and on-the-job training is one potential step in building skills that will garner higher wages.

A second policy approach argues that people who are unable to participate fully in the labor market could contribute more to their families and improve their personal well-being if given greater access to quality health care and structured opportunities for work. Policies that provide health care access, but specifically feature parity in the provision of mental health care would greatly enhance the well-being of many of those who are on welfare rolls

and/or receive disability income benefits. Secondly, although many of these individuals may be unable to hold down full-time work in private sector jobs, it does seem likely that many could contribute more to society and to their family economic well-being by working in community-based employment projects. To date, very little attention has been given to this important segment of the poor.

References

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Endnotes

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